

# City of Kingsville, Texas

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## AGENDA CITY COMMISSION MONDAY, MAY 14, 2018 REGULAR MEETING

CITY HALL  
HELEN KLEBERG GROVES COMMUNITY ROOM  
400 WEST KING AVENUE  
6:00 P.M.

### I. Preliminary Proceedings.

#### OPEN MEETING

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

#### MINUTES OF PREVIOUS MEETING(S)

Regular Meeting – April 9, 2018

Regular Meeting – April 23, 2018

APPROVED BY:

  
\_\_\_\_\_  
Jesús A. Garza  
City Manager

### II. Public Hearing - (Required by Law).<sup>1</sup>

1. None.

### III. Reports from Commission & Staff.<sup>2</sup>

*“At this time, the City Commission and Staff will report/update on all committee assignments which may include, but is not limited to the following: Planning & Zoning Commission, Zoning Board of Adjustments, Historical Board, Housing Authority Board, Library Board, Health Board, Tourism, Chamber of Commerce, Coastal Bend Council of Governments, Conner Museum, Keep Kingsville Beautiful, and Texas Municipal League. Staff reports include the following: Building & Development, Code Enforcement, Proposed Development Report; Accounting & Finance – Financial & Investment Information, Investment Report, Quarterly Budget Report, Monthly Financial Reports, Utilities Billing Update; Police-Communications Update; Police & Fire Department – Grant Update, Police & Fire Reports; Streets Update; Public Works; Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Emergency Management, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Landfill Update, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation, Demolition Update, Planning Development Update, Golf Course Update, Municipal Court Update. No formal action can be taken on these items at this time.”*

### IV. Public Comment on Agenda Items.<sup>3</sup>

1. Comments on all agenda and non-agenda items.

V.

## **Consent Agenda**

### **Notice to the Public**

*The following items are of a routine or administrative nature. The Commission has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by a Commission Member in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.*

### **CONSENT MOTIONS, RESOLUTIONS, ORDINANCES AND ORDINANCES FROM PREVIOUS MEETINGS:**

*(At this point the Commission will vote on all motions, resolutions and ordinances not removed for individual consideration.)*

1. Motion to approve final passage of an ordinance adopting Unanimous Settlement Agreement, setting rates and establishing tariffs for the provision of natural gas service by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas Company within the City of Kingsville, Texas; declaring this ordinance to be a final determination of rates; requiring acceptance by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas Company of the rates prescribed herein; and establishing an effective date. (City Attorney).
2. Motion to approve final passage of an ordinance amending the zoning ordinance by changing the zoning map in reference to Garcia AC 2, Lot 46 T3, 4.7576 acres also known as 1601 N. 20<sup>th</sup> Street from I1-Light Industrial District to R1-Single-Family District, amending the comprehensive plan to account for any deviations from the existing comprehensive plan. (Director of Planning & Development Services).

## **REGULAR AGENDA**

### **CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:**

#### **VI. Items for consideration by Commissioners.<sup>4</sup>**

3. Consider a resolution and order canvassing the election returns and declaring the results of the City of Kingsville's General Election conducted on May 5, 2018. (City Secretary).

*(CONSIDERE UNA RESOLUCIÓN Y ORDEN DE ESCRUTINIO DE LOS VOTOS DE LAS ELECCIONES, EN QUE SE DECLARAN LOS RESULTADOS DE LAS ELECCIONES GENERALES DE LA CIUDAD DE KINGSVILLE, LLEVADAS A CABO EL 5 DE MAYO DE 2018.) (SECRETARIA MUNICIPAL).*

4. Consider a resolution nominating BASF Corporation to the Office of the Governor Economic Development and Tourism (OOGEDT) through the Economic Development Bank for designation as a qualified business and enterprise project under the Texas Enterprise Zone Program under the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code. (City Manager).
5. Consider appointment of two members to the Parks Advisory Board to fill recent vacancies. (Parks Manager).

6. Consider a resolution authorizing the City Manager to execute an Agreement between the City of Kingsville and the Kingsville Historic Downtown District Association for a downtown mural. (Downtown Manager).
7. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances Chapter XV, Land Use, Article 6 Zoning, Air Installation Zoning Regulations, Section 41, Responsibility of Developers: Subdivisions, providing for an annual notice to property owners in the CCLUA about AICUZ and CCLUZ. (Director of Planning & Development Services).
8. Consider out-of-state travel for the City Attorney to Washington, D.C. on June 21-23, 2018 at the invitation and expense of the U.S. Department of Defense Office of Economic Adjustment for a compatible land use feedback session. (City Attorney).
9. Consider a resolution authorizing the Mayor to execute an Easement Agreement (utility) with the Board of Regents of the Texas A&M University System for construction and maintenance of a fiber optic line (across Armstrong Avenue near Avenue A). (City Attorney/City Engineer).
10. Consider a resolution authorizing the City Manager to enter into a Services Agreement for All Risk Property Insurance Coverage with Acrisure d/b/a Carlisle Insurance. (Risk Manager).
11. Consider authorizing the purchase of a Street Sweeper for the Streets Department, from Heil of Texas via HGAC Purchasing Cooperative, as per staff recommendation, and a resolution authorizing the City Manager to enter into a Governmental Finance Contract (No. 8199) between Government Capital Corporation and the City of Kingsville for a street sweeper. (Purchasing Manager).
12. Consider authorizing the purchase of one commercial and two residential garbage trucks from Houston Freightliner Inc. via HGAC Purchasing Cooperative, as per staff recommendation and a resolution for a Public Property Finance Act Contract (No.8204) with Government Capital Corporation for the purchase of Garbage Trucks. (Purchasing Manager).
13. Consider introduction of an ordinance amending the Fiscal Year 2017-2018 budget to expend funds to purchase survey and traffic condition assessment equipment for the Engineering Department. (City Engineer).
14. Executive Session: Pursuant to Section 551.072, Texas Government Code, Deliberations regarding Real Property Exception, the City Commission shall convene in Executive Session to discuss the purchase, exchange, lease, or value of real property as deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third party. (City Manager).

## **VII. Adjournment.**

1. No person's comments shall exceed 5 minutes. Cannot be extended by Commission.
2. No person's comments shall exceed 5 minutes without permission of majority of Commission.
3. Comments are limited to 3 minutes per person. May be extended or permitted at other times in the meeting only with 5 affirmative Commission votes. The speaker must identify himself by name and address.
4. Items being considered by the Commission for action except citizen's comments to the Mayor and Commission, no comment at this point without 5 affirmative votes of the Commission.

NOTICE

This City of Kingsville and Community Room are wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at 361/595-8002 or FAX 361/595-8024 or E-Mail [mvalenzuela@cityofkingsville.com](mailto:mvalenzuela@cityofkingsville.com) for further information. Braille Is Not Available. The City Commission reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Government Code, Section 551-071 (Consultation with Attorney), 551-072 (Deliberations about Real Property), 551-073 (Deliberations about Gifts and Donations), 551-074 (Personnel Matters), 551-076 (Deliberations about Security Devices), 551-086 (Certain Public Power Utilities: Competitive Matters), and 551-087 (Economic Development).

I, the undersigned authority, do hereby certify that the Notice of Meeting was posted on the bulletin board located at the City of Kingsville City Hall, 400 West King Avenue, Kingsville, Texas, which is a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time:

May 11, 2018 at 3:00 P.M. and remained so posted continuously for at least 72 hours proceeding the schedule time of said meeting.

  
Mary Valenzuela, TRMC, CMC, City Secretary  
City of Kingsville, Texas

This public notice was removed from the official posting board at the Kingsville City Hall on the following date and time: \_\_\_\_\_

By: \_\_\_\_\_  
City Secretary's Office  
City of Kingsville, Texas

# **MINUTES OF PREVIOUS MEETING(S)**

APRIL 9, 2018

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, APRIL 9, 2018 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 6:00 P.M.

**CITY COMMISSION PRESENT:**

Sam Fugate, Mayor  
Arturo Pecos, Commissioner  
Al Garcia, Commissioner  
Edna Lopez, Commissioner  
Diana Guerrero-Pena

**CITY STAFF PRESENT:**

Jesus Garza, City Manager  
Mary Valenzuela, City Secretary  
Courtney Alvarez, City Attorney  
Kyle Benson, IT Manager  
Tom Ginter, Director of Planning & Development Services  
Emilio Garcia, Health Director  
Bill Donnell, Public Works Director  
Rudy Mora, City Engineer  
Susan Ivy, Parks Manager  
Ricardo Torres, Chief of Police  
Adrian Garcia, Fire Chief  
Derek Williams, IT  
Jessica Montalvo, Health Department  
Jason Torres, Health Inspector  
Diana Gonzales, Human Resources Director  
Robert Rodrigues, Library Director  
Cynthia Martin, Downtown Manager  
Monica Longoria, Administrative Assistant  
Richard Flores, Golf Course Manager

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate opened the meeting at 6:00 P.M. with all five Commissioner present.

**INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)**

The invocation was delivered by Mrs. Courtney Alvarez, City Attorney, followed by the Pledge of Allegiance and the Texas Pledge.

**MINUTES OF PREVIOUS MEETING(S)**

Regular Meeting – March 26, 2018

**Motion made by Commissioner Pecos to approve the minutes of March 26, 2018, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Pecos, Garcia, Fugate voting “FOR”. Lopez and Guerrero-Pena “ABSTAINED”.**

**II. Public Hearing - (Required by Law).<sup>1</sup>**

1. None.

**III. Reports from Commission & Staff.<sup>2</sup>**

*“At this time, the City Commission and Staff will report/update on all committee assignments which may include, but is not limited to the following: Planning & Zoning*

Commission, Zoning Board of Adjustments, Historical Board, Housing Authority Board, Library Board, Health Board, Tourism, Chamber of Commerce, Coastal Bend Council of Governments, Conner Museum, Keep Kingsville Beautiful, and Texas Municipal League. Staff reports include the following: Building & Development, Code Enforcement, Proposed Development Report; Accounting & Finance – Financial & Investment Information, Investment Report, Quarterly Budget Report, Monthly Financial Reports, Utilities Billing Update; **Police-Communications Update**; Police & Fire Department – Grant Update, Police & Fire Reports; **Streets Update**; Public Works; Building Maintenance, Construction Updates; Park Services - grant(s) update, **miscellaneous park projects**, Emergency Management, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Landfill Update, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation, Demolition Update, Planning Development Update, **Golf Course Update**, Municipal Court Update. No formal action can be taken on these items at this time.”

Mayor Fugate presented a proclamation for “Month of the Military Child” for the month of April, 2018. A second proclamation was presented for “Animal Control Week”.

Chief Torres gave an update on the Communications Department where dispatchers work. They have received the T-Series Dispatch Consoles, which allow the dispatcher the ability to be able to work standing up if they choose too. These consoles were purchased through a grant that the Kingsville Police Department. He further stated that they have also made other minor renovations such as flooring, telephone systems, etc..

Mayor Fugate thanked Chief Torres for his grant writing.

Mr. Sharam Santillan, Capital Improvements Manager updated the Commission on some capital improvements projects. On-going and future projects are the Downtown Pavilion Park, Dog Park at Dick Kleberg Park, Kiddie Pool at Brookshire Pool, Splash Pad at Los Hermanos Flores Park, Brookshire Pool Renovations, and Recreational Trails Program through the Texas Parks and Wildlife Department. The Downtown Pavilion Park, concrete work is substantially complete. Street parking construction by City Street Division has begun, today. Irrigation set to begin this week by Parks Department, with partnership from the Volunteer Fire Department to do the irrigation at pumphouse. Backfilling will be done by City’s Public Works Department. Sod will be required once installation of irrigation is complete. Brick pavers will be installed by the Parks Department, which will tie into the downtown look. The Dog Park at Dick Kleberg Park, surveying and staking by City’s Engineering Department and ensure proper drainage. Chain link fencing will be done, one for small dogs and one for large dogs. This will be done by third-party contractor. Irrigation and sodding will be done as well. Novice and intermediate agility course, benches, trash bins, watering stations, dog waste stations, and fire hydrants will be purchased through BuyBoard.

Mayor Fugate asked about completion timeline for this project. Mr. Santillan responded that at this time, he does not have a timeline for completion for this project. Santillan further responded that maybe in the next couple of months.

Mr. Garza also responded maybe three to four months, as there are some items that need to be purchased that require Commission approval. Garza further stated that with the Parks Director position being vacant at the moment, any capital improvement that is taking place within the Parks Department has delayed the project. Staff hopes to get this project back on track and looks for a completion date sometime during the summer.

Mayor Fugate commented that the good thing about this project is that it is a private/public partnership. He further asked staff how much private funding has been given to the City for this project. Mr. Garza responded that the amount is about \$36,000 in total donations. Garza further stated that staff anticipates the total cost being near \$100,000.00 for this project. The difference for this project has been budgeted in the CO's for Park Improvements.

Mr. Santillan continued to report on the Kiddie Pool at Brookshire Pool. The project components are excavation and construction set to begin this week and end week of May 13, 2018. They are planning for a grand opening during the week of May 20, 2018. The kiddie pool will consist of a beach entrance from 0" to 18" of water. The kiddie pool will be approximately 1,250 square-feet. This pool will also include water playground features such as Lasso Spinner, Water Cannons and Hitching Post. Santillan reported on the Splash Pad at Los Hermanos Flores Park. He stated that excavation and construction set to begin this week and end week of May 13, 2018. The timeline for the grand opening for the Splash Pad is scheduled for May 12, 2018. The splash pad will be approximately 1,800 square feet; 1,00 square feet of wet area and 800 square feet of walk area. The splash pad will have water features of tumble buckets, aqua hoop, spray jets, and water cannons.

Mr. Garza commented that staff is contemplating on placing a fence around the area in order to keep animals away from the area.

Mayor Fugate commented that more lighting may be needed for this area. Mr. Santillan commented that there is already adequate lighting, but staff can look into adding additional lighting. Mayor Fugate further asked if the water will be running all the time or is there a timer schedule on it. Mr. Garza commented that it will be on a timer, so that water does not run at all hours of the day or night. There will also be appropriate signage with rules posted.

Mr. Santillan continued with the Brookshire Pool Renovations. He stated that shade structure will be renovated. Redo roof to match facility, which will be installed by city staff. Restrooms renovations will include reconfigure restrooms to service both Pool and Skate Park. The pool deck will also be renovated and repainting of the building.

Mr. Garza commented that new speaker and AV System will be installed at the pool area. This will assist with movie night, Zumba Class and any other activity that make take place. There will also be new software installed to allow credit card payments.

Commissioner Lopez commented that she is still concerned about the Oak Tree that will be by the Kiddie Pool.

Mr. Santillan reported on the Recreational Trails Program. A grant application was submitted January 30, 2018. It is proposed to have an 8 foot wide crushed granite trail, which will start at the West entrance of Dick Kleberg Park. The trail will be 3,300 feet/0.65 miles long. The total cost for this project is \$232,540 of which 80% federal funding and 20% local match. Funding selection is to occur in Summer 2018.

Mr. Garza commented that there has been some new improvements made at the Recreation Hall located inside Dick Kleberg Park.

Mr. Richard Flores gave an update on the Golf Course. He showed pictures of upgrades made to the Golf Course.

Mr. Bill Donnell, Public Works Director updated the Commission on Streets. Staff has been working in certain area of the City to make improvements to our city streets.

Commissioner Lopez asked where staff is at in the process of getting an RFP. Mr. Garza commented that he will need to get with Mr. Charlie Sosa, Purchasing Manager to get more information. Mr. Sosa was not available during this meeting.

Mrs. Courtney Alvarez, City Attorney, reported that the next Commission meeting is scheduled for April 23<sup>rd</sup>, with the deadline to submit items for this meeting scheduled for April 13<sup>th</sup>. The April 23<sup>rd</sup> Commission meeting will take place at the Recreation Hall located inside Dick Kleberg Park, due to the beginning of Early Voting, which will take place in the Community Room located inside City Hall. Alvarez mentioned that agenda item #6 may look familiar to the Commission as it has been approved in the past. Due to a change of an Alternate Judge, the item would need to be brought back to the Commission for approval.

#### **IV. Public Comment on Agenda Items.<sup>3</sup>**

1. Comments on all agenda and non-agenda items.

No public comments made.

#### **V.**

#### **Consent Agenda**

#### **Notice to the Public**

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#### **CONSENT MOTIONS, RESOLUTIONS, ORDINANCES AND ORDINANCES FROM PREVIOUS MEETINGS:**

*(At this point the Commission will vote on all motions, resolutions and ordinances not removed for individual consideration.)*

**Motion made by Commissioner Pecos to approve the consent agenda as presented, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Pecos, Garcia, Guerrero-Pena, Lopez, Fugate voting "FOR".**

1. **Motion to approve final passage of an ordinance amending the Fiscal Year 2017-2018 budget to accept and expend a Park's donation from the Kingsville Rotary Club. (City Manager).**
2. **Motion to approve final passage of an ordinance amending the Fiscal Year 2017-2018 budget to purchase Red Ribbon Drug Awareness promotional items from previous donations to the Red Ribbon Drug Awareness Fund. (Police Chief).**
3. **Motion to approve final passage of an ordinance amending the City of Kingsville Code of Ordinances Chapter XI, Business Regulations, Article 3, Alcoholic Beverages, providing for a change to the distance for the sale of alcoholic beverages within 300 feet of a church, public or private school, daycare or child care facility, or hospital. (Director of Planning & Development Services).**
4. **Motion to approve final passage of an ordinance to change the zoning map in reference to Orig Town, Block 16, Lot N/2 13-14 also known as 507 W. Richard**

Ave. from R3-Multi-Family District to R2-Two-Family District. (Director of Planning & Development Services).

5. Motion to approve final passage of an ordinance to change the zoning map in reference to 50.7369 Acres out of Cooper, Block Z-1, Lots 1-32; Cooper, Block Z-2, Lots 1-32; Henrietta Hgts, Block 3, Lots 1-32; Henrietta Hgts, Block 4, Lots 1-32; Henrietta Hgts, Block 5, Lots 1-32; Henrietta Hgts, Block 6, Lots 1-32; Henrietta Hgts, Block 7, Lots 1-32; Henrietta Hgts, Block 8, Lots 1-32; Luker Addn, Lots 1-2; Orig Town, Block 13, Lots 1-32; Orig Town, Block 14, Lots 1-32; Orig Town, Block 15, Lots 1-32; Orig Town, Block 16, Lots 1-12, N/2 S/2 15-16, S/2 S/2 13-16, N60' 17-20, S80' 17-20, 21-24 Acres 0.3214, 25-32; Orig Town, Block 17, Lots 1-32; Orig Town, Block 18, Lots 1-32; Orig Town, Block 19, Lots 1-32; Orig Town, Block 20, Lots 1-10, W50' 11-14, 23-28; Orig Town, Block 30, Lots 1-32; Orig Town, Block 31, Lots 1-24; Orig Town, Block 32, Lots 1-32; Orig Town, Block 33, Lots 1-24 from R3 (Multi-Family) District To R1 (Single-Family) District. (Director of Planning & Development Services).

6. Motion to approve a resolution appointing Election Judges and the Early Voting Ballot Board Judge for the City of Kingsville General Election on May 5, 2018. (City Secretary).

(MOCIÓN PARA APROBAR UNA RESOLUCIÓN QUE NOMBRA JUECES ELECTORALES Y EL JUEZ DE LA JUNTA DE VOTACIÓN ANTICIPADA PARA LAS ELECCIONES GENERALES DE LA CIUDAD DE KINGSVILLE, QUE SE LLEVARÁN A CABO EL 5 DE MAYO DE 2018.) (SECRETARIA MUNICIPAL).

## REGULAR AGENDA

### CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

#### VI. Items for consideration by Commissioners.<sup>4</sup>

7. Consider accepting a donation of \$30 from the Woman's Club of Kingsville-Flair Department for the Parks Department. (Parks Manager).

Motion made by Commissioner Lopez to approve the acceptance of a donation from the Woman's Club of Kingsville-Flair Department, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Garcia, Guerrero-Pena, Lopez, Pecos, Fugate voting "FOR".

8. Consider introduction of an ordinance amending the Fiscal Year 2017-2018 budget to accept and expend a Parks donation from the Woman's Club (for summer program). (Parks Manager).

Introduction item.

9. Consider accepting donation of \$500 for the Kingsville Fire Department. (Fire Chief).

Motion made by Commissioner Garcia to accept this donation, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Guerrero-Pena, Lopez, Pecos, Garcia, Fugate voting "FOR".

10. Consider introduction of an ordinance amending the Fiscal Year 2017-2018 budget to accept and expend a Fire Department donation. (Fire Chief).

Introduction item.

11. Consider final passage of an ordinance amending the Fiscal Year 2017-2018 budget to include additional engineering services for the wastewater system. (Finance Director).

**Motion made by Commissioner Pecos to approve this ordinance, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Lopez, Pecos, Garcia, Guerrero-Pena, Fugate voting "FOR".**

**12. Consider a resolution authorizing the Mayor to enter into Task Order No. 1 under the Master Professional Services Agreement between LNV Engineering, Inc. and the City of Kingsville for wastewater treatment improvements. (City Engineer).**

Mr. Rudy Mora, City Engineer, stated that the Task Order involves three options. The first option is to divert about .2 million gallons wastewater flow from an existing lift station directly to the North Wastewater Treatment Plant or into the collection system which leads to the North Wastewater Treatment Plant. The second option is to transfer flow from the South Wastewater Treatment Plant to the North Wastewater Treatment Plant. The third option would be to expand capacity of the South Wastewater Treatment Plant.

Mr. Garza commented that option number 1 and 2 sound very similar, the difference would be that option 1 would not require the build out of a new lift station, as the first option is looking at the existing infrastructure and seeing if it could be achieved that way. The second option would be for the actual build out of an infrastructure.

Mayor Fugate asked how much a lift station would cost. Mr. Mora responded that without doing any research first, he would not be able to estimate the cost.

Mr. Mora continued to state that the report should be completed by October 2018.

**Motion made by Commissioner Garcia to approve this resolution, seconded by Commissioner Lopez and Commissioner Pecos.**

Mr. Garza commented that staff continues to work on a capital maintenance improvement plan that is outside of the scope of this expansion, which will be presented to the Commission once it has been completed.

**The motion was passed and approved by the following vote: Pecos, Garcia, Guerrero-Pena, Lopez, Fugate voting "FOR".**

**13. Consider waiver of certain fees for the downtown Festival de la Loteria on April 28, 2018. (Downtown Manager).**

Mrs. Cynthia Martin reported that it has been a tradition of granting support for community events that are held downtown. This is a new event this year so it was not included in the annual listing of parades and events brought forth yearly for a waiver of fees. This festival will be held on April 28<sup>th</sup> from 10:00 a.m. to 8:00 p.m. in the Historical Downtown District. The fees for the event would be \$150 street closing fee, \$210 for trash services and \$300 for building up and tearing down the barricades for a total of \$660.

**Motion made by Commissioner Pecos to approve the waiver of certain fees, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Garcia, Guerrero-Pena, Lopez, Pecos, Fugate voting "FOR".**

**14. Consider a resolution authorizing the City to submit an application to the Office of the Governor Criminal Justice Division for Texas Conversion to the National Incident-Based Reporting System, Third-Round Funding**

**Announcement for the purpose of requesting grant funding on behalf of the City for RMS and CAD equipment for law enforcement purposes for the Kingsville Police Department with no anticipated cash match. (Chief of Police).**

Chief Torres stated that this resolution designates the City Manager as the grantee's Authorized Official to allow his designee, the Chief of Police to apply for, accept, reject, alter or terminate the grant on behalf of the application agency for the NIBRS Grant thru the Office of the Governor, Criminal Justice Division. The State of Texas is soliciting applications for projects that enable local law enforcement agencies to upgrade their technology infrastructure to allow for and support the submission of data to the Uniform Crime Reporting Incident Based System. This program is a partnership between the Office of the Governor Criminal Justice Division and the Texas Department of Public Safety. EFORCE has provided a quote of \$336,985.60 for all the software, software interfaces and hardware for the Texas Conversion to the National Incident-Based Reporting System. This grant if awarded in whole or in part would reimburse the City of Kingsville 100% of the costs with no cash match for items awarded.

**Motion made by Commissioner Garcia to approve this resolution, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Guerrero-Pena, Lopez, Pecos, Garcia, Fugate voting "FOR".**

**15. Consider a resolution authorizing the City Manager to execute a Service Level Agreement with Brycer, LLC for the Compliance Engine program for the Fire Department. (Fire Chief).**

Mr. Adrian Garcia, Fire Chief stated that the Compliance Engine is a simple internet based tool to be utilized by the Fire Marshal's Office to track and drive code compliance, reduce false alarms, and provide a safer community for our residents. The solution will provide a secure cloud environment in which a third-party contractors that inspect, test and maintain fire protections systems, can submit their reports via the Brycer's web portal directly to the Fire Marshal's Office. The service level agreement will be for an initial three years at no cost to the City or Fire Department.

Mr. Garza asked Chief Garcia to clarify the fees and who would be responsible for the fees.

Chief Garcia stated that this is free to the City. The actual third-party inspector is the one that gets charged by Brycer, who pays for every report they file which is about a \$15 fee. So for the City and the business owner, it is free.

Mayor Fugate and Commissioner Lopez asked for clarification as to how it is free to the City and the business owner.

Chief Garcia stated that the way Brycer makes their money is through the third-party inspector who is the individual who has to come in and do the inspection. So when they do their inspection, they file the report to Brycer and pay a \$15 fee per report.

Mayor Fugate asked who pays for the third party. Chief Garcia responded that the business owner pays their fee in order to get the inspection done. Garcia further stated that the report is the way that Brycer is making their money.

Commissioner Lopez asked if the we would be collecting these fess any longer. Chief Garcia responded yes, the city will still collect its permit fees. Garcia stated that they would open up the web portal and when they see that the inspection has been done, the city will then send and invoice for the permit fee depending on the type of inspection.

Commissioner Garcia asked if this is standard cost for inspection for every business or is it different depending on the type of business.

Chief Garcia responded that every business will have a different cost. Within the Fire Prevention Ordinance there is a schedule of fees, so depending on the type of system that they have, they will get charged a certain permit fee, depending on the system and to include overall.

Commissioner Lopez asked if this would be adding additional fees to the business. Chief Garcia responded no, the city is not adding any more fees that is not already being paid. Commissioner Lopez asked if the business would not have to pay the third party anything. Chief Garcia stated that the business is already paying the third party now. Garcia continued to state that business owners still have to pay the third party to come in and do the inspection and paying a permit fee to the city, to witness the inspection. Garcia stated that the only fee that is being paid is by the third party contractor, Brycer in order for the city to utilize the system. The business owner is not getting any additional fees that they aren't already paying today.

Commissioner Lopez asked how staff is planning on educating the public on this as they are already confused.

Chief Garcia responded that staff is creating a pamphlet, which has been reviewed by the City Manager. Staff is getting estimates to create this pamphlet. It is staffs goal to put out this pamphlet throughout the city and put a news story on the Kingsville Record.

Commissioner Garcia asked if we would be picking up 500 more businesses through this inspection process.

Chief Garcia responded that the businesses have always been there, they just hadn't been inspected as staff had been focused on the 300 businesses with fire protection systems. With some of that load being transferred to Brycer, it will free up the Fire Marshall to do some of the overall inspections that do not require a third party inspector.

Commissioner Garcia asked about the inspectors whether they are city inspectors or third party inspectors miss a particular cause of fire situation, who is in the middle of all that.

Mrs. Alvarez responded that it would have to be determined on a case by case basis.

Mayor Fugate commented that the third party inspectors are already doing the inspections now. They are being hired to coordinate the inspections.

Chief Garcia stated that the inspection is already current, there is no new inspection being added or charging additional fees.

Commissioner Lopez asked if the Fire Marshall goes out with the third party inspector. Chief Garcia responded that it would depend on the schedule, but the main that he is trying to do is coordinate it. Garcia further stated that their goal is to improve the fire prevention.

Commissioner Lopez also asked that if this is approved, when would it take effect.

Chief Garcia stated that as soon as it is approved, the city would have to bring in Brycer and work with staff in uploading all the businesses into their system, therefore there is not an actual date that he can state as to when it would take effect.

Commissioner Lopez stated that her concern is in educating the citizens.

**Motion made by Commissioner Pecos to approve this resolution, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Lopez, Pecos, Garcia, Guerrero-Pena, Fugate voting "FOR".**

**16. Discuss parameters for employee health care plan request for proposals. (Human Resources Director).**

Mrs. Diana Gonzales, Human Resources Director, stated that over the last several months, the City of Kingsville has been reviewing the employee health plan. There have been employees meetings discussions and surveys have been conducted and an eleven member HPD Committee that met several times to discuss this. The next step is going out for an RFP, once the plan design parameters have been established. Since this is an evaluation of significant benefit offered to City of Kingsville employees, it is necessary to go out for an RFP with a range of scenarios in order to review the city's options. The city has been working with Carlisle Insurance to develop some vial scenarios.

Ms. Sarah Parkey, Carlisle Insurance representative went over a list of plans, which was provided to the City Commission for their review. Parkey stated that each member is covered 100% after they have met their \$250 monthly deductible with a max out of pocket is \$6,600. Max out of pocket on all the plans shown is going to include the deductible, include any co-insurance that they may have as well as every time we make a co-pay, at the doctor's office, pharmacy, emergency room or urgent care.

Ms. Parkey further mentioned that when someone goes out to see a primary care physician verses a specialist, currently the City's group plan has the same co-pay regardless if you see a primary care specialist physician. Preventive services on all plans shows that it would be covered at 100%, so the annual physical lab and x-ray will still covered at 100% with no co-pays or deductibles for those. Prescription drug program currently is a \$10 co-pay for generic brand and members paying 30% of the cost for brand name prescriptions. She stated that there are several scenarios that are listed at the bottom of Exhibit "A". She stated that Scenario A and B and the two letters between the two scenarios of each of the plans shown are either 100% co-insurance, meaning after they have reached the deductible the insurance company is going to pay 100% of their claims or 90% co-insurance. What this means is that once the member has reached its deductible, they will have a 90/10 share, which the City of Kingsville pays 90% of their claims after they have reached their deductible, with the member paying the 10%. Parkey stated that the Commission would need to keep in mind that they still have the maximum out of pocket. The max out of pocket is going to contain the deductible, co-insurance and any and all co-pays. Once that amount has been met, you will be covered at a 100%. In all of the scenarios, the max out of pocket was kept the same. For scenarios A and B, it is \$6,650, for an increase of \$50.00 then what it is currently is on the plan now. Parkey stated that the biggest difference is the switch to an annual deductible.

Ms. Parkey further spoke about information off the handout, which was provided to the City Commission and displayed on the projector screen. Ms. Parkey only refers, during her conversation, to the numbers by stating "numbers listed on the handout", a copy of the handout will be attached to these minutes as Exhibit "A".

Ms. Parkey stated that the city's current administrator is one of the only third party administrators that she is aware of and that we have gone out for RFP in the past that

will administer a month deductible. All of the other plans that they manage have an annual deductible to which she thinks will create a lot more competition amongst the market as far as getting quotes back from other carriers for the City. Ms. Parkey went over scenario's A and B on Exhibit "A", regarding deductibles. Scenario's E & F and G & H are a little different as they are Health Saving Plans compatible. What this means is that a member/employee and their dependents are allowed to setup a health savings account. They are allowed as well as their employer are allowed to contribute on a pre-tax basis to this health savings account. The health savings account will belong to the member. In the event that they left the City of Kingsville, the account is in their name, they take it with them when they go. The money that is put into a health savings account is not on a use it or lose it type of basis. This account is designated for medical services as it is designed to help the member pay for services and deductibles. If the member decided to go on vacation, due to that it's their money, they can use this money for that, but would have to pay taxes on that money, as it is reserved for medical expenses. The scenarios with health savings plans are less expensive than the traditional copay plans. Being that a member is going to pay the network discounted cost for their service.

Mr. Garza stated that under the co-insurance, it's a bit different than what the city currently has. Due to the city's current primary network is geographically small, makes it very difficult to have a discussion regarding in network and out of network.

Ms. Parkey commented that staying in network verses out of network is very important as in network is the contract plans with the doctor. If someone goes to an out of network physician, the member will receive an unbalance bill. The out of network doctor or facility will take what the plan pays them, but they are not under any contract to accept that amount of money, which allows them to go back to the member and ask them to pay the remaining balance.

Mr. Garza commented that the RFP is intentional in trying to explore our options for an annual deductible. This is not to say that once the results of the RFP come back staff can continue to have a conversation so that if the Commission chooses on a monthly deductible, but at that point it would be a conversation on making changes with the current TPA which is Entrust. Garza stated that through this RFP process, the results that different companies will submit won't include specific contributions to the employees. Those contributions to employees will be determined by the employer. Garza further stated that what is being included in the RFP, is anticipating shifting to the four tiers that have been discussed in the past, as oppose to the two tiers that are currently in existence. Staff anticipates putting out the RFP this month, and will be out for a minimum of 30 days.

Mrs. Gonzales commented that as there is several different scenarios, it is usually 30 days but for this particular one, the city could do 45 days. After that period, it would take about two weeks to go through all the different scenarios, which Carlisle will be assisting with this as well during the evaluation process. After the evaluation has been completed, staff will then bring forward information to the Commission. Gonzales further commented that regarding the RFP, in the RFP, there is a request for any kind of information on wellness program that the companies may have, whether it is something that is supplied by their network or something that is free, discounted or a cost to the member.

Mr. Garza commented that previous RFP's that the City has gone out for, have not made any mention of incorporating a wellness program to a TPA service.

Mayor Fugate questioned how many scenarios does the Commission pick? Mr. Garza responded that this is part of the conversation about having multiple options. There

could be one option if the Commission chooses to go with one only; but the Commission can also choose to provide several options. This conversation can occur after staff receives the RFP results. It is staff's intention to provide at least two options to the employee so that they can pick the option that works better for them.

Mrs. Gonzales commented that for the RFP, it would be providing all the options listed on Exhibit "A".

Commissioner Garcia that with options C,D,F,G,& H, come with a savings program. Ms. Parkey responded that only E,F, & G,H have a savings program.

Mr. Garza commented that as for educating the City's employees, information has been emailed out and he has been meeting with employees personally on a month basis.

**17. Discuss Chapter XI-Business Regulations, Article 2- Ambulance Service of the City of Kingsville Code of Ordinances and areas for improvement of same. (City Manager).**

Mr. Garza gave a presentation on the Private Ambulance Ordinance. He stated that the basics of the city's ordinance only applies to companies picking up patients in Kingsville. EMS Service must have an Ambulance Operator Permit, which is good for one year. Ambulance inspections are done randomly. A requirement is that all must have appropriate levels of insurance, personal injury of \$300,000 and property damage of \$100,000. An ambulance driver/attendant permit is required. They are also charged a street user fee on a quarterly basis. If needed, 911 ambulance availability. Ambulance service companies that are working within the City of Kingsville are Air Med, Sensible EMS, EMS Direct and Trinity EMS. This ordinance was last updated in September 2005. Implementation of ordinance has been inconsistent since its inception. Last year, current administration began looking at enforcing the ordinance; established process and engaging and communicating with the private ambulance companies. A comparative analysis was done with surrounding cities. Chief Garcia further stated that implementation challenges are overall fee and requirement structure and Street User Fee section. Conflicts with the Street User Fee passed in 2015. The Street User Fee is based on ERU Based Formula. Disparity now exist in Street User Fees between those operators located inside the city limits verses those that are not. The current approach is operators within the City limits fall under the Street User Fee process passed in 2015. Operators outside the City limits will proceed with process except for Street User Fee Section. Recommendations are staff seeks support to review the ordinance and present alternatives with the following goals: simplification of requirements which equals simplification of enforcement; review street user fee section; strengthen the penalty section of the ordinance.

Mayor Fugate commented that it wouldn't be a problem charging more, if they don't live here in Kingsville and have their business here. It gets done with all other services that the city offers.

Mr. Garza responded that it is one of the issues that has come up, so he has instructed staff to do, is to proceed with this process and putting the street user component on the side so that staff can have a conversation as to what their position is. Garza stated that there has been one company that has paid and has had their ambulance inspected. With this particular company that has paid submitted insurance papers that met their requirements but didn't meet the city's requirements and so staff is working with them in order to make the necessary adjustments. Garza further stated that the question to the Commission, if there is a desire to re-access the street user fee of the ordinance, staff can take the time to develop some options then bring for Commission

consideration. If the direction from the Commission is to keep it as is, then staff will proceed with that.

Mayor Fugate asked if this the amount that is being talked about is \$400.00 per year. Mr. Garza commented that the max is \$500.00 per quarter is the maximum.

Commissioner Lopez commented there are five ambulances in Kingsville that are not inspected. She further stated that private ambulances need to provide the same type of service they would receive if one of the City's ambulance was to respond. Lopez stated that her main concern is the citizens of Kingsville. It is important that they receive the same level of care that a city ambulance would provide. Until the city can get the third ambulance up and running again, anyone that will be transporting our citizens needs to provide the same level of care as if one of the city's ambulances were to respond. She further stated that staff does not know what is in a private ambulance when they care for our citizens. Therefore, random inspections will need to be made.

Mr. Garza stated that there are two different issues, revenue and the public safety inspection, and how they are balanced is key for this. Garza stated that if the revenues or fees is playing a role in it and staff feels that possibly lowering it can help improve the inspection and enforcement rate, could be something that can be discussed, if the Commission chooses to do so. Garza further stated that it is important to note that these companies, if though they do not currently get inspected by the city, they go through a state level inspection they have to go through which could possibly be done annually.

Commissioner Lopez commented that staff is making this more difficult than it has to be.

Mayor Fugate commented that he is cutting this conversation short. He further asked for staff to bring the Commission some scenarios that the Commission can look at.

**18. Executive Session: Pursuant to Section 551.087, Texas Government Code, Deliberations Regarding Economic Development Negotiations Exception, the City Commission shall convene in executive session to deliberate the offer of a financial or other incentive to a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations. (City Manager).**

Mayor Fugate announced the Executive Session and convened the meeting into close session at 7:55 p.m.

Mayor Fugate reconvened the meeting into open session at 8:13 p.m.

**VI. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 8:13 P.M.

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, TRMC, City Secretary

**PLAN DESIGN SCENARIOS**

Exhibit "A"

ITEM      **Current Plan    Scenario A & B    Scenario C & D    Scenario E & F    Scenario G & H**

ITEM	Current Plan	Scenario A & B	Scenario C & D	Scenario E & F	Scenario G & H
Annual Deductible Out of Network 2 times In Network	\$250 Family Monthly Deductible	\$750 Ind. / \$1,500 Fam.	\$ 1,350 Ind. / \$2,700 Fam.	\$ 1,350 Ind. / \$2,700 Fam.	\$ 1,500 Ind. / \$ 3,000 Fam.
Co-Insurance	100% No Out of Network	100% In / 50% Out & 90% In / 60% Out	100% In / 50% Out & 90% In / 60% Out	100% In / 50% Out & 90% In / 60% Out	100% In / 50% Out & 90% In / 60% Out
Annual Out of Pocket Maximums Out of Network 2 times In Network	\$6,600 / \$ 13,200 Fam.	\$6,650 Ind. / \$13,300 Fam.	\$7,350 Ind. / \$14,700 Fam.	\$7,350 Ind. / \$14,700 Fam.	\$7,350 Ind. / \$14,700 Fam.
Hospital Services	100% after deductible	100% & 90% after deductible	100% & 90% after deductible	100% & 90% after deductible	100% & 90% after deductible
Emergency Room Treatment	\$75 co-pay, 100% to \$300 per visit, then covered at 100% after deductible	\$100 copay then 100% or 90% after deductible	\$100 copay then 100% or 90% after deductible	100% & 90% after deductible	100% & 90% after deductible
Urgent Care Center Services (additional services/supplies may incur additional fees)	100% after deductible	\$ 75 copay	\$ 100 copay	100% & 90% after deductible	100% & 90% after deductible
Convenience Care Clinic (additional services/supplies may incur additional fees)	\$ 10 co-pay, then covered at 100% up to \$100 per visit	\$ 25 copay	\$ 30 copay	100% & 90% after deductible	100% & 90% after deductible
Physician Visits - Primary Care Physician - Specialist	\$ 25 co-pay covers first \$200 of visit then 100% after deductible	\$25 copay \$ 50 copay	\$ 30 copay \$ 60 copay	100% & 90% after deductible 100% & 90% after deductible	100% & 90% after deductible 100% & 90% after deductible
Preventative Care	100%	100%	100%	100%	100%
Office & Outpatient Surgery	100% after deductible	100% & 90% after deductible	100% & 90% after deductible	100% & 90% after deductible	100% & 90% after deductible
Diagnostic Lab & X-Ray (Outpatient)	\$ 15 co-pay covers first \$150 of visit then 100% after deductible	100%	100%	100% & 90% after deductible	100% & 90% after deductible
Major Diagnostic	\$ 15 co-pay covers first \$150 of visit then 100% after deductible	100% & 90% after deductible	100% & 90% after deductible	100% & 90% after deductible	100% & 90% after deductible
Health Savings Account (HSA) Eligible	No	No	No	Yes	Yes
Prescription Drug Program Maximum Rx Out-of-pocket Individual Family	Integrated with Medical	Integrated with Medical	Integrated with Medical	Integrated with Medical	Integrated with Medical
Generic	\$ 10 copay	\$ 10 copay	\$ 20 copay	100% & 90% after deductible	100% & 90% after deductible
Preferred Brand Name	30%	\$ 30 copay	\$ 40 copay		
Non-Preferred Brand Name	30%	\$ 50 copay	\$ 70 copay		
Specialty Rx	30%	30%	30%		
Mail Order Options for up to 90-day supply	3 x copay	2.5 x copay	2.5 x copay		

Note: Chart representative of major categories of covered services only for comparison purposes

APRIL 23, 2018

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, APRIL 23, 2018 IN THE RECREATION HALL LOCATED AT DICK KLEBERG PARK, 501 EAST ESCONDIDO/SANTIAGO PARK LANE, KINGSVILLE, TEXAS AT 6:00 P.M.

**CITY COMMISSION PRESENT:**

Sam Fugate, Mayor  
Arturo Pecos, Commissioner  
Al Garcia, Commissioner  
Edna Lopez, Commissioner  
Diana Guerrero-Pena

**CITY STAFF PRESENT:**

Jesus Garza, City Manager  
Mary Valenzuela, City Secretary  
Courtney Alvarez, City Attorney  
Kyle Benson, IT Manager  
Tom Ginter, Director of Planning & Development Services  
Emilio Garcia, Health Director  
Bill Donnell, Public Works Director  
Rudy Mora, City Engineer  
Susan Ivy, Parks Manager  
Ricardo Torres, Chief of Police  
Adrian Garcia, Fire Chief  
Derek Williams, IT  
Jessica Montalvo, Health Department  
Jason Torres, Health Inspector  
Diana Gonzales, Human Resources Director  
Robert Rodrigues, Library Director  
Cynthia Martin, Downtown Manager  
Monica Longoria, Administrative Assistant  
Richard Flores, Golf Course Manager

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate opened the meeting at 6:00 P.M. with all five Commissioner present.

**INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)**

The invocation was delivered by Mrs. Courtney Alvarez, City Attorney, followed by the Pledge of Allegiance and the Texas Pledge.

**MINUTES OF PREVIOUS MEETING(S)**

NONE.

**II. Public Hearing - (Required by Law).<sup>1</sup>**

**1. Public hearing on an ordinance amending the zoning ordinance by changing the zoning map in reference to Garcia AC 2, Lot 46 T3, 4.7576 acres also known as 1601 N. 20<sup>th</sup> Street from I1-Light Industrial District to R1-Single-Family District, amending the comprehensive plan to account for any deviations from the existing comprehensive plan. (Director of Planning & Development Services).**

Mayor Fugate announced and opened this public hearing at 6:02 P.M.

Mr. Tom Ginter, Director of Planning & Development Services stated that the Nunez's who own the grounds desire to build two homes on this property. If the rezoning is

approve, they will replat the property into two parcels to build the homes on. Ginter stated that it is his understanding that they want to build homes for family members. He stated that the zoning map show the property to the north is R1 to the east it is a combination of R2, R1, R3 and I1 and to the south, there is a street with I1 from there to Corral. Ginter mentioned that this would be a positive financial impact because currently the ground is not being used for anything so a home being built on each parcel would provide property taxes as well as allow the property owner to utilize property that they own for something they desire. The Planning and Zoning Commission met on this item on Wednesday, April 18<sup>th</sup> and voted 4 to 0, recommending approval.

Mayor Fugate announced that this is a public hearing and if anyone would like to speak on behalf of this item may do so now with a five-minute time limit. Additional time cannot be extended by City Commission.

There being no comments made, Mayor Fugate closed this public hearing at 6:05 P.M.

### III. Reports from Commission & Staff.<sup>2</sup>

*“At this time, the City Commission and Staff will report/update on all committee assignments which may include, but is not limited to the following: Planning & Zoning Commission, Zoning Board of Adjustments, Historical Board, Housing Authority Board, Library Board, Health Board, Tourism, Chamber of Commerce, Coastal Bend Council of Governments, Conner Museum, Keep Kingsville Beautiful, and Texas Municipal League. Staff reports include the following: Building & Development, Code Enforcement, Proposed Development Report; Accounting & Finance – **Financial & Investment Information, Investment Report**, Quarterly Budget Report, Monthly Financial Reports, Utilities Billing Update; Police-Communications Update; Police & Fire Department – Grant Update, Police & Fire Reports; **Streets Update**; Public Works; Building Maintenance, Construction Updates; Park Services - grant(s) update, **miscellaneous park projects**, Emergency Management, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Landfill Update, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation, Demolition Update, Planning Development Update, **Golf Course Update**, Municipal Court Update. No formal action can be taken on these items at this time.”*

Mayor Fugate presented two proclamations, one for Public Service Recognition Week and the other for National Small Business Week.

Mr. Garza presented the Employee of the Month Award for the month of March to Alicia Tijerina, Tourism Department.

Mrs. Susan Ivy, Parks Manager made a Power Point presentation update on the Recreation Hall renovations. Ivy further stated that as for the rent fees, they will be increased from a \$50.00 deposit to \$100.00 deposit and rental from \$250.00 to \$300.00.

Commissioner Garcia read to the audience some history he was able to locate regarding the Recreation Hall.

Mr. Bill Donnell gave a quick update on the Streets and what the department has worked on during the last two weeks.

Commissioner Lopez asked about the RFP for streets. Mr. Garza responded that staff is working on that. This should be completed by next week. Once it is completed, will post for about 45 days.

Mr. Richard Flores, Golf Course Manager, gave an update on the Golf Course. He stated that the project is on track. Staff should begin light fertilization sometime this week.

Mayor Fugate asked how the water system is holding up? Mr. Flores responded that it was holding up ok. Mayor Fugate commented that the greens and sand traps are looking good.

Commissioner Lopez thanked Mr. Flores and his staff for the hard work they having been doing on the Golf Course.

Mrs. Courtney Alvarez, City Attorney, reported that the next City Commission is scheduled for May 14<sup>th</sup>, with items due for this meeting on Friday, May 4<sup>th</sup>. The May 14<sup>th</sup> Commission meeting will take place back at its regular location, City Hall, 400 W. King Ave.

Commissioner Pecos asked staff, that when a call is made to the Fire Department, why does an ambulance always require a fire truck with it.

Mr. Adrian Garcia, Fire Chief, responded that it all depends on the type of call that is received, heart attack or stroke.

#### **IV. Public Comment on Agenda Items.<sup>3</sup>**

1. Comments on all agenda and non-agenda items.

No public comments made.

#### **V.**

##### **Consent Agenda**

##### **Notice to the Public**

*The following items are of a routine or administrative nature. The Commission has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by a Commission Member in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.*

##### **CONSENT MOTIONS, RESOLUTIONS, ORDINANCES AND ORDINANCES FROM PREVIOUS MEETINGS:**

*(At this point the Commission will vote on all motions, resolutions and ordinances not removed for individual consideration.)*

**Motion made by Commissioner Pecos to approve the consent agenda as presented, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Lopez, Pecos, Garcia, Guerrero-Pena, Fugate voting "FOR".**

**1. Motion to approve final passage of an ordinance amending the Fiscal Year 2017-2018 budget to accept and expend a Parks donation from the Woman's Club (for summer program). (Parks Manager).**

**2. Motion to approve final passage of an ordinance amending the Fiscal Year 2017-2018 budget to accept and expend a Fire Department donation. (Fire Chief).**

## REGULAR AGENDA

### CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

#### VI. Items for consideration by Commissioners.<sup>4</sup>

**3. Consider introduction of an ordinance amending the zoning ordinance by changing the zoning map in reference to Garcia AC 2, Lot 46 T3, 4.7576 acres also known as 1601 N. 20<sup>th</sup> Street from I1-Light Industrial District to R1-Single-Family District, amending the comprehensive plan to account for any deviations from the existing comprehensive plan. (Director of Planning & Development Services).**

Introduction item.

**4. Consider accepting the Comprehensive Annual Financial Report of the City of Kingsville for Fiscal Year 2016-2017. (Finance Director).**

A presentation of the Comprehensive Annual Financial Report was done by Mr. John Womack & Company, P.C.

Mr. Womack reported that the GFOA Certification that the City of Kingsville is has received, which is an exclusive certification. The audit opinion is unqualified, which is the highest standard that a city can obtain. The primary in the general fund, last year the city had \$12.25 million in current assets in this year, down to \$11.137 million which is \$1,386,000 decrease. Liabilities is at \$1.494 million, down from last year \$1.545 million which is \$51,000 decrease. The unrestricted fund balance for the general fund last year was \$7.1 million and this year it is \$7.47 million. Police forfeiture fund, last year they had \$1.4 million and this year they have \$1.53 million with a total fund balance of \$461,000 at the end of the year. Debt service fund ended up with a fund balance of \$757,000 which was \$618,000 last year. Capital Projects fund is where you will be the largest decrease but this is due to the sale of bonds, which you will spend the money. Last year this account had cash of \$6,793,000 and this year that cash is \$4,230,000. Womack stated that the governmental fund type balance sheets are in good shape. Revenues are up in the general fund, last year there was \$17,862,000 this year it ended up at \$ 18,708,000. Expenditures and a combination of moves went from \$20,725,000 to \$21,683,000. A negative over operating revenues over expenditures of \$2.3 million. However it was brought in \$1.6 million transfers-in resulting in a decrease of \$1.3 million. The majority of this decrease was capital outlay and restricted resources, which was money that was set aside and actually spent. Police Forfeiture Fund, there is revenue of \$402,000 with expenditures of \$671,000 which resulted in a fund deficit of \$269,000 going from a \$1.26 million last year to \$1.146 million this year. In debt service, \$1.499 million and spent \$1.443 million in debt service. There was increase of \$138,000 with coupled with \$618,000 from the prior year, which the fund balance went up to \$757,000. Capital Projects, the only revenue it had was interest last year we had a \$6.74 million dollar bond, this year there was no new bond. The income we have is a \$55,933 in interest and spent \$3,778,000 on planned and budgeted capital outlay. There was a transfer-in of \$1.3 million to cover additional capital outlay and had a final deficit of \$2.5 million. When this is taken away from the \$6.5 that we had it goes down to \$4 million. The governmental fund types capital projects is paying down the way its suppose too with the debt service increasing slightly which needs to be maintained to \$750,000 to \$1 million dollars. This is not something that the city wants to drain out, so this is a positive move. Forfeitures are still very strong and the general fund is well capitalized. The Enterprise Fund ended up with a fund deficit of about \$445,000, from operation. There was \$48 million dollars in capital outlay verses \$47,832 million, so we added \$369,000 in capital assets. The other interesting point is \$13,641,115, last year it was \$14,963,000, so it was paid down to \$1,3 million in bond

debt. The city is liquidating \$1.5 million in debt every year and paying it down very rapidly. Womack stated that the cash flow, this is pure cash and not accrual, you get all the receivables and depreciation out of the way and all the non-cash items and what is pure cash. The \$8.8 million compare to \$8.4 million last year for an increase of \$400,000. Expenditures were \$7,459,000 versus \$7.162 million last year up \$300,000 resulting in an operating income of \$1.36 million dollars. There were transfers-out to capital outlay programs, debt service and to general fund -\$1.533,000 resulting in a net operating loss of \$82,000 in the Enterprise Fund. Internal Service Fund, which is major medical, brought in \$3.2 million, we had \$2.9 million, \$660,000 of stop gap recover, which really helps out. Revenues exceeded operating expenses of about \$227,000; added to the \$895,000 that we had last year and bring it up to a fund balance for major medical fund of \$1,168,000. Cash Flow, is for both entities except remove all the non-cash type items, \$2,085,000 which is the total net cash earned by the utility fund. There is a proceed of \$286,000, borrowed funds that people have paid back. Federal Grants came in at \$191,000 and transfers-outs to other funds of \$5 million resulting in a \$1.55 million transfer-out. The total debt service in the utility fund \$1,661,418, principal and interest and \$625 million in capital acquisitions, resulting in a total operating cash reduction of \$1.1 million dollars. The Utility fund took a little hit this year, within a good coverage range. Internal service fund is still at \$1.1 million of cash. There were no material findings and it was filed on time. Mr. Womack congratulated the Finance Department for all their hard work.

**Motion made by Commissioner Garcia to accept the Comprehensive Annual Financial Report of the City of Kingsville for Fiscal Year 2016-2017, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Pecos, Garcia, Guerrero-Pena, Lopez, Fugate voting "FOR".**

**5. Consider awarding the All-Risk Property Insurance Policy coverages (RFP# 18-011), as per staff recommendation. (Risk Manager).**

Mr. David Soliz, Risk Manager, reported that on March 11, 2018 and March 18, 2018, the City of Kingsville advertised a solicitation of proposals for an All-Risk Property Insurance Policy. A single proposal containing two options was received. The lone proposer is incumbent Carlisle Insurance. The proposal was reviewed by Charlie Sosa, Purchasing Manager and by the Risk Manager to ensure that all of the current policy's terms and conditions were met. The proposal was judged to have met the current policy's terms and conditions with expectation. Due to the devastating 2017 hurricane season, insurance markets have hardened significantly and are no longer willing to provide a \$1,000 all other perils deductible. The proposal has a \$10,000 AOP deductible. Staff recommends Carlisle Insurance Option #1 quote as the preferred choice for the May 1, 2018 through September 2019 policy term in the amount of \$223,619.40.

**Motion made by Commissioner Garcia to approve this award, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Garcia, Guerrero-Pena, Lopez, Pecos, Fugate voting "FOR".**

**6. Consider a resolution authorizing the City to submit an application to the U.S. Department of Homeland Security's Federal Emergency Management Agency for the purpose of requesting grant funding on behalf of the City for the 2018 Staffing for Adequate Fire and Emergency Response (SAFER) Grant program for additional firefighters for the Kingsville Fire Department with an anticipated cash match. (Fire Chief).**

Mayor Fugate asked if this was the same type of grant that was done last year, but was not received.

Mr. Adrian Garcia, Fire Chief, responded that it is the same, but instead of going out for three firefighters they will be going for two.

Commissioner Pecos asked how many firefighters were on staff. Chief Garcia commented that he has a total of 31 on staff.

**Motion made by Commissioner Pecos to approve this resolution, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Guerrero-Pena, Lopez, Pecos, Garcia, Fugate voting "FOR".**

**7. Consider a resolution granting an existing easement in the alleyway south of 208 South 14<sup>th</sup> Street and an intent not to abandon said easement. (Director of Planning & Development Services).**

Mr. Ginter reported that the McDonald's Corporation is planning on demoing the facility and build a new one, on the same spot at 208 South 14<sup>th</sup> Street. Ginter further stated that they want to make sure that they can still continue to use the alley for business purposes such as the location of the dumpster. For their comfort level, a resolution approved by the City Commission authorizing this is desirable.

**Motion made by Commissioner Garcia to approve this resolution, seconded by Commissioner Pecos and Commissioner Lopez. The motion was passed and approved by the following vote: Lopez, Pecos, Garcia, Guerrero-Pena, Fugate voting "FOR".**

**8. Consider introduction of an ordinance adopting Unanimous Settlement Agreement, setting rates and establishing tariffs for the provision of natural gas service by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas Company within the City of Kingsville, Texas; declaring this ordinance to be a final determination of rates; requiring acceptance by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas Company of the rates prescribed herein; and establishing an effective date. (City Attorney).**

Mrs. Courtney Alvarez, City Attorney, explained the reasoning for this ordinance. The purpose of the ordinance is to adopt the Unanimous Settlement Agreement between the City of Kingsville and CenterPoint Energy Resources Corp., CenterPoint Energy Entex and CenterPoint Energy Texas Gas regarding the Company's Statement of intent to increase rates within its South Texas Division and to improve tariffs and proof of revenues that implement the terms of the Settlement Agreement. Approval of this ordinance will result in a \$3.0 million decrease in CenterPoint's annual revenues. This is a \$3.5 million reduction to the \$490,778 increase requested by CenterPoint in its Errata to its Statement of Intent. The Settlement Agreement also approves the Company's proposal to recover \$675,992 in expenses related to Hurricane Harvey restoration of service via a surcharge until the full amount is recovered. The Settlement Agreement also increase the residential monthly customer charge to \$19.00, and approves the recovery of reasonable rate case expenses through a surcharge on customers' bills. New rates would go into effect on May 22, 2018, under this agreement.

Introduction item.

**9. Consider a resolution of the City of Kingsville, Texas finding that AEP Texas Inc.'s application to amend its distribution cost recovery factors (DRCF) to increase distribution rates within the City should be denied; finding that the City's reasonable rate case expenses shall be reimbursed by the company; finding that the meeting at which this resolution is passed is open to the public**

**as required by law; requiring notice of this resolution to the company and legal counsel. (City Attorney).**

Mrs. Alvarez stated that on April 3, 2018, AEP Texas, Inc., filed an application to amend its Distribution Cost Recover Factors (DCFR) to increase distribution rates with each of the cities in their service area. In the filing, the Company asserts that it is seeking an increase in distribution revenues of approximately \$3.1 million, an approximately \$800,000 decrease for the Central Division and \$3.9 million increase for the North Division. The resolution authorizes the City to join with the Cities Served by AEP to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

**Motion made by Commissioner Pecos to approve this resolution, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Garcia, Guerrero-Pena, Lopez, Pecos voting "FOR". Fugate "AGAINST".**

**VI. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 7:17 P.M.

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, TRMC, City Secretary

# **CONSENT AGENDA**

# **AGENDA ITEM #1**

**City of Kingsville  
Legal Department**

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TO: Mayor and City Commissioners  
CC: Jesus A. Garza, City Manager  
FROM: Courtney Alvarez, City Attorney  
DATE: April 5, 2018  
SUBJECT: Ordinance Adopting CenterPoint Gas Rate Case Settlement Agreement

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**SUMMARY:**

The purpose of the Ordinance is to adopt the Unanimous Settlement Agreement (included as Attachment 1 to the Ordinance) between the City of Kingsville, Texas and CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("CenterPoint" or the "Company") regarding the Company's Statement of Intent to increase rates within its South Texas Division and to approve tariffs and proof of revenues (included as Attachments 2 and 3 to the Ordinance) that implement the terms of the Settlement Agreement.

Approval of the Ordinance will result in a \$3.0 million decrease in CenterPoint's annual revenues. This is a \$3.5 million reduction to the \$490,778 increase requested by CenterPoint in its Errata to its Statement of Intent. The Settlement Agreement also approves the Company's proposal to recover \$675,992 in expenses related to Hurricane Harvey restoration of service via a surcharge until the full amount is recovered. The Settlement Agreement also increases the residential monthly customer charge to \$19.00, and approves the recovery of reasonable rate case expenses through a surcharge on customers' bills. Under the agreement, new rates would go into effect on May 22, 2018.

**BACKGROUND:**

**Procedural History:**

On November 16, 2017, CenterPoint filed with the City a Statement of Intent to increase natural gas rates by \$540,000, effective January 20, 2018. On January 1, 2018, the Tax Cut and Jobs Act of 2017 went into effect lowering the corporate tax rate from 35% to 21%. On January 9, 2018, CenterPoint filed an Errata to its testimony, exhibits, schedules, and workpapers originally filed on November 16, 2017. This Errata filing reduced CenterPoint's requested rate increase to \$490,778.



## City of Kingsville Legal Department

The Cities of Victoria, Hallettsville, Ingleside on the Bay, Kenedy, Kingsville, Point Comfort, Portland, Refugio, Taft, Beeville, Bishop, Driscoll, Edna, Elgin, Falls City, Hondo, Ingleside, Karnes City, Laredo, Poteet, San Diego, Sinton, and Weimar (together "South Texas Coalition of Cities" or "STCC") took action to suspend the January 20th effective date and participate in the proceeding as a coalition. The STCC hired an attorney and natural gas rate experts to investigate the Company's request and conduct discovery. Based upon their analysis, they were able to negotiate a reasonable final resolution of the rate request.

Under the law, cities with original jurisdiction over the matter, have until April 20, 2018 to take final action on the application. CenterPoint has agreed to extend the cities' statutory deadline to April 30, 2018.

### **Reasons Justifying Settlement:**

CenterPoint's rate request is the first time that the Company has taken action to increase the rates charged for distributing natural gas to the City in approximately six years. During the time that the City has retained original jurisdiction in this case, consultants working on behalf of the Cities of Victoria, Hallettsville, Ingleside on the Bay, Kenedy, Kingsville, Point Comfort, Portland, Refugio, Taft, Beeville, Bishop, Driscoll, Edna, Elgin, Falls City, Hondo, Ingleside, Karnes City, Laredo, Poteet, San Diego, Sinton, and Weimar have investigated the support for the Company's requested rate increase. CenterPoint's requested increase did not reflect the change in the tax rate and the evidence does not support the \$490,778 increase requested by the Company. However, the cities' consultants agree that the Company can justify a lesser rate decrease in revenues and that there is a reasonably high probability that the Railroad Commission would award the Company a decrease of at least the amount agreed to by the cities through settlement.

Based upon the analysis conducted by the cities' consultants, the cities were able to negotiate a reasonable resolution of the Company's request that avoids costly litigation before the Railroad Commission, ensures that the Company's revenues are sufficient to provide safe and reliable natural gas service to customers in the South Texas Division, and protects the interests of the City and its citizens.

### **Explanation of "Be It Ordained" Parts:**

**Part 1.** This part recites the procedural history of the case, approves the rate decrease, the Hurricane Harvey surcharge, the establishment of a regulatory asset to track amounts related to third-party system safety and integrity expenses, approves the tariffs, and approves rate case expenses.



## City of Kingsville Legal Department

- Part 2.** This part states that the City has original jurisdiction over CenterPoint's rates within the city limits.
- Part 3.** This section adopts the Settlement Agreement in all respects and finds it to be just, reasonable and in the public interest.
- Part 4.** This section approves a \$3.0 million rate decrease as determined on a system-wide basis.
- Part 5.** This section clarifies that CenterPoint's initial rate application is denied except to the extent that it is approved as part of the Settlement Agreement and the ordinance.
- Part 6.** This part approves the rates and tariffs consistent with the Settlement Agreement.
- Part 7.** This section approves the depreciation rates included within the tariffs.
- Part 8.** This paragraph directs CenterPoint to reimburse the City for their reasonable rate case expenses within 30 days from the effective date of the ordinance.
- Part 9.** This section clarifies that nothing in the ordinance limits or restricts the City's legal authority over CenterPoint.
- Part 10.** This section provides for an effective date upon passage.
- Part 11.** This section provides for publication.

**FINANCIAL IMPACT:** None. All cost associated with this settlement agreement are to be paid by the gas utility provider.

**RECOMMENDATION:** Approve the ordinance adopting the Unanimous Settlement Agreement, setting rates, and establishing tariffs for the provision of natural gas services by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas Company within the City of Kingsville, Texas.



**ORDINANCE NO. 2018-\_\_\_\_\_**

**AN ORDINANCE ADOPTING UNANIMOUS SETTLEMENT AGREEMENT, SETTING RATES AND ESTABLISHING TARIFFS FOR THE PROVISION OF NATURAL GAS SERVICE BY CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS COMPANY WITHIN THE CITY OF KINGSVILLE, TEXAS; DECLARING THIS ORDINANCE TO BE A FINAL DETERMINATION OF RATES; REQUIRING ACCEPTANCE BY CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS COMPANY OF THE RATES PRESCRIBED HEREIN; AND ESTABLISHING AN EFFECTIVE DATE.**

**BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS:**

**PART 1.** The City Commission finds:

- (A) On November 16, 2017, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("CenterPoint" or "Company") filed with the Railroad Commission of Texas, the City of Kingsville, Texas ("City"), and the other affected cities in its South Texas Division, its Statement of Intent to increase its annual revenue by \$540,000 within its South Texas Division. On January 9, 2018, CenterPoint filed an Errata to its Statement of Intent reducing the Company's requested increase to \$490,778.
- (B) In accordance with the Gas Utility Regulatory Act, Utilities Code, §104.107, the City suspended CenterPoint's proposed effective date of January 20, 2018 for a period not to exceed 90 days from CenterPoint's proposed effective date, to April 20, 2018.
- (C) CenterPoint provided public notice of its proposed increase in rates in accordance with the Gas Utility Regulatory Act.
- (D) A base rate revenue decrease in the amount of \$3.0 million per annum is reasonable and consistent with the requirements of the Gas Utility Regulatory Act, will permit CenterPoint a reasonable opportunity to earn a reasonable return on its invested capital, and will yield a fair return upon the adjusted value of CenterPoint's property used and useful in rendering service to the public.

- (E) CenterPoint and the City agree that CenterPoint may recover \$675,992 in expenses related to Hurricane Harvey restoration of service via a surcharge until the full amount is recovered.
- (F) CenterPoint and the City agree that CenterPoint may establish a regulatory asset to track amounts incurred above or below \$722,871 for the South Texas Division related to third-party system safety and integrity expenses identified in base rates. CenterPoint and the City agree that CenterPoint may request recovery of the amount in the asset in a future Statement of Intent filing.
- (G) The tariffs and specific rates and charges, and customer service rules appended to this ordinance are reasonable and in the public interest.
- (H) The costs of the City's rate consultants, attorneys, and technical staff to conduct investigations, present evidence, advise and represent the City in these rate-making proceedings as set out in the settlement agreement are reasonable and necessary expenses, as are the rate case expenses incurred by CenterPoint in this proceeding.

**PART 2.** The City is the regulatory body with exclusive original jurisdiction over the rates, operations, and services of CenterPoint within the municipality.

**PART 3.** The Unanimous Settlement Agreement ("Settlement Agreement") entered into between CenterPoint and the City and appended to this ordinance as "Attachment 1" is in the public interest and is adopted by this ordinance.

**PART 4.** A decrease in the amount of \$3.0 million in CenterPoint's annual base-rate revenue, as determined on a system-wide basis for the South Texas Division, is approved within the City.

**PART 5.** Except to the extent approved in this ordinance and the settlement agreement appended to this ordinance as "Attachment 1", the City denies CenterPoint's request for rates, tariffs, and charges as proposed in CenterPoint's Statement of Intent and rate increase request filed with the City on or about November 16, 2017.

**PART 6.** The rates, tariffs, charges, schedules, and service rules appended to this ordinance as "Attachment 2" for natural gas service provided by CenterPoint within the City, are reasonable and are hereby approved.

**PART 7.** The proposed depreciation and amortization rates set forth on the Depreciation and Amortization Expense summary appended to this ordinance as "Attachment 3" are reasonable and hereby approved by this ordinance.

**PART 8.** The costs of rate consultants, attorneys, and technical staff to conduct investigations, present evidence, advise, and represent the City in these rate-making proceedings shall be reimbursed to the City by CenterPoint no later than 30 days after the effective date of this ordinance.

**PART 9.** Nothing in this ordinance shall be construed as limiting or modifying in any manner the right and power of the City under the law to regulate the rates and charges of CenterPoint.

**PART 10.** This ordinance takes effect on April 30, 2018.

**PART 11.** This Ordinance shall not be codified but will become effective on and after adoption and publication as required by law.

**INTRODUCED** on this the 23<sup>rd</sup> day of April, 2018.

**PASSED AND APPROVED** on this the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**EFFECTIVE DATE:** \_\_\_\_\_, 2018.

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

# Coffin Renner

A Limited Liability Partnership

Post Office Box 13366  
Austin, Texas 78711  
Telephone (512) 879-0900  
Fax (512) 879-0912

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April 3, 2018

Hon. John Dodson  
Administrative Law Judge  
Railroad Commission of Texas  
1701 N. Congress  
Austin, Texas 78701

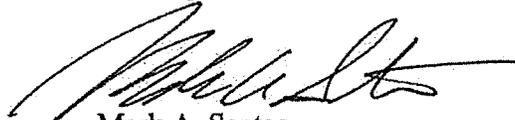
Re: GUD No. 10669; *Statement of Intent of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas to Increase Rates in the South Texas Division*

Dear Judge Dodson:

Enclosed please find a Unanimous Settlement Agreement, accompanying exhibits, and a Proposed Order supported by the Parties in the above referenced proceeding.

Please do not hesitate to contact our office if you have any questions or concerns.

Best regards,



Mark A. Santos

Enclosures

cc: All Parties of Record

**GUD NO. 10669**

<b>STATEMENT OF INTENT OF</b>	<b>§</b>	
<b>CENTERPOINT ENERGY</b>	<b>§</b>	
<b>RESOURCES CORP., D/B/A</b>	<b>§</b>	
<b>CENTERPOINT ENERGY ENTEX</b>	<b>§</b>	<b>BEFORE THE</b>
<b>AND CENTERPOINT ENERGY</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>TEXAS GAS TO INCREASE RATES IN</b>	<b>§</b>	<b>OF TEXAS</b>
<b>THE SOUTH TEXAS DIVISION</b>	<b>§</b>	

**UNANIMOUS SETTLEMENT AGREEMENT**

This Unanimous Settlement Agreement is entered into by and between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (“CenterPoint” or the “Company”); the Alliance of CenterPoint Municipalities (“ACM”); the South Texas Coalition of Cities (“STCC”); and the Staff of the Railroad Commission of Texas (“Staff”), (collectively, the “Signatories”).

WHEREAS, on November 16, 2017, CenterPoint filed its Statement of Intent to Increase Rates in the South Texas Division with the Railroad Commission of Texas (“Commission”) and each of the cities in the South Texas Division retaining original jurisdiction; and

WHEREAS, the Commission docketed the rate request as GUD No. 10669; and

WHEREAS, ACM, STCC, and Commission Staff sought intervention and were granted party status in GUD No. 10669; and

WHEREAS, the cities within ACM and STCC have suspended the implementation of the Company’s rate request until May 22, 2018; and

WHEREAS, the Company will seek the consolidation of all municipal appeals with GUD No. 10669; and

WHEREAS, the Company has filed direct testimony and errata to its Statement of Intent; and

WHEREAS, the parties have engaged in significant discovery regarding the issues in dispute; and

WHEREAS, direct testimony of ACM and STCC was due on March 14, 2018, and Staff direct testimony was due on March 21, 2018, but ACM, STCC, and Staff did not file direct testimony in reliance on this Unanimous Settlement Agreement.; and

WHEREAS, the Signatories agree that resolution of this docket by unanimous settlement agreement will significantly reduce the amount of reimbursable rate case expenses associated with this docket;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to and recommend for approval by the Commission the following Settlement Terms as a means of concluding the above-referenced docket filed by CenterPoint on behalf of its South Texas Division without the need for prolonged litigation:

Settlement Terms

1. As a product of compromise and for the purposes of settlement, the Signatories agree to the rates, terms and conditions reflected in the tariffs attached to this Unanimous Settlement Agreement as Exhibit A. The tariffs attached as Exhibit A replace and supersede those tariffs currently in effect in the South Texas Division. These tariffs are premised on a decrease of \$3.0 million in current annual revenues as illustrated in the proof of revenues attached as part of Exhibit B to this Unanimous Settlement Agreement. Except as specifically provided herein, the Signatories agree that the \$3.0 million revenue decrease is a “black box” figure and is not tied to any specific expense in the underlying cost of service within CenterPoint’s South Texas Division. The Signatories further agree that the rates, terms and conditions reflected in Exhibit A to this Unanimous Settlement Agreement comply with the rate-setting requirements of Chapter 104 of the Texas Utilities Code. The gas rates, terms and conditions established by this Unanimous Settlement Agreement shall be effective upon approval by the Commission.
2. The Signatories agree to the following customer charges and volumetric rates. These rates are based on test year-end customer count and are reflected in the rate schedules attached as Exhibit A.

	<b>Customer Charge</b>	<b>Single Block Volumetric</b>
Residential	\$19.00	\$0.33613 per Ccf at 14.65 pressure base \$0.34301 per Ccf at 14.95 pressure base
General Service – Small	\$25.00	\$0.16286 per Ccf at 14.65 pressure base \$0.16620 per Ccf at 14.95 pressure base
General Service – Large Volume	\$99.50	\$0.07647 per Ccf at 14.65 pressure base

3. The Signatories agree to use of the following capital structure and weighted cost of capital, including the pre-tax return, as shown below. This capital structure and weighted cost of capital shall be used in future Interim Rate Adjustment (“IRA”) filings.

<b>Class of Capital</b>	<b>Percent</b>	<b>Cost</b>	<b>Weighted Cost of Capital</b>	<b>Pre-tax Return</b>
Long-Term Debt	45.00%	6.0480%	2.7216%	2.7422%
Common Equity	55.00%	9.8000%	5.3900%	6.8743%
Weighted Average Cost of Capital	100.00%		8.1116%	9.6165%

4. The Signatories agree that any IRA filing in the South Texas Division pursuant to Texas Utilities Code § 104.301 shall use the following factors until changed by a subsequent general rate proceeding:
  - a. The capital structure and related components as shown above in Paragraph 3.
  - b. For any initial IRA filing, the beginning amount of ad valorem taxes at a South Texas Division level is \$1,518,333 and the standard sales service amount is \$1,489,451. Margin tax will be calculated using a 0.75% factor until or unless changed by statute.
  - c. For any initial IRA filing, the net plant in service amount for standard sales service in the South Texas Division is \$186,068,333 as presented in Exhibit C.
  - d. For any initial IRA filing in the South Texas Division, the starting balance for the 8.209 Regulatory Asset Account is \$0. In future IRA filings, 8.209 Regulatory Asset balance approved in the previous year's IRA filing will be assigned to the appropriate plant account as shown in Exhibit C.1.
  - e. For any initial IRA filing in the South Texas Division, the Net Investment will include detail of Plant in Service amounts by Fixed Capital Account ("FCA") as shown on Exhibit C.
  - f. For any initial IRA filing and for any subsequent IRA filings, the depreciation rate for each account shall be as shown on Exhibit C.
  - g. For any initial IRA filing, the customer charges and volumetric rates as noted in Paragraph 3 above will be the starting rates to which any IRA adjustment is applied.
  - h. Federal income taxes will be calculated using a 21% rate.
  - i. The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes are as follows:

<b>Residential</b>	<b>General Service – Small</b>	<b>General Service – Large</b>
84.8764%	13.0623%	2.0613%

- j. The Standard Sales service allocation factor is 98.222086%.
5. CenterPoint may pursue recovery of a deferred benefit regulatory asset or liability pursuant to Texas Utilities Code § 104.059 in a future filing. The Signatories identify the following amounts as the base-year levels to track changes in pension-related and other post-employment benefits:
  - a. Retirement Plan – FAS 87 – \$1,516,383;
  - b. Benefit Restoration Plan – FAS 87 – \$121,238;
  - c. Postemployment – FAS 112 – \$164,796;
  - d. Postretirement – FAS 106 – \$248,110.
6. The Signatories agree to the depreciation rates reflected in Exhibit C.
7. The Signatories agree that the "black box" decrease amount in Paragraph 1 includes a reduction of the corporate income tax rate from 35% to 21% to recognize changes to the Federal Tax Code due to the Tax Cuts and Jobs Act of 2017. CenterPoint has allocated the

cost of service reduction to its customer classes based on the base rate revenue allocation agreed to in Item 4 and reflected in the proof of revenues attached hereto as Exhibit B.

The Signatories further agree that federal income tax expense will be adjusted for excess deferred income taxes (EDIT) resulting from the Tax Cuts and Jobs Act of 2017. The EDIT adjustment will be computed based on the average rate assumption method (ARAM) for those amounts required under Internal Revenue Service (IRS) normalization rules. The Company's unprotected EDIT will be amortized over five (5) years.

No later than November 15, 2019, the Company will file a request under Section 104.111 of the Texas Utilities Code to reduce rates in the South Texas Division in order to reflect an adjustment to rates related to amortization of the Company's protected EDIT.

8. The Signatories agree that CenterPoint will make an IRA true-up in the amount of \$640,158 via a one-time refund bill credit to South Texas Division customers and that future ad valorem tax true-ups may occur in IRA filings.
9. The Signatories agree that CenterPoint may establish a regulatory asset to track amounts incurred above or below \$722,871 for the South Texas Division related to third-party system safety and integrity expenses identified in base rates. CenterPoint may request recovery of the amount in the asset in a future Statement of Intent filing. The Signatories further agree to and propose the inclusion of the following Finding of Fact and Ordering Paragraph in the Final Order in this docket:
  - a. Finding of Fact: It is reasonable that CenterPoint file an annual report detailing any increase or decrease above or below the benchmark amount of \$722,871 for the South Texas Division identified in base rates for third-party safety and integrity expenses with Commission Staff within 90 days after each calendar year end.
  - b. Ordering Paragraph: IT IS THEREFORE ORDERED that CenterPoint file an annual report with Commission Staff detailing any increase or decrease above or below the benchmark amount of \$722,871 for the South Texas Division set in this docket for third-party safety and integrity expenses within 90 days after each calendar year end.
10. The Signatories agree that CenterPoint shall account for its requested Deferred Benefit Liability and Commission Rule § 8.209 Asset using a 5-year amortization period.
11. The Signatories agree that for internal audit and external reporting purposes, CenterPoint may establish a regulatory asset for its Unrecovered Post-Retirement Liability and amortize that asset over 5 years. The Company will recognize the annual amortization in the employee expense related reserve in rate base.
12. The Signatories agree that CenterPoint may recover \$675,992 in expenses related to Hurricane Harvey restoration of service via a surcharge until the full amount is recovered. Any over-recovery will be returned to customers through the Company's PGA tariff. The monthly charge amounts shall be collected volumetrically in accordance with the following factors: Residential \$0.01026 per CcF at 14.65 pressure base and \$0.01047 per Ccf at 14.95

pressure base; General Service – Small \$0.01026 per CcF at 14.65 and \$0.01047 per Ccf at 14.95 pressure base; and General Service – Large \$0.01026 per Ccf at 14.65 pressure base.

13. The Signatories agree that, consistent with its request, CenterPoint may recover gas-related bad debt costs through its PGA.
14. The Signatories agree that: (a) CenterPoint may reconcile through its PGA over-recoveries related to surcharges approved to recover rate case expenses; (b) CenterPoint shall provide notice to Staff of any reconciling item to be included in the PGA; and (c) CenterPoint shall clearly identify and include details of any reconciling item in its annual reconciliation report submitted to Staff.
15. The Signatories agree that CenterPoint shall seek review and approval from the Commission for any Federal Energy Regulatory Commission (“FERC”) Intervention costs incurred for the benefit of customers prior to their inclusion in the cost of gas calculation. Those costs are limited to reasonable non-employee experts, non-employee attorney fees, and prudently incurred travel expenses.
16. The Signatories agree that CenterPoint may include amounts in connection with plant investment qualifying for regulatory asset treatment under Commission Rule § 8.209(j) in its annual IRA filings.
17. CenterPoint, ACM, and STCC represent that their reasonable rate case expenses incurred through February 2018, and estimated rate case expenses incurred through completion of this case, are as follows:

	Actual Invoices Received	Invoices Due and Est. to Completion	TOTAL
<b>CenterPoint</b>	\$527,111.16	\$49,705.04	\$576,816.20
<b>ACM</b>	\$69,552.17	\$4,000.00	\$73,552.17
<b>STCC</b>	\$44,246.18	\$35,753.82	\$80,000.00

18. CenterPoint, ACM, and STCC attach as Exhibit D affidavits and invoices in support of these amounts, and will supplement with additional invoices as they are processed. The Signatories agree that the amounts represented above are reasonable and recoverable pursuant to Texas Utilities Code § 103.022. The Signatories agree that the recovery period for the applicable surcharge to recover rate-case expenses shall be twenty-four (24) months. CenterPoint agrees to reimburse ACM and STCC the amount of rate case expenses set forth above within thirty (30) days of the issuance of an order authorizing recovery of those expenses. The Signatories intend and advocate that the Commission authorize recovery of the rate case expenses recited above in the same proceeding and at the same time as it approves this Unanimous Settlement Agreement.

19. The Signatories agree that equal recovery of rate case expenses arising from this proceeding on a system-wide basis from incorporated and unincorporated customers in the South Texas Division is appropriate and reasonable and that good cause exists to support equal recovery of rate case expenses from all customers on a system-wide basis within the division for the following reasons:
  - a. CenterPoint Litigation and Estimated expenses: Good cause exists to recover CenterPoint litigation and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of the South Texas Division. The intent of Commission Rule 7.5530(e) is to allocate rate case expenses to the participating parties according to which party caused the expenses to be incurred, therefore it is reasonable to seek recovery of rate case expenses from all customers who benefit from the settlement agreement in this case, which includes all customers in the incorporated and unincorporated areas of the South Texas Division. Recovery of these expenses is also necessary in the interest of justice.
  - b. ACM and STCC Litigation and Estimated expenses: Good cause exists to recover ACM and STCC litigation and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of the South Texas Division, because the ACM and STCC participation in GUD No. 10669 resulted in this Unanimous Settlement Agreement, which benefits all such customers, and doing so is necessary in the interest of justice.
  
20. CenterPoint shall file annually, due on or before April 1, a rate case expense recovery report with the Railroad Commission of Texas, Oversight and Safety Division, referencing GUD No. 10669. The report shall include the amount of rate case expense recovered by month and the outstanding balance by month as set out in Rate Schedules RCE 13.1I and 13.1U. The Signatories agree to and propose the inclusion of the following Findings of Fact and Ordering Paragraph in the Final Order in this docket:
  - a. Finding of Fact: It is reasonable that CenterPoint, ACM, and STCC submit to Staff invoices reflecting actual rate case expenses with sufficient detail so that Staff can accurately audit such invoices for the purposes of reconciling estimated rate case expenses to actual rate case expenses. In no case shall the total actual expenses exceed the actual expenses submitted to the Commission as of March 2018, plus the approved estimated expenses of \$730,368.37.
  - b. Finding of Fact: It is reasonable that CenterPoint file an annual Rate Case Expense Report with Staff detailing the balance of actual plus estimated rate case expenses at the beginning of the annual period, the amount collected by customer class, and the ending or remaining balance within ninety (90) days after each calendar year end.
  - c. Ordering Paragraph: IT IS THEREFORE ORDERED that CenterPoint file an annual Rate Case Expense Report with Staff detailing recovery of rate case expenses as described in Finding of Fact \_\_ within ninety (90) days after each calendar year end until the calendar year end in which the rate case expenses are fully recovered.

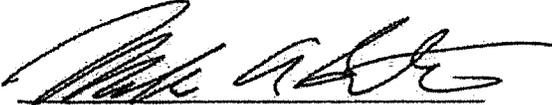
21. The Signatories agree to and propose the inclusion of the following Ordering Paragraphs in the Final Order in this docket:
  - a. Ordering Paragraph: IT IS FURTHER ORDERED that within thirty (30) days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315, CenterPoint SHALL electronically file its rate schedules in proper form that accurately reflect the rates in Exhibit A approved in this Final Order.
  - b. Ordering Paragraph: IT IS FURTHER ORDERED that any incremental change in rates approved by this Final Order and implemented by CenterPoint shall be subject to refund unless and until CenterPoint's tariffs are electronically filed and accepted by the Gas Services Department in accordance with 16 Tex. Admin. Code § 7.315
22. For purposes of compromise and settlement, the affiliate expenses included in the black box amount above are recoverable consistent with the provisions in Section 104.055 of the Gas Utility Regulatory Act. Acceptance of the treatment of affiliate expenses is the product of compromise and settlement and is not of precedential value in any other proceeding.
23. The classes and number of customers affected by this Unanimous Settlement Agreement are identified on a city-by-city and unincorporated-area basis in Exhibit E.
24. The Signatories agree to support and seek Commission approval of this Unanimous Settlement Agreement. The Signatories further agree to make all efforts to present the Commission with this Unanimous Settlement Agreement at on or before May 22, 2018.
25. Except as may be allowed under Rule 408 of the Texas Rules of Evidence, the Signatories agree that all negotiations, discussions, and conferences related to the Unanimous Settlement Agreement are privileged and inadmissible to prove the validity or invalidity of any issue raised by or presented in the Statement of Intent to Increase Rates in the South Texas Division filed on November 16, 2017.
26. The Signatories agree that neither this Unanimous Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the Commission of an order approving this Unanimous Settlement Agreement.
27. The Signatories agree that the terms of the Unanimous Settlement Agreement are interdependent and indivisible, and that if the Commission intends to enter an order that is inconsistent with this Unanimous Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Unanimous Settlement Agreement or its subsequent withdrawal and further agrees that CenterPoint's application to increase rates will be remanded for hearings.
28. The Signatories agree that this Unanimous Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes. The matters resolved herein are resolved on the basis of a compromise and

settlement. Except to the extent the Unanimous Settlement Agreement governs a Signatory's rights and obligations for future periods, this Unanimous Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding. Each Signatory acknowledges that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets or other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those other dockets or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets or jurisdictions, regardless of whether other dockets present the same or a different set of circumstances, except as otherwise may be explicitly provided by this Stipulation. Agreement by the Signatories to any provision in this Stipulation will not be used against any Signatory in any future proceeding with respect to different positions that may be taken by that Signatory.

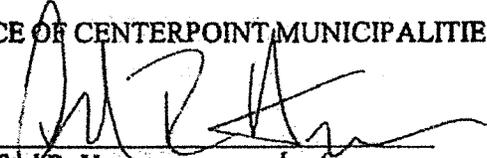
29. The provisions of this Stipulation are intended to relate to only the specific matters referred to herein. By agreeing to this Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for herein. The Signatories further understand and agree that this Stipulation represents a negotiated settlement of all issues in this proceeding.
30. The Signatories agree that this Unanimous Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 3<sup>rd</sup> day of April 2018.

**CENTERPOINT ENERGY RESOURCES CORP.**

By:   
Mark Santos  
Attorney for CenterPoint Energy Resources Corp.

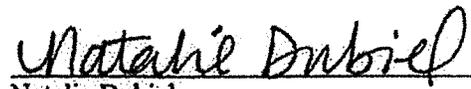
**ALLIANCE OF CENTERPOINT MUNICIPALITIES**

By:   
Alfred R. Herrera 4/3/18  
Attorney for Alliance of CenterPoint Municipalities

**SOUTH TEXAS COALITION OF CITIES**

By: \_\_\_\_\_  
Thomas Brocato  
Attorney for South Texas Coalition of Cities

**STAFF OF THE RAILROAD COMMISSION OF TEXAS**

By:   
Natalie Dubiel  
Attorney for Staff of the Railroad Commission of Texas

Agreed to this 3<sup>rd</sup> day of April 2018.

**CENTERPOINT ENERGY RESOURCES CORP.**

By: \_\_\_\_\_  
Mark Santos  
Attorney for CenterPoint Energy Resources Corp.

**ALLIANCE OF CENTERPOINT MUNICIPALITIES**

By: \_\_\_\_\_  
Alfred R. Herrera  
Attorney for Alliance of CenterPoint Municipalities

**SOUTH TEXAS COALITION OF CITIES**

By: Thomas Brocato, by permission  
Thomas Brocato  
Attorney for South Texas Coalition of Cities

**STAFF OF THE RAILROAD COMMISSION OF TEXAS**

By: \_\_\_\_\_  
Natalie Dubiel  
Attorney for Staff of the Railroad Commission of Texas

# EXHIBIT A

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
RESIDENTIAL SERVICE  
RATE SCHEDULE NO. R-2097-I**

**APPLICATION OF SCHEDULE**

This schedule is applicable to any customer in an incorporated area excluding a city that has ceded jurisdiction to the Commission in the South Texas Division to whom service is supplied in a single private dwelling unit and its appurtenances, the major use of which is for household appliances, and for the personal comfort and convenience of those residing therein.

Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others.

**MONTHLY RATE**

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

(a) The Base Rate consisting of:

(1) Customer Charge – \$19.00

(2) Commodity Charge --

For customers billed at a 14.65 Pressure Base:

All Ccf @ 14.65 \$0.33613

For customers billed at a 14.95 Pressure Base:

All Ccf @ 14.95 \$0.34301

- (b) Tax Adjustment – The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's applicable Tax Adjustment Rate Schedule and Franchise Fee Adjustment Rate Schedule.
- (c) Gas Cost Adjustment – The applicable Purchased Gas Adjustment (PGA) Rate – as calculated on a per Ccf basis and adjusted periodically under the applicable Purchased Gas Adjustment (PGA) Rate Schedule – for all gas used.
- (d) Rate Case Expense Recovery - Rate Case Expense Recovery will be calculated and adjusted periodically as defined in the Company's applicable Rate Case Expense Recovery Rate Schedule.
- (e) Hurricane Surcharge – Hurricane Surcharge will be calculated as defined in the Company's applicable Hurricane Surcharge Rate Schedule.

**PAYMENT**

Due date of the bill for service shall not be less than 15 days after issuance or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
RESIDENTIAL SERVICE  
RATE SCHEDULE NO. R-2097-1**

**RULES AND REGULATIONS**

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
RESIDENTIAL SERVICE  
RATE SCHEDULE NO. R -2097-U**

**APPLICATION OF SCHEDULE**

This schedule is applicable to any customer in an unincorporated area or city that has ceded jurisdiction to the Commission in the South Texas Division to whom service is supplied in a single private dwelling unit and its appurtenances, the major use of which is for household appliances, and for the personal comfort and convenience of those residing therein. The cities that have ceded jurisdiction to the Commission in the South Texas Division include Beeville, Eagle Lake, El Campo, Floresville, Goliad, Hallettsville, Kenedy, New Braunfels, Nordheim, Palacios, Pleasanton, San Diego, San Marcos, Schertz, Seguin, Selma, Sinton, and Weimar.

Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others.

**MONTHLY RATE**

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

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**RULES AND REGULATIONS**

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AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
RESIDENTIAL SERVICE  
RATE SCHEDULE NO. R -2097-U**

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

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D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
GENERAL SERVICE-SMALL  
RATE SCHEDULE NO. GSS-2097-I**

**APPLICATION OF SCHEDULE**

This schedule is applicable to natural gas service to any customer in an incorporated area excluding a city that has ceded jurisdiction to the Commission in the South Texas Division engaging in any business, professional or institutional activity, for all uses of gas, including cooking, heating, refrigeration, water heating, air conditioning, and power.

This schedule is applicable to any general service customer for commercial uses and industrial uses, except standby service, whose average monthly usage for the prior calendar year is 150,000 cubic feet or less. Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others.

**MONTHLY RATE**

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

(a) The Base Rate consisting of:

(1) Customer Charge – \$25.00

(2) Commodity Charge –

For customers billed at a 14.65 Pressure Base:

All Ccf @ 14.65 \$0.16286

For customers billed at a 14.95 Pressure Base:

All Ccf @ 14.95 \$0.16620

- (b) Tax Adjustment – The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's applicable Tax Adjustment Rate Schedule and Franchise Fee Adjustment Rate Schedule.
- (c) Gas Cost Adjustment – The applicable Purchased Gas Adjustment (PGA) Rate – as calculated on a per Ccf basis and adjusted periodically under the applicable Purchased Gas Adjustment (PGA) Rate Schedule – for all gas used.
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**RULES AND REGULATIONS**

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D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
GENERAL SERVICE-SMALL  
RATE SCHEDULE NO. GSS-2097-I**

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AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
GENERAL SERVICE-SMALL  
RATE SCHEDULE NO. GSS-2097-U**

**APPLICATION OF SCHEDULE**

This schedule is applicable to natural gas service to any customer in an unincorporated area excluding a city that has ceded jurisdiction to the Commission in the South Texas Division engaging in any business, professional or institutional activity, for all uses of gas, including cooking, heating, refrigeration, water heating, air conditioning, and power. The cities that have ceded jurisdiction to the Commission in the South Texas Division include Beeville, Eagle Lake, El Campo, Floresville, Goliad, Hallettsville, Kenedy, New Braunfels, Nordheim, Palacios, Pleasanton, San Diego, San Marcos, Schertz, Seguin, Selma, Sinton, and Weimar.

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RATE SCHEDULE NO. GSS-2097-U**

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D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
GENERAL SERVICE-LARGE VOLUME  
RATE SCHEDULE NO. GSLV-628-I**

**AVAILABILITY**

This schedule is available at points on existing facilities of adequate capacity and suitable pressure in the area designated in the Rate Book of **CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS** (hereinafter called "Company").

**APPLICATION OF SCHEDULE**

This schedule is applicable to any general service customer in an incorporated area excluding a city that has ceded jurisdiction to the Commission in the South Texas Division for commercial uses and industrial uses whose average monthly usage for the prior calendar year is more than 150,000 cubic feet. Gas supplied hereunder is for the individual use of the Consumer at one point of delivery and shall not be resold or shared with others. If the Consumer has a written contract with Company, the terms and provision of such contract shall be controlling.

**MONTHLY RATE**

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

- (a) The Base Rate consisting of:
  - (1) Customer Charge – \$99.50
  - (2) Commodity Charge –  
All Ccf @ 14.65 \$0.07647
- (b) Tax Adjustment – The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's applicable Tax Adjustment Rate Schedule and Franchise Fee Adjustment Rate Schedule.
- (c) Gas Cost Adjustment – The applicable Purchased Gas Adjustment (PGA) Rate – as calculated on a per Mcf basis and adjusted periodically under the applicable Purchased Gas Adjustment (PGA) Rate Schedule – for all gas used.
- (d) Rate Case Expense Recovery - Rate Case Expense Recovery will be calculated and adjusted periodically as defined in the Company's applicable Rate Case Expense Recovery Rate Schedule.
- (e) Hurricane Surcharge – Hurricane Surcharge will be calculated as defined in the Company's applicable Hurricane Surcharge Rate Schedule.

**WRITTEN CONTRACT**

In order to receive a delivery from Company of more than 25 Mcf during any one day, the Consumer must execute a written contract with Company on Company's form of contract covering the sale of gas by Company to it. In the case

**CENTERPOINT ENERGY RESOURCES CORP.  
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of existing Consumers, the maximum gas usage during any one day shall be obtained from the records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reasons, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining whether or not a contract is required. Such written contract shall be executed by Consumer upon request of Company and Company shall not be obligated to serve any such Consumer more than 25 Mcf during any one day until such written contract is executed and delivered by Consumer.

**MEASUREMENT**

The term "cubic foot of gas" for the purpose of measurement of the gas delivered and for all other purposes is the amount of gas necessary to fill a cubic foot of space when the gas is at an absolute pressure of 14.65 pounds per square inch and at a base temperature of sixty (60) degrees Fahrenheit.

The term "Mcf" shall mean 1,000 cubic feet of gas.

The Sales Unit shall be one Mcf.

Assumed Atmospheric Pressure - The average atmospheric pressure shall be assumed to be fourteen and seven-tenths (14.7) pounds per square inch, irrespective of actual elevation or location of the point of delivery above sea level or variation in such atmospheric pressure from time to time.

Orifice Meters - When orifice meters are used for the measurement of gas, such orifice meters shall be constructed and installed, and the computations of volume made, in accordance with the provisions of Gas Measurement Committee Report No. 3 of the American Gas Association as revised September, 1969 (A.G.A. Report No. 3), with any subsequent amendments or revisions which may be mutually acceptable.

The temperature of the gas shall be determined by a recording thermometer so installed that it may record the temperature of the gas flowing through the meter or meters. The average of the record to the nearest one (1) degree Fahrenheit, obtained while gas is being delivered, shall be the applicable flowing gas temperature for the period under consideration.

The specific gravity of the gas shall be determined by a recording gravitometer owned and operated by the pipeline company from whom Company purchases its gas, so installed that it may record the specific gravity of the gas flowing through the meter or meters; provided, however, that the results of spot tests made by the pipeline company with a standard type specific gravity instrument shall be used at locations where the pipeline company does not have a recording gravitometer in service. If the recording gravitometer is used, the average of the record to the nearest one-thousandth (0.001), obtained while gas is being delivered, shall be the applicable specific gravity of the gas for the period under consideration. If the spot test method is used, the specific gravity of the gas delivered hereunder shall be determined once monthly, the result obtained, to the nearest one-thousandth (0.001), to be applicable during the succeeding billing month.

Adjustment for the effect of supercompressibility shall be made according to the provisions of A.G.A. Report No. 3, hereinabove identified, for the average conditions of pressure, flowing temperature and specific gravity at which the

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RATE SCHEDULE NO. GSLV-628-I**

gas was measured during the period under consideration, and with the proportionate value of each carbon dioxide and nitrogen in the gas delivered included in the computation of the applicable supercompressibility factors. Company shall obtain appropriate carbon dioxide and nitrogen fraction values as may be required from time to time.

Positive Displacement Meters and Turbine Meters - When positive displacement meters and/or turbine meters are used for the measurement of gas, the flowing temperature of the gas metered shall be assumed to be sixty (60) degrees Fahrenheit, and no correction shall be made for any variation therefrom; provided however, that company shall have the option of installing a recording thermometer, and if company exercises such option, corrections shall be made for each degree variation in the applicable flowing temperature for the period under consideration.

The volumes of gas determined shall be adjusted for the effect of supercompressibility as follows:

- (A) When the flowing temperature of gas is assumed to be sixty (60) degrees Fahrenheit, the supercompressibility factor shall be the square of the factor,  $F_{pv}$ , computed in accordance with the principles of the A.G. A. Report No. 3, hereinabove identified, for a pure hydrocarbon gas of six-tenths (0.6) specific gravity and for the average pressure at which the gas was measured.
- (B) When the flowing gas temperature is recorded and applied according to the option above, the supercompressibility factor shall be the square of the factor,  $F_{pv}$ , computed in accordance with the principles of the American Gas Association Gas Measurement Committee Report No. 3, hereinabove identified, for a pure hydrocarbon gas of six-tenths (0.6) specific gravity and for the average conditions of pressure and flowing temperature at which the gas was measured.

**SUPPLY INTERRUPTIONS**

Total or partial interruption of gas deliveries due to acts of God, the elements, requirements for residential and other uses declared superior to Consumers by law, or to other causes or contingencies beyond the control of Company or not proximately caused by Company's negligence, shall not be the basis for claims-delivery and receipt of gas to be resumed whenever any such cause or contingency shall end.

**CHARGES FOR UNAUTHORIZED OVER-RUN GAS**

Any gas taken during any day by Consumer which exceeds the maximum daily quantity specified in Consumer's contract with Company shall be considered to be unauthorized over-run gas. Any gas taken by Consumer after the effective hour of an order calling for a complete curtailment of all gas deliveries, and prior to the authorized resumption of natural gas service, hereunder shall be considered to be unauthorized over-run gas. Any gas taken by Consumer after the effective hour of an order calling for a partial curtailment, and prior to the authorized resumption of natural gas service, which exceeds the stated amount of gas deliveries Consumer may take during such partial curtailment, shall be considered to be unauthorized over-run gas. Company shall bill, and Consumer shall pay for unauthorized over-run gas at the rate of \$10.00 per Mcf, in addition to the Monthly Rate specified herein for such gas. The payment of such additional charge for unauthorized over-run gas shall not, under any circumstances, be considered as giving the Consumer the right to take unauthorized over-run gas, nor shall such payment be considered to exclude or limit any other remedies available to Company against the Consumer for exceeding the maximum daily quantity specified in Consumer's contract with Company, or for failure to comply with curtailment orders issued by Company hereunder.

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The additional amount specified above charged for unauthorized over-run gas shall be adjusted, either plus or minus, to conform to the change made by Company's supplier in its rate schedule under which Company purchases its gas supply for resale under this schedule.

**RULES AND REGULATIONS**

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

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RATE SHEET  
GENERAL SERVICE-LARGE VOLUME  
RATE SCHEDULE NO. GSLV-628-U**

**AVAILABILITY**

This schedule is available at points on existing facilities of adequate capacity and suitable pressure in the area designated in the Rate Book of **CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS** (hereinafter called "Company").

**APPLICATION OF SCHEDULE**

This schedule is applicable to any general service customer in an unincorporated area or city that has ceded jurisdiction to the Commission in the South Texas Division for commercial uses and industrial uses whose average monthly usage for the prior calendar year is more than 150,000 cubic feet. Gas supplied hereunder is for the individual use of the Consumer at one point of delivery and shall not be resold or shared with others. If the Consumer has a written contract with Company, the terms and provision of such contract shall be controlling.

**MONTHLY RATE**

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

- (a) The Base Rate consisting of:
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All Ccf @ 14.65 \$0.07647
- (b) Tax Adjustment – The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's applicable Tax Adjustment Rate Schedule and Franchise Fee Adjustment Rate Schedule.
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of existing Consumers, the maximum gas usage during any one day shall be obtained from the records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reasons, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining whether or not a contract is required. Such written contract shall be executed by Consumer upon request of Company and Company shall not be obligated to serve any such Consumer more than 25 Mcf during any one day until such written contract is executed and delivered by Consumer.

**MEASUREMENT**

The term "cubic foot of gas" for the purpose of measurement of the gas delivered and for all other purposes is the amount of gas necessary to fill a cubic foot of space when the gas is at an absolute pressure of 14.65 pounds per square inch and at a base temperature of sixty (60) degrees Fahrenheit.

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Assumed Atmospheric Pressure - The average atmospheric pressure shall be assumed to be fourteen and seven-tenths (14.7) pounds per square inch, irrespective of actual elevation or location of the point of delivery above sea level or variation in such atmospheric pressure from time to time.

Orifice Meters - When orifice meters are used for the measurement of gas, such orifice meters shall be constructed and installed, and the computations of volume made, in accordance with the provisions of Gas Measurement Committee Report No. 3 of the American Gas Association as revised September, 1969 (A.G.A. Report No. 3), with any subsequent amendments or revisions which may be mutually acceptable.

The temperature of the gas shall be determined by a recording thermometer so installed that it may record the temperature of the gas flowing through the meter or meters. The average of the record to the nearest one (1) degree Fahrenheit, obtained while gas is being delivered, shall be the applicable flowing gas temperature for the period under consideration.

The specific gravity of the gas shall be determined by a recording gravitometer owned and operated by the pipeline company from whom Company purchases its gas, so installed that it may record the specific gravity of the gas flowing through the meter or meters; provided, however, that the results of spot tests made by the pipeline company with a standard type specific gravity instrument shall be used at locations where the pipeline company does not have a recording gravitometer in service. If the recording gravitometer is used, the average of the record to the nearest one-thousandth (0.001), obtained while gas is being delivered, shall be the applicable specific gravity of the gas for the period under consideration. If the spot test method is used, the specific gravity of the gas delivered hereunder shall be determined once monthly, the result obtained, to the nearest one-thousandth (0.001), to be applicable during the succeeding billing month.

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
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SOUTH TEXAS DIVISION  
RATE SHEET  
GENERAL SERVICE-LARGE VOLUME  
RATE SCHEDULE NO. GSLV-628-U**

Adjustment for the effect of supercompressibility shall be made according to the provisions of A.G.A. Report No. 3, hereinabove identified, for the average conditions of pressure, flowing temperature and specific gravity at which the gas was measured during the period under consideration, and with the proportionate value of each carbon dioxide and nitrogen in the gas delivered included in the computation of the applicable supercompressibility factors. Company shall obtain appropriate carbon dioxide and nitrogen fraction values as may be required from time to time.

Positive Displacement Meters and Turbine Meters - When positive displacement meters and/or turbine meters are used for the measurement of gas, the flowing temperature of the gas metered shall be assumed to be sixty (60) degrees Fahrenheit, and no correction shall be made for any variation therefrom; provided however, that company shall have the option of installing a recording thermometer, and if company exercises such option, corrections shall be made for each degree variation in the applicable flowing temperature for the period under consideration.

The volumes of gas determined shall be adjusted for the effect of supercompressibility as follows:

- (A) When the flowing temperature of gas is assumed to be sixty (60) degrees Fahrenheit, the supercompressibility factor shall be the square of the factor,  $F_{pv}$ , computed in accordance with the principles of the A.G. A. Report No. 3, hereinabove identified, for a pure hydrocarbon gas of six-tenths (0.6) specific gravity and for the average pressure at which the gas was measured.
- (B) When the flowing gas temperature is recorded and applied according to the option above, the supercompressibility factor shall be the square of the factor,  $F_{pv}$ , computed in accordance with the principles of the American Gas Association Gas Measurement Committee Report No. 3, hereinabove identified, for a pure hydrocarbon gas of six-tenths (0.6) specific gravity and for the average conditions of pressure and flowing temperature at which the gas was measured.

**SUPPLY INTERRUPTIONS**

Total or partial interruption of gas deliveries due to acts of God, the elements, requirements for residential and other uses declared superior to Consumers by law, or to other causes or contingencies beyond the control of Company or not proximately caused by Company's negligence, shall not be the basis for claims-delivery and receipt of gas to be resumed whenever any such cause or contingency shall end.

**CHARGES FOR UNAUTHORIZED OVER-RUN GAS**

Any gas taken during any day by Consumer which exceeds the maximum daily quantity specified in Consumer's contract with Company shall be considered to be unauthorized over-run gas. Any gas taken by Consumer after the effective hour of an order calling for a complete curtailment of all gas deliveries, and prior to the authorized resumption of natural gas service, hereunder shall be considered to be unauthorized over-run gas. Any gas taken by Consumer after the effective hour of an order calling for a partial curtailment, and prior to the authorized resumption of natural gas service, which exceeds the stated amount of gas deliveries Consumer may take during such partial curtailment, shall be considered to be unauthorized over-run gas. Company shall bill, and Consumer shall pay for unauthorized over-run gas at the rate of \$10.00 per Mcf, in addition to the Monthly Rate specified herein for such gas. The payment of such additional charge for unauthorized over-run gas shall not, under any circumstances, be considered as giving the Consumer the right to take unauthorized over-run gas, nor shall such payment be considered to exclude or limit any other remedies available to Company against the Consumer for exceeding the maximum daily quantity specified in Consumer's contract with Company, or for failure to comply with curtailment orders issued by Company hereunder.

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The additional amount specified above charged for unauthorized over-run gas shall be adjusted, either plus or minus, to conform to the change made by Company's supplier in its rate schedule under which Company purchases its gas supply for resale under this schedule.

**RULES AND REGULATIONS**

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
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SOUTH TEXAS DIVISION  
RATE SHEET  
RATE CASE EXPENSE RECOVERY  
RATE SCHEDULE NO. RCE-13.1-I**

**APPLICATION OF SCHEDULE**

This schedule is applicable to residential, general service-small, general service-large volume customers in the incorporated areas of the South Texas Division impacted by the Company's Statement of Intent to Increase Rates filed on November 16, 2017, GUD No. 10669.

This rate schedule is for the recovery of rate case expense ("RCE") and shall be in effect beginning on or after May 22, 2018, for a twenty-four (24) month period or until all approved expenses are collected.

Any over-recovery associated with this surcharge shall be returned to customers through the Purchased Gas Adjustment (PGA) tariff.

**MONTHLY RATE RECOVERY FACTOR:**

Residential	\$0.21 per bill
General Service-Small	\$0.21 per bill
General Service-Large	\$0.22 per bill

**RULES AND REGULATIONS**

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

**COMPLIANCE**

The Company will file annually, due on the 1<sup>st</sup> of each November, a rate case recovery report with the Railroad Commission of Texas ("Commission"), Oversight and Safety Division, referencing GUD No. 10669. The report shall detail the balance of actual plus estimated rate case expenses at the beginning of the annual period, the amount collected by customer class, and the ending or remaining balance within ninety (90) days after each calendar year end.

Reports for the Commission should be filed electronically at GUD\_Compliance @rrc.texas.gov or at the following address:

Compliance Filings  
Oversight and Safety Division  
Gas Services Department  
Railroad Commission of Texas  
P.O. Box 12967  
Austin, Texas 78711-2967

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
SOUTH TEXAS DIVISION  
RATE SHEET  
RATE CASE EXPENSE RECOVERY  
RATE SCHEDULE NO. RCE-13.1-U**

**APPLICATION OF SCHEDULE**

This schedule is applicable to residential, general service-small, general service-large volume customers in the unincorporated areas of the South Texas Division impacted by the Company's Statement of Intent to Increase Rates filed on November 16, 2017, GUD No. 10669.

This rate schedule is for the recovery of rate case expense ("RCE") and shall be in effect beginning on or after May 22, 2018, for a twenty-four (24) month period or until all approved expenses are collected.

Any over-recovery associated with this surcharge shall be returned to customers through the Purchased Gas Adjustment (PGA) tariff.

**MONTHLY RATE RECOVERY FACTOR:**

Residential	\$0.21 per bill
General Service-Small	\$0.21 per bill
General Service-Large	\$0.22 per bill

**RULES AND REGULATIONS**

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

**COMPLIANCE**

The Company will file annually, due on the 1<sup>st</sup> of each November, a rate case recovery report with the Railroad Commission of Texas ("Commission"), Oversight and Safety Division, referencing GUD No. 10669. The report shall detail the balance of actual plus estimated rate case expenses at the beginning of the annual period, the amount collected by customer class, and the ending or remaining balance within ninety (90) days after each calendar year end.

Reports for the Commission should be filed electronically at [GUD\\_Compliance @rrc.texas.gov](mailto:GUD_Compliance@rrc.texas.gov) or at the following address:

Compliance Filings  
Oversight and Safety Division  
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**CENTERPOINT ENERGY RESOURCES CORP.  
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SOUTH TEXAS DIVISION  
RATE SHEET  
HURRICANE SURCHARGE  
RATE SCHEDULE NO. HS-2**

**APPLICATION OF SCHEDULE**

The Hurricane Surcharge ("Hurricane") rate as set forth in section (B) below is for the recovery of restoration expenses incurred by the Company as a direct result of a Hurricane and not recoverable from any other source. These restoration expenses include insurance deductibles under the property damage and business interruption policies. The Hurricane rate identified in this rate schedule shall apply to all standard rate customers of CenterPoint Energy Texas Gas South Texas Division. The standard rate customers are defined as the residential, general service-small, and general service-large volume customers of the South Texas Division.

**(B) HURRICANE RATE**

The monthly charge amounts shall be collected volumetrically in accordance with the following factors:

Residential	\$0.01026 per Ccf at 14.65 pressure base
Residential	\$0.01047 per Ccf at 14.95 pressure base
General Service-Small	\$0.01026 per Ccf at 14.65 pressure base
General Service-Small	\$0.01047 per Ccf at 14.95 pressure base
General Service-Large	\$0.01026 per Ccf at 14.65 pressure base

Any refunds due to recovery of expense from insurance proceeds shall be refunded on the same allocation basis described above.

**EFFECTIVE DATES**

Hurricane Rider to be effective beginning on or after May 22, 2018.

This rate will be in effect until all approved and expended Hurricane costs are recovered under the applicable rate schedules. This Rider does not limit the legal rights and duties of the Cities and is subject to all applicable laws and orders and the Company's rules and regulations on file with the regulatory authority.

This rate will be in effect until all approved Hurricane charges are recovered from the applicable customer classes as documented in the compliance filing on the Hurricane Surcharge for GUD No. 10669. This tariff expires upon collection of \$675,992.

Any over-recovery associated with this surcharge shall be returned to customers through the Purchased Gas Adjustment (PGA) tariff.

**COMPLIANCE**

The Company will file annually, due on the 1<sup>st</sup> of each November, a report with the Railroad Commission of Texas ("Commission"), Oversight and Safety Division, referencing GUD No. 10669. The report shall detail the amount recovered by month and the outstanding balance by month.

Reports for the Commission should be filed electronically at GUD\_Compliance @rrc.texas.gov or at the following address:

Compliance Filings  
Oversight and Safety Division  
Gas Services Department

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RATE SCHEDULE NO. HS-2**

Railroad Commission of Texas  
P.O. Box 12967  
Austin, Texas 78711-2967

Upon final settlement with the insurance company, CenterPoint shall file a copy of the final settlement statement from the insurance company regarding claims for Hurricane Harvey. All insurance proceeds received under this policy shall be deducted from the amount allowed to be collected. If over-collected, a refund is required through the PGA as a reconciling item.

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**SOUTH TEXAS DIVISION**  
**RATE SHEET**  
**SCHEDULE OF MISCELLANEOUS SERVICE CHARGES**  
**RATE SCHEDULE NO. MISC-18**

**GAS SERVICE**

1.	Institution of service to residential or general service	\$40
	After-hours surcharge for each after-hours service call*	\$47
2.	Restore service after termination for non-payment, cut-off by Customer or agent or for convenience of Customer	\$40
	After-hours surcharge for each after-hours service call*	\$47
3.	Turning off service to active meter (per trip) – Exception: No charge if account is finalled.	\$20
	After-hours surcharge for each after-hours service call*	\$47
4.	Special meter test at customer's request (see General Rules and Regulations for special situations) – same customer at same location is allowed one (1) test free of charge every four (4) years	\$15
5.	Change customer meter if requested by Customer (Does not include changes due to meter failure and/or meter being more than nominally defective, as described in General Rules and Regulations.)	\$55
6.	Change residential meter location or re-route residential service: Minimum charge	\$350
	Install each additional meter on a Customer's service line	\$55
7.	Service Connection Charge – See General Rules and Regulations, Section 5(a), relating to Service Connection	Not Applicable
8.	Disconnect service at main	\$300
	(Plus any costs arising out of any city ordinance or regulation governing work in roadways)	
9.	Restore service at main for any purpose necessitated by customer including, but not limited to, installation of equipment requested by a Customer	\$300
10.	Temporary transfer of individually metered multi-family service from vacating tenant to apartment complex owner. (Applicable to read and transfer transactions only. Precedent written agreement required.)	No Charge

\*For same day service outside the hours of 8:00 A.M. to 5:00 P.M. CT Monday – Friday, and for any service on weekends, and for any service on all Company designated holidays.

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**OTHER CHARGES**

- |     |  |      |
|-----|--|------|
| 11. | Gas Main Extensions – See General Rules and Regulations, Section 5(e), relating to Gas Main Extensions.  |      |
| 12. | Collection call - trip charge (For each trip other than when a customer is charged under miscellaneous service item no. 3 – “Turning off service to active meter”) | \$20 |
| 13. | Returned check   | \$20 |

**DEPOSITS**

Up to the maximum amount allowed under the Railroad Commission of Texas Quality of Service Rule §7.45(5)(C)(ii) (the "one-sixth rule"). If there is no billing history on the customer's account, then the one-sixth rule will be applied to the Customer's account based on similarly-situated customers located in the geographic area.

**TAX ADJUSTMENT**

The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's Tax Adjustment Rate Schedule and Franchise Fee Adjustment Rate Schedule.

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RATE SCHEDULE NO. FFA-10**

The Customers shall reimburse the Company for the Customers' proportionate part of any tax, charge, impost, assessment or fee of whatever kind and by whatever name (except ad valorem taxes and income taxes) levied upon the Company by any governmental authority under any law, rule, regulation, ordinance, or agreement (hereinafter referred to as "the Tax"). If the law, rule, regulation, ordinance, or agreement levying the Tax specifies a method of collection from Customers, then the method so specified shall be utilized provided such method results in the collection of taxes from the Customers equal to the taxes levied on the Company. If no method of collection is specified, then the Company shall collect an amount calculated as a percentage of the Customers' bills applicable directly to those Customers located solely within the jurisdiction imposing the tax and/or within the jurisdiction where the tax is applicable. The percentage shall be determined so that the collection from Customers within the Company's different legal jurisdictions (municipal or otherwise defined) encompassing the South Texas Division is equal to the taxes levied on the Company.

The initial Tax Adjustment Rate shall be based on the Taxes that are levied upon the Company on the effective date of this Rate Schedule. The Company will initiate a new or changed Tax Adjustment Rate beginning with the billing cycle immediately following the effective date of the new or changed Tax as specified by the applicable law, rule, regulation, ordinance, or agreement, provided that the Company has the customer billing data necessary to bill and collect the Tax. If at any time there is a significant change that will cause an unreasonable over or under collection of the Tax, the Company will adjust the Tax Adjustment Rate so that such over or under collection will be minimized. The Tax Adjustment Rate (calculated on a per Ccf or per Mcf basis, as appropriate) shall be reported to the applicable governmental authority by the last business day of the month in which the Tax Adjustment Rate became effective.

#### **APPLICATION**

Applicable to Customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee upon Company for the Gas Service provided to Customer.

#### **MONTHLY ADJUSTMENT**

Company will adjust Customer's bill each month in an amount equal to the municipal franchise fees payable for the Gas Service provided to Customer by Company. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees.

#### **RAILROAD COMMISSION REPORTING**

CenterPoint shall maintain on file with the Railroad Commission of Texas a current listing of Cities and applicable franchise fees. Reports should be filed electronically at [GUD\\_Compliance@rrc.texas.gov](mailto:GUD_Compliance@rrc.texas.gov) or at the following address:

Compliance Filing            Oversight and Safety Division, Gas Services  
Railroad Commission of Texas  
P.O. Drawer 12967  
Austin, TX 78711-2967

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SOUTH TEXAS DIVISION  
RATE SHEET  
PURCHASED GAS ADJUSTMENT  
RATE SCHEDULE NO. PGA-16**

This Cost of Gas Clause shall apply to all general service rate schedules of CenterPoint Energy Entex in the South Texas Division ("the Company").

**A. DEFINITIONS**

1. **Cost of Purchased Gas (G):** The Company's best estimate of the cost of natural gas (per Mcf) to be purchased for resale hereunder during the period that the PGA Rate is to be effective. The cost of natural gas shall include the cost of gas supplies purchased for resale hereunder, upstream transportation capacity charges, storage capacity charges, the cost of gas withdrawn from storage less the cost of gas injected into storage, and any transaction-related fees, gains or losses and other transaction costs associated with the use of various financial instruments used by the Company to stabilize prices. Any costs associated with the use of financial instruments entered into after March 1, 2018, shall be approved in advance and in writing by the Director of the Oversight and Safety Division of the Commission.
2. **Purchase/Sales Ratio (R):** A ratio determined by dividing the total volumes purchased by the Company for general service customers for the twelve (12) month period ending the preceding August 31 Production Month by the sum of the volumes sold to general service customers during the same period. For the purpose of this computation, all volumes shall be stated at 14.65 p.s.i.a. Such ratio as determined shall in no event seek to recover more than 5% lost and unaccounted for gas loss unless expressly authorized by the applicable regulatory authority.
3. **Production Month:** The month that gas cost related activities are completed.
4. **Accounting Month:** The month gas related activities are posted on the books and records of the Company.
5. **Commodity Cost:** The Cost of Purchased Gas multiplied by the Purchase Sales Ratio.
6. **Purchased Gas Adjustment (PGA):** The rate per billing unit or the total calculation under this Cost of Gas Clause, consisting of the commodity cost, a reconciliation component (RC) and related fees and taxes.  
$$\text{PGA Rate (per Mcf sold)} = \{[G * R] \pm RC\} \text{ rounded to the nearest } \$0.0001$$
$$\text{PGA Rate (per Ccf sold)} = \text{PGA Rate (per Mcf sold)} \div 10$$
7. **General Service Customer:** residential, small commercial and large volume Customers.
8. **Reconciliation Audit:** An annual review of the Company's books and records for each twelve month period ending with the May Production Month to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine:
  - a. the total amount paid for gas purchased by the Company to provide service to its general service customers during the period;
  - b. the revenues received from operation of the provisions of this Cost of Gas Clause
  - c. the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of gas purchases or operation of this Cost of Gas Clause;
  - d. an adjustment, if necessary, for lost and unaccounted for gas during the period identified in A2 in excess of five (5) percent of purchases;
  - e. The Company shall seek review and approval from the Commission for any Federal Energy Regulatory Commission (FERC) Intervention costs incurred for the benefit of customers prior to their inclusion in the cost of gas calculation. Those costs are limited to reasonable non-employee experts, non-employee attorney fees and prudently incurred travel expenses;
  - f. the gas cost portion of bad debt expense;

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- g. schedule of reconciliation items related to over-recoveries of surcharges previously approved by the Railroad Commission; and
  - h. other amounts properly credited to the cost of gas not specifically identified herein.
9. **Reconciliation Component (RC):** The amount to be returned to or recovered from customers each month from the August billing cycle through July billing cycle as a result of the Reconciliation Audit.
10. **Reconciliation Account:** The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of this Cost of Gas Clause. Entries shall be made monthly to reflect but not necessarily limited to:
- a. the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records;
  - b. any upstream transportation charges;
  - c. the cost of gas withdrawn from storage less the cost of gas injected into storage;
  - d. fixed storage charges;
  - e. the revenues produced by the operation of this Cost of Gas Clause; and
  - f. refunds, payments, or charges provided for herein or as approved by the regulatory authority;
  - g. The Company shall seek review and approval from the Commission for any Federal Energy Regulatory Commission (FERC) Intervention costs incurred for the benefit of customers prior to their inclusion in the cost of gas calculation. Those costs are limited to reasonable non-employee experts, non-employee attorney fees and prudently incurred travel expenses;
  - h. the gas cost portion of bad debt expense;
  - i. schedule of reconciliation items related to over-recoveries of surcharges previously approved by the Railroad Commission; and
  - j. other amounts properly credited to the cost of gas not specifically identified herein.
11. **Carrying Charge for Gas in Storage:** A return on the Company's investment for gas in storage.

**B. COST OF GAS = Purchased Gas Adjustment (PGA)**

In addition to the cost of service as provided under its general service rate schedule(s), the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each Customer bill.

**C. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section D below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather and growth, for the last preceding August billing cycle through July billing cycle. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a twelve month period beginning with the next following August billing cycle and continuing through the next following July billing cycle at which time it will terminate until a new Reconciliation Component is determined.

**D. PAYMENT FOR USE OF FUNDS**

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Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. If the sum of the monthly balances reflects an over collection during the period, the Company shall credit into the Reconciliation Account during August an amount equal to the average annual balance multiplied by 6%.

If the sum of the monthly balances reflects an under collection during the period, the Company shall debit into the Reconciliation Account during August an amount equal to the average annual balance multiplied by 6%.

**E. CARRYING CHARGE FOR GAS IN STORAGE**

A carrying charge for gas in storage will be calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the pre-tax rate of return as determined in GUD No. 10669 and will be reflected on the customer's bill.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. The entire amount of refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers.

For the purpose of this Section the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section D, Payment for Use of Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a copy of the Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. (The Company shall file such initial Statement as soon as is reasonably possible.) The Cost of Gas Statement shall set forth:

1. the Cost of Purchased Gas;
2. that cost multiplied by the Purchase/Sales Ratio;
3. the amount of the cost of gas caused by any surcharge or refund;
4. the Reconciliation Component;
5. the Cost of Gas which is the total of items (2) through (4); and
6. the Carrying Charge for Gas in Storage.

The statement shall include all data necessary for the Customers and Regulatory Authority to review and verify the calculation of the Cost of Gas and the Carrying Charge for Gas in Storage. The date on which billing using the Cost of Gas and the Carrying Charge for Gas in Storage is to begin (bills prepared) is to be specified in the statement.

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RATE SCHEDULE NO. PGA-16**

**H. ANNUAL RECONCILIATION REPORT**

The Company shall file an annual report with the Regulatory Authority which shall include but is not necessarily limited to:

1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending with the May Production Month will be available upon request;
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues for the twelve month period ending with the May Production Month will be available upon request;
3. A tabulation of any amounts properly credited against Cost of Gas; and
4. A summary of all other costs and refunds made during the year and the status of the Reconciliation Account. This report shall be filed concurrently with the Cost of Gas Statement for August.

The Annual Report shall be filed in a format similar to the example format that follows.

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RATE SCHEDULE NO. PGA-16**

**ANNUAL RECONCILIATION REPORT  
TWELVE MONTH ENDING**

A. COST OF PURCHASED GAS		B. COST OF GAS REVENUE	
<b>TOTAL PURCHASES</b>		<b>TOTAL SALES</b>	
	Mcf @ 14.65	Mcf @ 14.65	\$ Dollars
	\$ Dollars		\$ Dollars
Prior Period Adjustments	5	Prior Period Adjustments	5
Year Month 1	.	Year Month 1	.
Year Month 2	.	Year Month 2	.
Year Month 3	.	Year Month 3	.
Year Month 4	.	Year Month 4	.
Year Month 5	.	Year Month 5	.
Year Month 6	.	Year Month 6	.
Year Month 7	.	Year Month 7	.
Year Month 8	.	Year Month 8	.
Year Month 9	.	Year Month 9	.
Year Month 10	.	Year Month 10	.
Year Month 11	.	Year Month 11	.
Year Month 12	.	Year Month 12	.
<b>Total</b>	.	<b>Total</b>	.

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RATE SCHEDULE NO. PGA-16**

**ANNUAL RECONCILIATION REPORT  
TWELVE MONTH ENDING**

**C. MONTHLY BALANCE**

	TOTAL PURCHASES	TOTAL COG REVENUE	(OVER)/UNDER COLLECTION OF COG	ADJUSTMENTS	BAD DEBTS	LEGAL LIQUIDATION	OTHER CHARGES	CUMULATIVE BALANCE	CUMULATIVE BALANCE EXCLUDING INTEREST
	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars
Ending Balance Brought Forward								\$ -	\$ -
Price Related Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year - Month 1								\$ -	\$ -
Year - Month 2								\$ -	\$ -
Year - Month 3								\$ -	\$ -
Year - Month 4								\$ -	\$ -
Year - Month 5								\$ -	\$ -
Year - Month 6								\$ -	\$ -
Year - Month 7								\$ -	\$ -
Year - Month 8								\$ -	\$ -
Year - Month 9								\$ -	\$ -
Year - Month 10								\$ -	\$ -
Year - Month 11								\$ -	\$ -
Year - Month 12								\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>12 months Average (Op) Balance</b>								<b>\$ -</b>	<b>\$ -</b>

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SOUTH TEXAS DIVISION  
RATE SHEET  
PURCHASED GAS ADJUSTMENT  
RATE SCHEDULE NO. PGA-16**

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TWELVE MONTH ENDING**

**D. SALES VOLUMES**

		Actual Mcf @ 14.65	Normalized Mcf @ 14.65
Year	Month 1	-	-
Year	Month 2	-	-
Year	Month 3	-	-
Year	Month 4	-	-
Year	Month 5	-	-
Year	Month 6	-	-
Year	Month 7	-	-
Year	Month 8	-	-
Year	Month 9	-	-
Year	Month 10	-	-
Year	Month 11	-	-
Year	Month 12	-	-
<b>Total</b>		-	-

**E. Interest on PGA Balance**

12 months Average (O)U Balance	\$	-
Interest Rate		6.00%
<b>Total Interest on (O)U Balance</b>	\$	-

**F. Reconciliation Component**

Cumulative (O)U Balance	\$	-
Total Current Interest on (O)U Balance	\$	-
<b>Total</b>	\$	-

Divided By:  
Sales Volume<sup>1</sup> -

<b>RECONCILIATION COMPONENT</b>	<b>\$0.0000 Per Mcf</b>
<b>RECONCILIATION COMPONENT</b>	<b>\$0.0000 Per Ccf</b>

1) Normalized volume for South Texas Correction Factor

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**1. DEFINITIONS**

- (a) "Consumer", "Customer" and "Applicant" are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of CENTERPOINT ENERGY ENTEX.
- (b) "Company" means CENTERPOINT ENERGY ENTEX, its successors and assigns.
- (c) "Cubic Foot of Gas": Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill one (1) cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure and/or in the event that the gas delivered to the Consumer is measured at a pressure in excess of four (4) ounces per square inch gauge, the measurement of gas shall be on the same basis as that outlined in the rate schedules for Large Volume Natural Gas Service.
- (d) "Service Line": The pipe and attached fittings which convey gas from Company's mains up to and including the stopcock on the riser for the Consumer's meter.
- (e) "Consumer's Housepiping": All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.
- (f) "Point of Delivery": The point where the gas is measured for delivery into Consumer's housepiping.
- (g) "Commission": Railroad Commission of Texas.

**2. APPLICATION OF RULES**

- (a) Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, enforceable municipal ordinance, applicable valid final order of any court or of the Commission, or written contract executed by Company, in which case such statute, order or contract shall control to the extent that it is applicable to the Consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.
- (b) The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.
- (c) These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the Company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.

**3. CLASSIFICATION FOR RATE AND CONTRACT PURPOSES**

For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to Consumers classified herein as Residential and Commercial is available without a written contract between Consumer

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and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 25,000 cubic feet of gas in any day to any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 25,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.

**4. LIMITATION OF USE**

All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.

**5. SERVICE CONNECTIONS**

- (a) **Service Connection:** Unless otherwise prohibited by applicable ordinance or rule, the Company may require, on a consistent and non-discriminatory basis, prepayment, reimbursement, or adequate security for some or all costs (including, but not limited to, materials, labor, or allocated overhead, permit costs and right-of-way acquisition costs) of extending its existing system to serve a new customer.
- (b) **Service Line:** Company shall install and maintain all service lines and to the extent permitted by applicable ordinance shall be entitled to make a reasonable charge for such installation. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one (1) ownership or control. However, gas service supplied to Consumer for use on separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be supplied through separate service lines and be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.
- (c) **Housepiping:** Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for determining whether or not Consumer has complied with applicable safety codes, inspecting Consumer's housepiping or in any way establishing or enforcing housepiping specifications.
- (d) **Gas Main Extensions:** Company shall extend its gas mains to provide new or additional service as set out in the applicable franchise, or where there is no franchise provision a total distance of one hundred (100) feet of pipe not to exceed two (2) inches in diameter. Gas main extensions of a

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greater distance or size than that specified above shall be made at Company's expense only where the probable expected use of all facilities necessary for such service will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:

- (1) Individual Residential and Commercial Consumers upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.
- (2) Developers of residential or business subdivisions upon execution of Company's form "Predevelopment Gas Main Extension Contract," or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.
- (3) Large Volume Consumers upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.

**6. CHARGES RELATING TO GAS SERVICE**

Utility charges for services other than delivering natural gas may be made in accordance with the Schedules of Miscellaneous Service Charges filed with the appropriate regulatory authorities.

**7. APPLICATION FOR SERVICE**

Where no written contract for service is necessary, an application by telephone or online via the Company's website may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.

**8. REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE**

- (a) Refusal of service.
  - (1) Compliance by applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on file with the appropriate regulatory authority governing the service applied for, or for the following reasons:
    - (A) the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;
    - (B) the applicant is indebted to any company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;

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- (C) the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;
  - (D) where an unsafe condition exists at any point on Consumer's premises;
  - (E) for use of gas in violation of Company's rules;
  - (F) in the event Company's representatives are refused access to such premises for any lawful purpose;
  - (G) when Company's property on the Consumer's premises is tampered with, damaged, or destroyed;
- (2) Applicant's recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.
- (3) Insufficient grounds for refusal to serve. Except in cases where the Company identifies fraud in connection with a service request, the following shall not constitute sufficient cause for refusal of service to a present residential or commercial customer or applicant:
- (A) delinquency in payment for service by a previous occupant of the premises to be served;
  - (B) failure to pay for merchandise or charges for non-utility service purchased from the Company;
  - (C) failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
  - (D) violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with these rules;
  - (E) failure to pay a bill of another Customer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and
  - (F) failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill.
- (b) Discontinuance of service.

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- (1) Bills are due and payable when rendered; the bill shall be past due not less than fifteen (15) days after issuance or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.
- (2) The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of five percent (5%) for payment within ten (10) days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.
- (3) A Customer's utility service may not be terminated unless the Company has made a reasonable effort to offer the customer the option of paying a delinquent bill in installments. A customer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within five (5) working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery at least five working days prior to a stated date of disconnection. Said notice shall be provided in English and Spanish as necessary and shall include:
  - (A) the words "Disconnect Notice" or similar language prominently displayed;
  - (B) the reason service is to be terminated;
  - (C) what Customer must do to prevent termination;
  - (D) in the case of a past-due bill, the amount past due and the hours, address, and telephone number where payment may be made;
  - (E) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency; and
  - (F) the date of termination.
- (4) Utility service may be disconnected for any of the following reasons:
  - (A) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;
  - (B) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;
  - (C) failure to comply with deposit or guarantee arrangements where required by these Rules and Regulations;

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- (D) without notice where a known dangerous condition exists for as long as the condition exists;
  - (E) tampering with the Company's meter or equipment or bypassing the same;
  - (F) for use of gas in violation of Company's rules;
  - (G) in the event Consumer's premises are vacated;
  - (H) in the event Company's representatives are refused access to such premises for any lawful purpose;
  - (I) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;
  - (J) for use of gas in violation of any law, ordinance or regulation;
  - (K) for fraudulent conduct or misrepresentation in relation to the consumption of gas, account information, or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.
- (5) Utility service may not be disconnected for any of the following reasons:
- (A) delinquency in payment for service by a previous occupant of the premises;
  - (B) failure to pay for merchandise or charges for non-utility service by the Company;
  - (C) failure to pay for a different type or class of utility service unless fee for such service is included on the same bill;
  - (D) failure to pay the account of another Customer as guarantor thereof, unless the Company has in writing the guarantee as a condition precedent to service;
  - (E) failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six months prior to the current billing;
  - (F) failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and
  - (G) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.
- (6) Unless a dangerous condition exists, or unless the customer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when

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personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.

- (7) The Company shall not abandon a Customer without written approval from the regulatory authority.
- (8) Except in cases where the Company identifies fraud in connection with an account, the Company shall not discontinue service to a delinquent residential Customer permanently residing in an individually metered dwelling unit when that Customer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Customer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company not more than five working days after the date of delinquency of the bill. The prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Customer. The Customer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

#### **9. LOCATION OF METERS**

Wherever practical, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right at any reasonable time thereafter to enter upon the premises and remove therefrom its meter, and any other of its equipment there located.

#### **10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY**

- (a) **Meter requirements.**
  - (1) **Use of meter.** All gas sold by the Company shall be charged for by meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.
  - (2) **Installation by Company.** Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Customers.
  - (3) **Standard type.** The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.
- (b) **Meter records.** The Company shall keep the following records:

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- (1) Meter equipment records. The Company shall keep a record of all its meters, showing the Customer's address and date of the last test.
- (2) Records of meter tests. All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Customer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.

(c) Meter readings.

- (1) Meter unit location. In general, each meter must indicate clearly the units of service for which charge is made to the Customer.

(d) Meter tests on request of Customer.

- (1) The Company shall, upon request of a Customer make a test of the accuracy of the meter serving that Customer. The Company shall inform the Customer of the time and place of the test, and permit the Customer or his/her authorized representative to be present if the Customer so desires. If no such test has been performed within the previous four years for the same Customer at the same location, the test shall be performed without charge. If such a test has been performed for the same Customer at the same location within the previous four years, the Company may charge a fee for the test, not to exceed fifteen dollars (\$15.00), or such other fee for the testing of meters as may be set forth in the Company's tariff properly on file with the regulatory authority. The Customer must be properly informed of the result of any test on a meter that serves him/her.
- (2) Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either the Customer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Customer. More than nominally defective means a deviation of more than two percent (2%) from accurate registration.
- (3) If any meter test requested by a Customer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either
  - (i) the last six (6) months, or
  - (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be foregone by the Company if the error is to the Company's disadvantage.

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- (4) If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not to be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Customer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated customers when not available.

(e) Meter Exchange.

- (1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. The "periodic meter test interval" is based on the results of accuracy tests of its meters of varying ages that are randomly sampled. The period of presumed accuracy is the period during which not less than seventy percent (70%) of the randomly sampled meters exhibit accuracy in the range of two percent (2%) fast to two percent (2%) slow.

**11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS**

(a) Establishment of credit for residential applicants.

- (1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the customer from complying with rules for prompt payment of bills. Subject to these General Rules and Regulations, a residential applicant shall not be required to make a deposit;

(A) if the residential applicant has been a customer of any utility for the same kind of service within the last two (2) years and is not delinquent in payment of any such utility service account and during the last twelve (12) consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or

(B) if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required;

(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the Company, or ownership of substantial equity.

- (b) Reestablishment of credit. Every applicant who has previously been a customer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all his/her amounts due to the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.

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- (c) Amount of deposit and interest for residential service and exemption from deposit.
- (1) The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest five dollars [\$5.00]). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.
- Estimated Annual Billings as such term is used in this section shall be either (i) the twelve- (12-) month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the customer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause (ii) hereof, shall be determined periodically but no less frequently than annually.
- (2) All applicants for residential service who are sixty-five (65) years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two (2) years. No cash deposit shall be required of such applicant under these conditions.
- (3) The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty (30) days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty (30) days, payment of interest shall be made retroactive to the date of deposit.
- (A) payment of interest to the customer shall be annually or at the time the deposit is returned or credited to the customer's account.
- (B) the deposit shall cease to draw interest on the date it is returned or credited to the customer's account.
- (4) Each gas utility shall waive any deposit requirement for residential service for an applicant who has been determined to be a victim of family violence as defined in Texas Family Code, §71.004, by a family violence center, by treating medical personnel, by law enforcement agency personnel, or by a designee of the Attorney General in the Crime Victim Services Division of the Office of the Attorney General. This determination shall be evidenced by the applicant's submission of a certification letter developed by the Texas Council on Family Violence and made available on its website. Effective: November 10, 2003; amended July 12, 2004.
- (d) For commercial and large volume customers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but

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shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.

- (e) Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.
- (f) Records of deposits.
  - (1) The Company shall keep records to show:
    - (A) the name and address of each depositor;
    - (B) the amount and date of the deposit; and
    - (C) each transaction concerning the deposit.
  - (2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.
  - (3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.
- (g) Refund of deposit.
  - (1) If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished.

The transfer of service from one premise to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.

- (2) When the residential customer has paid bills for service for twelve (12) consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two (2) occasions in which a bill was delinquent and when the customer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the customer in the form of cash or credit to a customer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.

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- (h) Upon sale or transfer of Company. Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all customers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.
- (i) Complaint by applicant or customer. The Company shall direct its personnel engaged in initial contact with an applicant or customer for service seeking to establish or re-establish credit under the provisions of these rules to inform the customer, if dissatisfaction is expressed with the Company decision, of the customer's right to file a complaint with the regulatory authority thereon.

**12. DISCONTINUANCE BY CONSUMER**

A Consumer who wishes to discontinue the use of gas (provided he/she otherwise has the right to do so) must give notice of his/her intent to do so to Company by calling 800-752-8036 in the Houston Division, 800-376-9663 in the Beaumont Division, 800-259-5544 in the East Texas Division, and 800-427-7142 in the South Texas Division or visiting the Company's website, [www.CenterPointEnergy.com](http://www.CenterPointEnergy.com). Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to the time Company receives such notice.

**13. RECORDS OF GAS SUPPLIED**

Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.

**14. ESCAPING GAS**

Upon immediately moving to a safe location, Consumer must immediately notify Company of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.

**15. DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES**

Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than an authorized employee of the Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of the Company used in serving Consumer's premises.

**16. ACCESS TO PREMISES**

The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustments to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation. The Company's representatives

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shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals, which might hinder the performance of such operations on the Consumer's property, shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.

**17. NON-LIABILITY**

- (a) The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connections and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.
- (b) Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.
- (c) The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.
- (d) Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term "force majeure" as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes, whether of the kind herein enumerated or otherwise.

**18. TEMPORARY INTERRUPTION OF SERVICE**

- (a) The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of customers are affected.
- (b) The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.
- (c) In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other customers to provide necessary

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service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

- (1) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate number of customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.
- (2) Report to Commission. The Commission shall be notified in writing within forty-eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.

**19. WAIVER OF RULES**

No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.

**20. BILLING**

- (a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.
- (b) The customer's bill must show all the following information:
  - (1) If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;
  - (2) The number and kind of units billed;
  - (3) The applicable rate schedule title or code;
  - (4) The total base bill;
  - (5) The total of any adjustments to the base bill and the amount of adjustments per billing unit;
  - (6) The date by which the customer must pay the bill in order to avoid penalty;
  - (7) The total amount due after addition of any penalty for nonpayment within a designated period; and

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- (8) A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the customer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the customer on request of the customer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.
- (c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six (6) months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the customer with a postcard and request that the customer read the meter and return the card to the utility if the meter is of a type that can be read by the customer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.
- (d) Disputed bills.
- (1) In the event of a dispute between the Customer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Customer. If the Customer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the customer of the complaint procedures of the appropriate regulatory authority.
- (2) Notwithstanding any other provisions of these rules and regulations, the customer shall not be required to pay the disputed portion of the bill which exceeds the amount of that customer's average usage for the billing period at current rates until the earlier of the following: (1) resolution of the dispute; or (2) the expiration of the sixty (60) day period beginning on the day the disputed bill is issued. For purposes of this section only, the customer's average usage for the billing period shall be the average of the customer's usage for the same billing period during the preceding two (2) years. Where insufficient or no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar customers and under similar conditions.

**21. NEW CONSTRUCTION**

- (a) Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment, and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.
- (b) Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a

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general policy, those applications not involving line extensions or new facilities should be filled within seven (7) working days. Those applications for individual residential service requiring line extensions should be filled within ninety (90) days unless unavailability of materials, municipal permitting requirements, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety (90) days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety (90) days may be found to constitute a refusal to serve.

## 22. CUSTOMER RELATIONS

- (a) Information to customers. The Company shall:
- (1) Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the Company's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans, or records of its immediate area, with such other information as may be necessary to enable the Company to advise applicants and others entitled to the information as to the facilities available for serving that locality;
  - (2) Assist the customer or applicant in selecting the most economical rate schedule;
  - (3) In compliance with applicable law or regulations, notify customers affected by a change in rates or schedule or classification;
  - (4) Make available on the Company website, copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission;
  - (5) Furnish such additional information on rates and services as the customer may reasonably request;
  - (6) Upon request, inform its customers as to the method of reading meters; and
  - (7) As required by law or the rules of the appropriate regulatory authority, provide Customers with a pamphlet containing customer service information. At least once each calendar year, the Company shall notify its customers that customer service information is available on request and without charge.
- (b) Customer complaints. Upon complaint to the Company by residential or small commercial customers either at its office, by letter, electronic communication such as email or an inquiry via Company website, or by telephone, the Company shall promptly make a suitable investigation and

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advise the complainant of the results thereof. It shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint. Complaints which require no further action by the Company need not be recorded.

- (c) **Company response.** Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a customer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response must be made by the next working day. The utility must make a final and complete response within fifteen (15) days from the date of the complaint, unless additional time is granted within the 15-day period.. The Commission encourages all customer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.
- (d) **Deferred payment plan.** The Company may, but is not required to, offer a deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:
  - (1) Every deferred payment plan entered into due to the customer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the customer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.
  - (2) For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; customer's ability to pay; customer's payment history; time that the debt has been outstanding; reasons why debt has been outstanding; and other relevant factors concerning the circumstances of the customer.
  - (3) A deferred payment plan offered by the Company, if reduced to writing, shall state, immediately preceding the space provided for the customer's signature and in bold face print at least two (2) sizes larger than any other font used, that "If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement." A similar agreement must be provided by a customer at the time of agreement, if recorded.
  - (4) A deferred payment plan may include a one-time five percent (5%) penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.
  - (5) If a customer for utility service fails to enter into a deferred payment agreement or has not fulfilled its terms, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.

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- (6) If the Company institutes a deferred payment plan it shall not refuse a customer participation in such a program on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.
- (e) Delayed payment of bills by elderly persons.
- (1) Applicability. This subsection applies only:
- (A) If the Company assesses late payment charges on residential customers and suspends service before the 26<sup>th</sup> day after the date of the bill for which collection action is taken; and
- (B) To an elderly person, as defined in Paragraph (2) of this subsection, who is a residential customer and who occupies the entire premises for which a delay is requested.
- (2) Definition of "Elderly person"--A person who is 60 years of age or older..
- (3) An elderly person may request that the Company implement the delay for either the most recent utility bill or for the most recent utility bill and each subsequent utility bill.
- (4) On request of an elderly person, the Company shall delay without penalty the payment date of a bill for providing utility services to that person until the 25<sup>th</sup> day after the date on which the bill is issued.
- (5) The Company may require the requesting person to present reasonable proof that the person is 60 years of age or older.
- (6) The Company shall notify customers of this delayed payment option no less often than yearly. The Company may include this notice with other information provided pursuant to Subsection (a) of this section.

**23. RESIDENTIAL AVERAGE MONTHLY BILLING PROGRAM**

(a) DEFINITIONS

- (1) Under this provision, qualified Residential customers would have the option of participating in the Company's Average Monthly Billing Program ("AMB") as an alternative to the Company's normal billing procedure. For "AMB" purposes, the following definitions shall apply:

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- (A) "Normal Bill" is an amount computed using the Company's applicable residential rate schedule for service provided during a billing month.
  - (B) "Qualifying Customer" is a residential customer of the Company who has not had gas services suspended for non-payment and has not had a "Past Due" notice issued on an account during the immediately preceding twelve- (12-) month period.
- (b) AVAILABILITY
- (1) The Average Monthly Billing Program is available to any Qualifying Customer of the Company.
- (c) OPERATION OF PROGRAM
- (1) Computation of Bills under the AMB:
    - (A) Under the AMB, the Qualifying Customer shall receive a monthly "Average Bill" computed using the most recent twelve- (12-) month rolling average of the customer's Normal Bills rounded to the nearest dollar. The amount of the Average Bill and Normal Bill will appear on the customer's monthly billing statement. The cumulative difference between Normal Bills and the Average Bills rendered under the AMB will be carried in a deferred balance that will accumulate both debit and credit differences.
  - (2) Effect of AMB on other Tariff Provisions:
    - (A) Except as modified herein, participation in the AMB will have no effect on the Company's approved rate schedules or other billing charges used to calculate the customer's Normal Bill. Participation in the AMB shall have no effect on any other term or condition for providing service contained in the Company's tariffs including those provisions relating to termination or suspension of service.
  - (3) Effects of Customer Discontinuance of AMB or Termination or Suspension of Service:
    - (A) The customer may discontinue the AMB at any time by notifying the Company. If a customer requests discontinuance of AMB, if an account is final billed, or if the service is suspended by the Company as a result of past due amounts on an account, any outstanding balance owed the Company at the time, including any differences between billings under the AMB and Normal Bills which would have been rendered under normal billing procedures, shall be immediately due and payable. Likewise, any credit due to the customer shall be applied to the next bill or refunded, as appropriate.

**24. SUSPENSION OF GAS UTILITY SERVICE DISCONNECTION DURING AND AFTER AN EXTREME WEATHER EMERGENCY AND A SEVERE WEATHER EMERGENCY**

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- (a) Disconnection prohibited. Consistent with § 7.460 of Title 16 of the Texas Administrative Code, "Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency," except where there is a known dangerous condition or a use of natural gas service in a manner that is dangerous or unreasonably interferes with service to others, the Company shall not disconnect natural gas service to:
- (1) a delinquent residential Customer during an extreme weather emergency. An extreme weather emergency means a day when the previous day's highest temperature did not exceed 32 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Station for the county where the customer takes service.
  - (2) a delinquent residential Customer for a billing period in which the Company receives a written pledge, letter of intent, purchase order, or other written notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or
  - (3) a delinquent residential Customer on a weekend day, unless personnel or agents of the Company are available for the purpose of receiving payment or making collections and reconnecting service.
- (b) Payment plans. The Company shall defer collection of the full payment of bills that are due during an extreme weather emergency until after the emergency is over and shall work with customers to establish a payment schedule for deferred bills as set forth in Paragraph (2)(D) of §7.45 of Title 16 of the Texas Administrative Code("Quality of Service Rules").
- (c) Notice. Once each year, beginning in the September or October billing periods the Company shall give notice to Customers as follows:
- (1) The Company shall provide a copy of Subsection (a), Section 24 of these General Rules and Regulations, related to a prohibited disconnection, to the social services agencies that distribute funds from the Low Income Home Energy Assistance Program within the Company's service area.
  - (2) The Company shall provide a copy of Subsection (a), Section 24 of these General Rules and Regulations, related to a prohibited disconnection, to any other social service agency of which the provider is aware that provides financial assistance to low income Customers in the utility's service area.
  - (3) The Company shall provide a copy of Subsection (a), Section 24 of these General Rules and Regulations, related to a prohibited disconnection, to all residential Customers of the Company and Customers who are owners, operators, or managers of master metered systems.
- (d) Severe Weather Emergency. This subsection applies in the event of a Severe Weather Emergency as the term Severe Weather Emergence is defined by the National Weather Service. In and after a Severe Weather Emergency, and in the service area affected by the Severe Weather Emergency, the Company may make exceptions to these General Rules and Regulations and other Company tariffs to ensure continuity of service and facilitate timely and efficient restoration of service to customers in the affected area.

CenterPoint Energy  
Rate Filing Package - South Texas Division  
Rate Design - \$3 Million Decrease - \$19.00 Residential Customer Charge - Settlement

Line No.	Particulars	Total	Residential	Commercial	
				Small	Large
1	Current Rate Revenues	\$ 52,496,372	\$ 44,556,994	\$ 6,857,258	\$ 1,082,120
1a	Current Rate Revenue Allocation		84.8764%	13.0623%	2.0613%
1b	Settlement Rate Revenue Change	\$ (3,000,000)	\$ (2,546,292)	\$ (391,869)	\$ (61,839)
1c	Settlement Rate Revenue Requirement	\$ 49,496,372	\$ 42,010,702	\$ 6,465,389	\$ 1,020,281
2	Number Bills	1,707,461	1,585,552	118,573	3,336
3	Settlement Customer Charge		\$ 19.00	\$ 25.00	\$ 99.50
4	Customer Charge Revenue	\$ 33,421,745	\$ 30,125,488	\$ 2,964,325	\$ 331,932
5	Net Distribution Charge Revenue Required	\$ 16,074,627	\$ 11,885,214	\$ 3,501,064	\$ 688,349
6	<u>Ccf Billing Determinants</u>				
7	Total Billing Determinants @ 14.65 Pressure Base		35,359,372	21,497,104	9,001,250
8	<u>Distribution Rates @ 14.65 Pressure Base</u>				
9	All Ccf - Residential		\$ 0.33613		
10	All Ccf - General Service - Small			\$ 0.16286	
11	All Ccf - General Service - Large				\$ 0.07647
12	Distribution Charge Revenue	\$ 16,074,690	\$ 11,885,346	\$ 3,501,018	\$ 688,326
13	Total Revenue - Design	\$ 49,496,435	\$ 42,010,834	\$ 6,465,343	\$ 1,020,258
14	Total Revenue Over(Under)	\$ 63	\$ 132	\$ (46)	\$ (23)
15	<u>Distribution Rates @ Billed Pressure Base = Rate @ 14.65 x (Billed Pressure Base / 14.65)</u>				
16	All Ccf - Residential @ 14.65 Pressure Base		\$ 0.33613		
17	All Ccf - Residential @ 14.95 Pressure Base		\$ 0.34301		
18	All Ccf - General Service - Small @ 14.65 Pressure Base			\$ 0.16286	
19	All Ccf - General Service - Small @ 14.95 Pressure Base			\$ 0.16620	
20	All Ccf - General Service - Large @ 14.65 Pressure Base				\$ 0.07647

CenterPoint Energy  
South Texas Division  
Plant in Service  
GUD No. 10669

Line No.	Class	SUB - FCA	FERC Account Titles	Description	Adjusted 9/30/2017 Total	RRC Approved Depreciation Rate	Annual Depreciation	Accumulated Depreciation	Net Plant	Standard Allocation	Standard Amount
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
<b>Intangible Plant</b>											
1	G30201	6010		PERPETUAL F & C	\$ 1,123	0.00%	\$ -	\$ -	\$ 1,123		
2	G30301	6030		P/L INTERCONN/OTHER	-	3.26%	-	-	-		
3	G30301	6035		MISC INTANG PLANT	42,290	0.00%	0	42,290	-		
4	G30301	6035		MISC INTANG PLANT	6,849	10.00%	685	5,259	1,590		
5	G30301	6035		MISC INTANG PLANT	4,607,268	20.00%	921,454	1,870,188	2,637,082		
6	G30301	6050		SOFTWARE - MISC	1,873	0.00%	0	1,873	-		
7	G30301	6050		SOFTWARE - MISC	156,577	20.00%	31,315	129,664	26,913		
8	G30301	6060		SOFTWARE - SAP	326,930	10.00%	32,663	102,575	224,655		
9	<b>Subtotal</b>				<b>\$ 5,142,410</b>		<b>\$ 986,117</b>	<b>\$ 2,251,647</b>	<b>\$ 2,690,763</b>		
<b>Distribution Plant</b>											
10	G37401	8840		LAND - GENERAL	\$ 1,327,204	0.00%	\$ -	\$ -	\$ 1,327,204		
11	G37402	8880		LD RTS-ROW-GEN DIST	74,913	1.37%	1,028	29,133	45,780		
12	G37501	6900		STRUCT-CG ML IND M/R	98,720	1.84%	1,816	38,774	59,946		
13	G37801	######		MAINS - NON CAST IRON	-	0.00%	-	-	-		
14	G37801	6951		MAINS - STEEL	34,801,381	3.95%	1,368,755	16,138,778	19,464,805		
15	G37801	6952		MAINS - PLASTIC	107,583,050	2.67%	2,872,487	23,143,348	84,439,701		
16	G37801	6980		M/R STAT EQUIP-GEN	1,543,436	3.66%	56,490	429,298	1,114,138		
17	G37801	7000		M/R STAT EQ - ODOOR EQ	417,334	6.53%	27,252	72,611	344,723		
18	G37801	7010		M/R STAT EQ - CTY GT	3,927,890	3.50%	137,489	1,145,914	2,781,776		
19	G38001	7022		SERVICES - STEEL	3,537,657	4.74%	167,685	2,869,529	868,128		
20	G38001	7023		SERVICES - PLASTIC	54,158,247	4.03%	2,182,577	18,799,984	35,358,263		
21	G38101	7050		METERS-DOMESTIC/SMALL	9,068,988	3.39%	308,117	646,742	8,442,245		
22	G38201	7080		MTR INSTALL-DOM/SMALL	10,918,093	3.33%	363,572	4,041,939	8,676,154		
23	G38201	7090		MTR INSTALL-IND/LARGE	1,265,240	4.05%	51,242	592,242	672,998		
24	G38301	7120		REG - DOMESTIC/HOUSE	3,812,866	3.46%	131,544	318,579	3,494,287		
25	G38301	7130		REG - INDUSTRIAL	-	3.86%	-	-	-		
26	G38501	7150		IND M/R STAT EQUIP	1,160,120	2.94%	34,108	112,947	1,047,173		
27	G38701	7180		OTHER EQ - CNG EQUIP	782,482	2.69%	21,049	392,825	389,657		
28	<b>Subtotal</b>				<b>\$ 234,297,419</b>		<b>\$ 7,723,169</b>	<b>\$ 67,570,621</b>	<b>\$ 166,726,788</b>		
<b>General Plant</b>											
29	G38901	#####		LAND	\$ 883,844	0.00%	\$ -	\$ -	\$ 883,844		
30	G39001	7200		STRUCT/IMPR - GEN	5,654,233	2.92%	165,104	383,607	5,270,626		
31	G39002	7225		LEASEHOLD IMPROVEMTS	147,559	6.87%	9,843	44,221	103,338		
32	G39101	7230		FURNITURE & EQUIP	82,579	5.00%	4,129	10,595	71,984		
33	G39101	7232		OFFICE EQUIP-GENERAL	706,923	5.00%	35,347	253,858	453,065		
34	G39102	7200		COMPUTER EQ - MISC	1,738,881	14.20%	248,465	708,400	1,032,171		
35	G39401	7382		TOOLS/WORK EQUIP-ENT	1,136,785	14.29%	162,448	415,613	720,982		
36	G39401	7364		SHOP EQUIP-ENT	-	8.33%	-	-	-		
37	G39401	7368		GARAGE EQUIP-ENT	-	8.33%	-	-	-		
38	G39501	7370		LAB EQUIPMENT	7,843	6.67%	510	3,963	3,880		
39	G39701	7390		COMM EQ	38,886	6.00%	1,950	10,219	28,767		
40	G39703	7420		COMM EQ - MTR RD/ERTS	9,151,849	5.00%	457,592	2,082,897	7,068,952		
41	G39801	7450		MISC EQ	163,891	6.87%	10,932	73,403	90,488		
42	<b>Subtotal</b>				<b>\$ 19,512,984</b>		<b>\$ 1,096,310</b>	<b>\$ 3,885,068</b>	<b>\$ 15,527,898</b>		
<b>Transportation &amp; Power Operated Equipment</b>											
43	G39201	7300		AUTOS	\$ 242,805	13.06%	\$ 31,710	\$ 74,745	\$ 188,060		
44	G39201	7320		TRUCKS	4,608,205	13.06%	601,832	1,846,304	2,761,841		
45	G39201	7340		TRAILERS	306,286	13.06%	40,001	136,570	169,716		
46	G39601	7380		POWER OPER. EQUIP	1,143,799	10.64%	121,701	436,316	707,483		
47	<b>Subtotal</b>				<b>\$ 6,301,095</b>		<b>\$ 795,244</b>	<b>\$ 2,493,995</b>	<b>\$ 3,607,100</b>		
45	<b>RWIP</b>							<b>(483,789)</b>			
47	<b>South Texas Division</b>				<b>\$ 265,253,888</b>		<b>\$ 10,600,840</b>	<b>\$ 75,517,540</b>	<b>\$ 189,438,348</b>	<b>98.2221%</b>	<b>\$ 189,069,333</b>

CenterPoint Energy  
 South Texas Division  
 8.209 Regulatory Asset by Sub FCA

FERC Acct No.	Sub FCA	F.E.R.C. Account Titles	Original Cost	RRC Approved Depreciation Rate per GUD 10669	Annual Depreciation
376	6951	MAINS-STEEL		3.95%	-
376	6952	MAINS-PLASTIC		2.67%	-
380	7022	SERVICE- STEEL		4.74%	-
380	7023	SERVICES- PLASTIC		4.03%	-
			\$ -		\$ -

\*Note: For any initial IRA filing in the South Texas Division after GUD 10669, the starting balance for the 8.209 Regulatory Asset Account is \$0. In future IRA filings, the 8.209 Regulatory Asset balance approved in the previous year's IRA filing will be assigned to the appropriate plant account, similar to the schedule shown above.

The 8.209 Regulatory Asset balance requested in GUD 10669 will be amortized over a 5 year period.

Exhibit D is voluminous and is being provided electronically.

CenterPoint Energy  
 South Texas Division  
 GUD No. 10669

Cities That Retained Original Jurisdiction
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LN. NO.	City/Town	City	Number of Customers		
			Residential	General Service	
				Small	Lg. Vol.
1	City of	Agua Dulce	134	9	-
2	City of	Alice	3,168	251	4
3	City of	Aransas Pass	1,184	112	2
4	City of	Austin	604	23	-
5	City of	Bastrop	1,783	259	3
6	City of	Bishop	712	31	-
7	City of	Buda	3,470	140	5
8	City of	Cibolo	117	62	3
9	City of	Converse	2,395	101	2
10	City of	Driscoll	110	5	-
11	City of	Edna	1,153	104	3
12	City of	Elgin	1,825	151	2
13	City of	Falls City	114	12	-
14	City of	Freer	271	31	-
15	City of	Ganado	395	39	-
16	City of	Garden Ridge	1,138	24	-
17	City of	Giddings	874	149	1
18	City of	Gregory	489	15	2
19	City of	Hondo	1,237	131	4
20	City of	Ingleside	811	51	-
21	City of	Ingleside on the Bay	144	5	-
22	City of	Jourdanton	323	46	-
23	City of	Karnes City	473	54	-
24	City of	Kingsville	4,474	233	6
25	City of	Kyle	7,968	318	4
26	City of	La Coste	198	19	-
27	City of	La Grange	1,115	162	2
28	City of	Laredo	29,155	1,141	56
29	City of	Marion	118	19	-
30	City of	Mathis	829	47	1
31	City of	Niederwald	-	1	-
32	City of	Odem	437	23	-
33	City of	Orange Grove	195	31	-
34	City of	Point Comfort	202	16	-
35	City of	Port Lavaca	2,201	167	3
36	City of	Portland	2,689	127	6
37	City of	Poteet	474	43	-
38	City of	Poth	366	34	-
39	City of	Premont	392	28	-
40	City of	Refugio	647	62	2
41	City of	Runge	214	12	-
42	City of	Sandy Oaks	40	-	-
43	City of	Schulenburg	787	123	1

CenterPoint Energy  
 South Texas Division  
 GUD No. 10669

Cities That Retained Original Jurisdiction
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LN. NO.	City/Town	City	Number of Customers		
			Residential	General Service	
				Small	Lg. Vol.
44	City of	Seadrift	216	22	-
45	City of	Smithville	1,071	108	1
46	City of	Taft	677	41	1
47	City of	Unlversal City	3,201	207	6
48	City of	Victoria	11,499	863	22
49	City of	Yorktown	464	45	-
50		TOTAL	92,549	5,697	142

CenterPoint Energy  
South Texas Division  
GUD No. 10669

Cities That Surrendered Original Jurisdiction					
LN. NO.	City/Town	City	Number of Customers		
			Residential	General Service	
				Small	Lg. Vol.
1	City of	Beeville	1,951	195	2
2	City of	Eagle Lake	733	59	2
3	City of	El Campo	2,330	214	7
4	City of	Floresville	993	121	3
5	City of	Goliad	287	42	-
6	City of	Hallettsville	765	120	1
7	City of	Kenedy	617	81	4
8	City of	New Braunfels	8,615	943	42
9	City of	Nordheim	93	12	-
10	City of	Palacios	929	75	-
11	City of	Pleasanton	946	165	2
12	City of	San Diego	689	39	1
13	City of	San Marcos	5,546	657	33
14	City of	Schertz	1,472	193	8
15	City of	Seguin	3,708	463	11
16	City of	Selma	6	19	1
17	City of	Sinton	1,173	94	1
18	City of	Weimar	543	74	1
19	Total Ceded OJ		31,394	3,565	119

CenterPoint Energy  
South Texas Division  
GUD No. 10669

Unincorporated					
LN. NO.	City/Town	City	Number of Customers		
			Residential	General Service	
				Small	Lg. Vol.
22	Environ of	Banquete (Alice Environs)	73	6	-
23	Environ of	Blessing (Palacios Environs)	145	19	-
24	Environ of	Bloomington (Victoria Environs)	346	19	-
25	Environ of	Bruni (Laredo Environs)	43	7	-
26	Environ of	Agua Dulce	13	-	-
27	Environ of	Alice	221	7	-
28	Environ of	Aransas Pass	21	5	-
29	Environ of	Austin	375	46	-
30	Environ of	Bastrop	439	51	2
31	Environ of	Beeville	127	10	1
32	Environ of	Bishop	50	-	-
33	Environ of	Buda	2,134	95	-
34	Environ of	Converse	32	4	1
35	Environ of	Driscoll	2	-	-
36	Environ of	Eagle Lake	41	6	1
37	Environ of	Edna	19	12	1
38	Environ of	El Campo	233	10	1
39	Environ of	Elgin	678	10	-
40	Environ of	Falls City	14	1	-
41	Environ of	Floresville	53	3	-
42	Environ of	Ganado	30	4	-
43	Environ of	Giddings	17	32	-
44	Environ of	Goliad	18	3	-
45	Environ of	Hallettsville	11	3	-
46	Environ of	Hondo	10	2	-
47	Environ of	Jourdanton	4	3	-
48	Environ of	Karnes City	29	4	-
49	Environ of	Kenedy	12	9	-
50	Environ of	Kingsville	1	1	1
51	Environ of	Kyle	81	5	-
52	Environ of	La Coste	35	1	-
53	Environ of	La Grange	184	7	-
54	Environ of	Laredo	9	1	-
55	Environ of	Marion	7	2	-
56	Environ of	Mathis	24	4	-
57	Environ of	New Braunfels	35	7	1
58	Environ of	Nordheim	8	-	-
59	Environ of	Odem	9	-	2
60	Environ of	Orange Grove	6	2	-
61	Environ of	Palacios	31	2	1
62	Environ of	Pleasanton	56	5	-
63	Environ of	Port Lavaca	28	5	-
64	Environ of	Portland	43	2	-
65	Environ of	Poteet	5	2	-
66	Environ of	Poth	1	-	-
67	Environ of	Premont	1	-	-

CenterPoint Energy  
South Texas Division  
GUD No. 10669

Unincorporated			Number of Customers		
LN. NO.	City/Town	City	Residential	General Service	
				Small	Lg. Vol.
68	Environ of	Refugio	44	2	-
69	Environ of	Runge	4	0	-
70	Environ of	San Diego	-	3	-
71	Environ of	San Marcos	12	6	1
72	Environ of	Schertz	11	1	-
73	Environ of	Schulenburg	29	1	-
74	Environ of	Seadrift	2	-	-
75	Environ of	Seguin	5	2	-
76	Environ of	Sinton	93	4	-
77	Environ of	Smithville	5	1	-
78	Environ of	Taft	347	2	-
79	Environ of	Victoria	338	39	1
80	Environ of	Weimar	6	1	-
81	Environ of	Yorktown	12	4	-
82	Environ of	D'Hanis (Hondo Environs)	68	12	-
83	Environ of	Edroy (Odem Environs)	60	4	1
84	Environ of	Hebbronville (Laredo Environs)	554	31	-
85	Environ of	Inez (Victoria Environs)	25	4	-
86	Environ of	Lolita (Edna Environs)	95	5	-
87	Environ of	Louise (El Campo Environs)	148	22	1
88	Environ of	McQueeney (New Braunfels Environs)	89	11	-
89	Environ of	Mirando City (Laredo Environs)	64	4	-
90	Environ of	Oilton (Laredo Environs)	52	4	-
91	Environ of	Pettus (Kenedy Environs)	68	10	-
92	Environ of	Placedo (Victoria Environs)	90	6	-
93	Environ of	Skidmore (Beeville Environs)	113	11	-
94	Environ of	Tuleta (Beeville Environs)	35	3	-
95	Environ of	Vanderbilt (Edna Environs)	71	9	1
96		Total Unincorporated	8,186	619	17
97		Total RRC Jurisdiction	39,580	4,184	136

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

<b>STATEMENT OF INTENT OF</b>	<b>§</b>	
<b>CENTERPOINT ENERGY RESOURCES</b>	<b>§</b>	
<b>CORP. D/B/A CENTERPOINT ENERGY</b>	<b>§</b>	<b>GAS UTILITIES DOCKET NO. 10669</b>
<b>ENTEX AND CENTERPOINT ENERGY</b>	<b>§</b>	<b>AND CONSOLIDATED DOCKETS</b>
<b>TEXAS GAS TO INCREASE RATES IN</b>	<b>§</b>	
<b>THE SOUTH TEXAS DIVISION</b>	<b>§</b>	

**PROPOSED FINAL ORDER**

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE ANN. Chapter 551, *et seq.* (Vernon 2008 & Supp. 2015). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (CenterPoint or Company) is a gas utility as that term is defined in the Texas Utility Code and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. On November 16, 2017, CenterPoint filed a *Statement of Intent to Increase Rates in the South Texas Division*. That filing was docketed as GUD No. 10669.
3. On November 28, 2017, the Commission suspended the implementation of CenterPoint's proposed rates for 150 days.
4. Through a *Joint Proposed Procedural Schedule*, filed on December 7, 2017, the Company extended the effective date to January 20, 2018, which also extended the statutory deadline to June 19, 2018.
5. For all customers located in unincorporated or environs areas, CenterPoint published a Public Notice of its *Statement of Intent* to increase rates in its South Texas Division, once a week in the Austin American Statesman, Bastrop Advertiser, Corpus Christi Caller-Times, Seguin Gazette, New Braunfels Herald-Zeitung, Laredo Morning Times, San Antonio Express News, San Marcos Daily Record, and Victoria Advocate, newspapers of general circulation, for four or more consecutive weeks beginning on approximately December 17, 2017, in accordance with TEX. UTIL. CODE ANN. §104.103(a) (Vernon 2007 and Supp. 2015) and 16 TEX. ADMIN. CODE §§ 7.230 and 7.235 (2015).
6. The publication of notice meets the statutory and rule requirements of notice and provides sufficient information to ratepayers about the proposed rate increase in the *Statement of*

*Intent*, in accordance with TEX. UTIL. CODE ANN. §104.103(a) (Vernon 2007 and Supp. 2015) and 16 TEX. ADMIN. CODE §§7.230 and 7.235 (2015).

7. CenterPoint proposes to implement the proposed rates on a division-wide basis and also filed a *Statement of Intent* to increase rates for the municipalities in the South Texas Division.
8. The following municipalities surrendered jurisdiction to the Commission: Beeville, Eagle Lake, El Campo, Floresville, Goliad, Hallettsville, Kenedy, New Braunfels, Nordheim, Palacios, Pleasanton, San Diego, San Marcos, Schertz, Seguin, Selma, Sinton and Weimar, Texas, in accordance with TEX. UTIL. CODE ANN. §§ 102.001(a)(1)(A) and (B), and 103.003 (Vernon 2007 and Supp. 2015).
9. Staff of the Railroad Commission (Staff) intervened on November 17, 2017.
10. The City of Victoria intervened on November 20, 2017.
11. The Alliance of CenterPoint Municipalities (ACM) intervened on December 1, 2017
12. The ACM cities include the following: Alice, Austin, Bastrop, Buda, Cibolo, Jourdanton, Kyle, New Braunfels, San Marcos, Seguin, Smithville, and Universal City.
13. The City of Victoria filed its First Supplemental Motion to Intervene on December 1, 2017 and with certain other municipalities requested to be referred to as the South Texas Coalition of Cities (STCC).
14. STCC filed its Second Supplemental Motion to Intervene on January 23, 2018.
15. STCC filed its Third Supplemental Motion to Intervene on February 7, 2018.
16. The STCC cities include the following: Beeville, Bishop, Converse, Driscoll, Edna, Elgin, Falls City, Hallettsville, Hondo, Ingleside, Ingleside on the Bay, Karnes City, Kenedy, Kingsville, Laredo, Poteet, Point Comfort, Portland, Refugio, San Diego, Sinton, Taft, Victoria, and Weimar.
17. The rate case expense portion of the *Statement of Intent* filed by CenterPoint on November 16, 2017 was initially severed as GUD No. 10678 on January 4, 2018.
18. The cities of Niederwald and Poth approved the *Statement of Intent* filed by CenterPoint on December 4, 2017 and November 20, 2017 respectively, and CenterPoint filed an appeal with the Commission. The case was docketed as GUD No. 10677, and a motion to consolidate was granted on January 5, 2018.
19. On January 9, 2018, the Company made an Errata filing to correct certain errors in its initial filing.

20. The cities of Mathis and Yorktown denied the *Statement of Intent* filed by CenterPoint on December 11, 2017, and CenterPoint filed an appeal with the Commission. The case was docketed as GUD No. 10680, and a motion to consolidate was granted on January 29, 2018
21. On February 14, 2018, the parties filed a *Joint Motion to Abate the Procedural Schedule* to facilitate settlement discussions, which was granted on February 23, 2018.
22. On February 15, 2018, ACM and STCC filed a *Joint Motion of Alliance of CenterPoint Municipalities and South Texas Coalition of Cities to Establish Temporary Rates*; CenterPoint filed an initial response on February 26, 2018; and the motion was denied on March 6, 2018.
23. On March 14, 2018, the parties notified the Examiners that they had reached an agreement in principle that resolved all issues in the proceeding.
24. On March \_\_, 2018, the parties filed the *Unanimous Settlement Agreement* and accompanying documents, which resolved all issues and no issues were preserved for further litigation.
25. CenterPoint established that the Company maintains its books and records in accordance with the Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts (USOA) prescribed for Natural Gas Companies.
26. CenterPoint established that the Company has fully complied with the books and records requirements of Commission Rule 7.310, and the amounts included therein are therefore entitled to the presumption in Commission Rule 7.503 that these amounts are reasonable and necessary.
27. The test-year in this filing is based upon the financial data for the twelve-month period ending June 30, 2017, adjusted for known and measurable changes.
28. CenterPoint requested in its Errata filing a revenue requirement increase of approximately \$490,778 for the South Texas Division.
29. The *Unanimous Settlement Agreement* contemplates a \$3,000,000 revenue decrease from current revenues for the South Texas Division in a "black box" amount; meaning that it is not tied to any specific expense in the Company's underlying cost-of-service.
30. The *Unanimous Settlement Agreement* includes a reduction of the corporate income tax rate from 35% to 21% to recognize changes to the Federal Tax Code due to the Tax Cuts and Jobs Act of 2017.
31. The \$3,000,000 revenue decrease contemplated in the *Unanimous Settlement Agreement* represents a decrease of \$3,490,778 from the revenues requested in the Errata filing.

32. The parties have established that the proposed revenue decrease of \$3,000,000 from current revenues is just and reasonable.
33. The proposed division-wide rates will affect the following classes of customers in the South Texas Division: Residential (RS), General Service – Small (GSS), and General Service – Large Volume (GSLV).
34. The *Unanimous Settlement Agreement* also provides that no later than November 15, 2019, the Company will file a request under TEX. UTIL. CODE ANN. § 104.111 (Vernon 2007 and Supp. 2015) to reduce rates in the South Texas Division in order to reflect an adjustment to rates related to amortization of the Company's protected excess deferred income taxes (EDIT).
35. The rates reflected in the attached *Unanimous Settlement Agreement*, and the customer charges set forth therein, are just and reasonable for the South Texas Division.

	<b>Customer Charge</b>	<b>Single Block Volumetric</b>
Residential	\$19.00	\$0.33613 per Ccf at 14.65 pressure base \$0.34301 per Ccf at 14.95 pressure base
General Service – Small	\$25.00	\$0.16286 per Ccf at 14.65 pressure base \$0.16620 per Ccf at 14.95 pressure base
General Service – Large Volume	\$99.50	\$0.07647 per Ccf at 14.65 pressure base

36. The following capital structure, cost of debt, cost of equity, weighted cost of capital, overall rate of return, and pre-tax return included in the *Unanimous Settlement Agreement* for the South Texas Division are just and reasonable.

<b>Class of Capital</b>	<b>Percent</b>	<b>Cost</b>	<b>Weighted Cost of Capital</b>	<b>Pre-tax Return</b>
Long-Term Debt	45.00%	6.0480%	2.7216%	2.7422%
Common Equity	55.00%	9.8000%	5.3900%	6.8743%
Weighted Average Cost of Capital	100.00%		8.1116%	9.6165%

37. The *Unanimous Settlement Agreement* is just and reasonable to require that any future interim rate adjustment (IRA) filings in the South Texas Division pursuant to TEX. UTIL. CODE ANN. § 104.301 (Vernon 2007 and Supp. 2015) shall use the following factors until changed by a subsequent rate proceeding:
- a. The capital structure and related components as shown in Finding of Fact No. 36 above.

- b. For any initial IRA filing, the beginning amount of ad valorem taxes at a South Texas Division level is \$1,518,333 and the standard sales service amount is \$1,489,451. Margin tax will be calculated using a 0.75% factor until or unless changed by statute.
- c. For any initial IRA filing, the net plant in service amount for standard sales service in the South Texas Division is \$186,068,333 as presented in Exhibit C to the *Unanimous Settlement Agreement*.
- d. For any initial IRA filing in the South Texas Division, the starting balance for the 8.209 Regulatory Asset Account is \$0. In future IRA filings, the 8.209 Regulatory Asset balance approved in the previous year’s IRA filing will be assigned to the appropriate plant account as shown in Exhibit C.1 to the *Unanimous Settlement Agreement*.
- e. For any initial IRA filing in the South Texas Division, the Net Investment will include detail of Plant in Service amounts by Fixed Capital Account (“FCA”) as shown on Exhibit C to the *Unanimous Settlement Agreement*.
- f. For any initial IRA filing and for any subsequent IRA filings, the depreciation rate for each account shall be as shown on Exhibit C to the *Unanimous Settlement Agreement*.
- g. For any initial IRA filing, the customer charges and volumetric rates as noted in Paragraph 35 above will be the starting rates to which any IRA adjustment is applied.
- h. Federal income taxes will be calculated using a 21% rate.
- i. The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes are as follows:

Residential	General Service – Small	General Service – Large
84.8764%	13.0623%	2.0613%

- j. The Standard Sales service allocation factor is 98.222086%.

38. The *Unanimous Settlement Agreement* is just and reasonable to agree that CenterPoint may pursue recovery of a deferred benefit regulatory asset or liability pursuant to TEX. UTIL. CODE ANN. § 104.059 (Vernon 2007 and Supp. 2015) in a future filing. The following amounts are established as the base-year levels to track changes in pension-related and other post-employment benefits:

- a. Retirement Plan – FAS 87 – \$1,516,383;
- b. Benefit Restoration Plan – FAS 87 – \$121,238;
- c. Postemployment – FAS 112 – \$164,796;
- d. Postretirement – FAS 106 – \$248,110.

39. It is reasonable to establish the depreciation rates reflected in Exhibit C to the *Unanimous Settlement Agreement* for the South Texas Division.

40. It is reasonable that, in accordance with the *Unanimous Settlement Agreement*, the rate case expense surcharges approved as a result of the settlement in GUD No. 10669 will continue until the amounts to be collected under those surcharges are collected.
41. It is reasonable for the “black box” decrease amount in the *Unanimous Settlement Agreement* to include a reduction of the corporate income tax rate from 35% to 21% to recognize changes to the Federal Tax Code due to the Tax Cuts and Jobs Act of 2017.
42. It is reasonable for federal income tax expense to be adjusted for EDIT resulting from the Tax Cuts and Jobs Act of 2017 and to be computed based on the average rate assumption method (ARAM) for those amounts required under Internal Revenue Service (IRS) normalization rules.
43. It is reasonable for the Company’s unprotected EDIT to be amortized over five (5) years.
44. It is reasonable for the Company to file a request under TEX. UTIL. CODE ANN. § 104.111 (Vernon 2007 and Supp. 2015) no later than November 15, 2019 to reduce rates in the South Texas Division in order to reflect an adjustment to rates related to amortization of the Company’s protected EDIT.
45. It is reasonable, in accordance with the *Unanimous Settlement Agreement*, for CenterPoint to make an IRA true-up in the amount of \$640,158 via a one-time refund bill credit to South Texas Division customers and that future ad valorem tax true-ups may occur in IRA filings.
46. In accordance with the *Unanimous Settlement Agreement*, CenterPoint may establish a regulatory asset to track amounts incurred above or below \$722,871 for the South Division amount for third-party system safety and integrity expenses identified in base rates and may request recovery of the amounts in the asset in a future Statement of Intent filing.
47. It is reasonable that CenterPoint file an annual report detailing any increase or decrease above or below the benchmark amount of \$722,871 for the South Texas Division identified in base rates for third-party safety and integrity expenses with Commission Staff within ninety (90) days after each calendar year end.
48. It is reasonable, in accordance with the *Unanimous Settlement Agreement*, for CenterPoint to account for its requested Deferred Benefit Liability and the 8.209 Regulatory Asset using a 5-year amortization period.
49. It is reasonable, in accordance with the *Unanimous Settlement Agreement*, for internal audit and external reporting purposes that CenterPoint be allowed to establish a regulatory asset for its Unrecovered Post-Retirement Liability and to amortize that asset over 5 years. The Company will recognize the annual amortization in the employee expense related reserve in rate base.

50. It is reasonable, in accordance with the *Unanimous Settlement Agreement*, for CenterPoint to recover \$675,992 in expenses related to Hurricane Harvey restoration of service via a surcharge until the full amount is recovered. The monthly charge amounts will be collected volumetrically in accordance with the following factors: Residential \$0.01026 per CcF at 14.65 pressure base and \$0.01047 per Ccf at 14.95 pressure base; General Service – Small \$0.01026 per CcF at 14.65 and \$0.01047 per Ccf at 14.95 pressure base; and General Service – Large \$0.01026 per Ccf at 14.65 pressure base.
51. It is reasonable, in accordance with the *Unanimous Settlement Agreement*, for any over-recovery associated with the Hurricane Harvey surcharge to be returned to customers through the Company's Purchased Gas Adjustment (PGA) tariff.
52. It is reasonable, in accordance with the *Unanimous Settlement Agreement* and consistent with the Company's request, for CenterPoint to recover gas-related bad-debt costs through its PGA tariff.
53. It is reasonable, in accordance with the *Unanimous Settlement Agreement*, that: (a) CenterPoint be allowed to reconcile through its PGA tariff over-recoveries related to surcharges approved in this proceeding; (b) CenterPoint shall provide notice to Staff of any reconciling item to be included in the PGA tariff; and (c) CenterPoint shall clearly identify and include details of any reconciling item in its annual PGA tariff reconciliation report submitted to Staff.
54. It is reasonable, in accordance with the *Unanimous Settlement Agreement*, that CenterPoint shall seek review and approval from the Commission for any FERC participation costs incurred for the benefit of customers prior to their inclusion in the cost of gas calculation. Those costs are limited to reasonable non-employee experts, non-employee attorney fees, and prudently incurred travel expenses.
55. It is reasonable, in accordance with the *Unanimous Settlement Agreement*, that CenterPoint may include amounts in connection with plant investment qualifying for regulatory asset treatment under Commission Rule 8.209(j) in its annual IRA filings.
56. During the test-year, services were provided to the South Texas Division by certain affiliates: CenterPoint Energy Service Company, LLC (Service Company), CenterPoint Energy Houston Electric, LLC, and other divisions of CenterPoint's gas operations.
57. The Service Company personnel carry out corporate oversight and managerial functions for CenterPoint Energy, Inc. (CNP) and its business units and are comprised of four main groups: Corporate Services, Technology Operations, Business and Operations Support, and Regulated Operations Management.
58. CenterPoint has established that the services provided by its affiliates on behalf of the South Texas Division are reasonable and necessary.

59. The affiliate expenses included in the Company's filing are reasonable and necessary costs of providing gas utility service, and the prices charged to the South Texas Division are no higher than the prices charged by the supplying affiliate to other affiliates or divisions of CenterPoint, or to a non-affiliated person for the same item or class of items.
60. On January 4, 2018, the rate case expenses from GUD No. 10669 were severed into GUD No. 10678, styled as *Rate Case Expenses Severed from GUD No. 10669 Statement of Intent of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas, to Increase Rates in the South Texas Division*. After receipt of the *Unanimous Settlement Agreement*, consistent with the agreement of the parties, GUD No. 10678 was incorporated back into GUD No. 10669.
61. CenterPoint has established that the actual and estimated rate case expenses totaling \$576,816.20 are just and reasonable.
62. ACM has established that its actual and estimated rate case expenses totaling \$73,552.17 are just and reasonable.
63. STCC has established that its actual and estimated rate case expenses totaling \$80,000 are just and reasonable.
64. The hourly rates charged by attorneys and consultants were reasonable rates charged by firms in cases addressing utility rate matters.
65. The attorneys and consultants did not charge any expenses for luxury items and did not incur any excessive airline, lodging, or meal expenses.
66. The amount of work done and the time and labor required to accomplish the work was reasonable given the nature of the issues addressed.
67. The complexity and expense of the work was relevant and reasonably necessary to the proceeding and was commensurate with both the complexity of the issues and necessary to completing the matter before the Commission.
68. The total just and reasonable rate case expenses for CPT, ACM and STCC are \$730,368.37.
69. It is reasonable that the recovery of \$730,368.37 in total rate case expenses be over an approximate twenty-four (24) month period with the surcharge separately stated on each bill.
70. Good cause exists to recover CenterPoint litigation and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of the South Texas Division. The intent of Commission Rule 7.5530(e) is to allocate rate case expenses to the participating parties according to which party caused the expenses to be incurred; therefore, it is reasonable to seek recovery of rate case expenses from all customers who benefit from the settlement agreement in this case, which includes all

customers in the incorporated and unincorporated areas of the South Texas Division. Recovery of these expenses is also necessary in the interest of justice.

71. Good cause exists to recover ACM and STCC litigation and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of the South Texas Division, because the ACM and STCC participation in GUD No. 10669 resulted in the *Unanimous Settlement Agreement*, which benefits all such customers, and doing so is necessary in the interest of justice.
72. It is reasonable for CenterPoint to file annually, due on or before April 1, a rate case expense recovery report with the Commission's Oversight and Safety Division, referencing GUD No. 10669. The report shall include the amount of rate case expense recovered by month and the outstanding balance by month as set out in Rate Schedules RCE 13.II and 13.IU.
73. It is reasonable that CenterPoint, ACM, and STCC submit to Staff invoices reflecting actual rate case expenses with sufficient detail so that Staff can accurately audit such invoices for the purposes of reconciling estimated rate case expenses to actual rate case expenses. In no case shall the total actual expenses exceed the actual expenses submitted to the Commission as of March, 2018, plus the approved estimated expenses of \$730,368.37.
74. It is just and reasonable that the recommended recovery rate of \$0.21 per bill be uniformly allocated for Residential, General Service Small, and \$.22 for General Service Large Volume customers in the South Texas Division.
75. It is reasonable for CenterPoint to reimburse the Commission-approved amount of rate case expenses within 30 days of the issuance of an Order authorizing recovery of those expenses to ACM and STCC.
76. It is reasonable for the rate case expense recovery to be properly reconciled annually with the Commission's Oversight & Safety Director to ensure that no under-recovery or over-recovery occurs to customers or the Company.
77. The tariffs attached to this Final Order are just and reasonable.

#### CONCLUSIONS OF LAW

1. CenterPoint is a gas utility as defined in TEX. UTIL. CODE ANN. §§ 101.003(7) and 121.001 (Vernon 2007 and Supp. 2015) and is therefore subject to the jurisdiction of the Commission.
2. The Commission has jurisdiction over CPT and CPT's *Statement of Intent* under TEX. UTIL. CODE ANN. §§ 102.001, 103.022, 103.054, & 103.055, 104.001, 104.001 and 104.201 (Vernon 2007 and Supp. 2015).

3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007 and Supp. 2015), the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007 and Supp. 2015), the Commission has exclusive original jurisdiction over the rates and services of a gas utility for the areas inside a municipality that surrenders (cedes) its jurisdiction to the Commission. The following cities surrendered their municipal original jurisdiction: Beeville, Eagle Lake, El Campo, Floresville, Goliad, Hallettsville, Kenedy, New Braunfels, Nordheim, Palacios, Pleasanton, San Diego, San Marcos, Schertz, Seguin, Selma, Sinton and Weimar, Texas.
5. The Commission has exclusive appellate jurisdiction pursuant to UTIL. CODE ANN. §§102.001(b) and 103.001, *et seq.* (Vernon 2007 and Supp. 2015) to review a decision by a municipality that exercises its exclusive original jurisdiction, so long as, the decision is appealed in accordance with TEX. UTIL. CODE ANN. §103.051 (Vernon 2007 and Supp. 2015).
6. The Commission has exclusive appellate jurisdiction over the Cities of Niederwald and Poth, which approved the *Statement of Intent* on December 4, 2017 and November 20, 2017, respectively, and the Company subsequently filed an appeal with the Commission. On December 18, 2017, CenterPoint filed the related *Petition for Review of Municipal Rate Decisions and Motion to Consolidate*, which was docketed as GUD No. 10677 and consolidated with GUD No. 10669.
7. The Commission has exclusive appellate jurisdiction over the Cities of Mathis and Yorktown, which denied the *Statement of Intent* on December 11, 2017, and the Company subsequently filed an appeal with the Commission. On January 9, 2018, CenterPoint filed the related *Petition for Review of Municipal Rate Decisions and Motion to Consolidate*, which was docketed as GUD No. 10680 and consolidated with GUD No. 10669.
8. The following cities retained their municipal exclusive original jurisdiction: Aransas Pass, Converse, Driscoll, Edna, Garden Ridge, Giddings, Marion, Odem, Sandy Oaks and Seadrift. Because they took no action on the Company's proposed rates, the proposed rates were eligible to take effect in those cities on January 20, 2018.
9. The following cities retained their municipal exclusive original jurisdiction and will adopt rates consistent with the *Unanimous Settlement Agreement*: Alice, Austin, Bastrop, Buda, Cibolo, Jourdanton, Kyle, New Braunfels, San Marcos, Seguin, Smithville, Universal City, Beeville, Bishop, Converse, Driscoll, Edna, Elgin, Falls City, Hallettsville, Hondo, Ingleside, Ingleside on the Bay, Karnes City, Kenedy, Kingsville, Laredo, Poteet, Point Comfort, Portland, Refugio, San Diego, Sinton, Taft, Victoria, and Weimar.

10. This proceeding was conducted in accordance with the requirements of GURA §§101.001 *et seq.*, (Vernon 2007 and Supp. 2015) and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001 *et seq.* (Vernon 2008 and Supp. 2015).
11. TEX. UTIL. CODE ANN. §104.107 (Vernon 2007 and Supp. 2015) provides the Commission's authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
12. In accordance with TEX. UTIL. CODE ANN. §104.103 (Vernon 2007 and Supp. 2015) and 16 TEX. ADMIN. CODE ANN. §§ 7.230 and 7.235, adequate notice was properly provided.
13. In accordance with TEX. UTIL. CODE ANN. §104.102 (Vernon 2007 and Supp. 2015) and 16 TEX. ADMIN. CODE ANN. §§ 7.205 and 7.210, CenterPoint filed its *Statement of Intent to Increase Rates in the South Texas Division*.
14. In this proceeding, CenterPoint has the burden of proof under TEX. UTIL. CODE ANN. §104.008 (Vernon 2007 and Supp. 2015) to show that the proposed rate changes are just and reasonable.
15. In accordance with the *Unanimous Settlement Agreement*, CenterPoint met its burden of proof in accordance with the provisions of TEX. UTIL. CODE ANN. §104.008 (Vernon 2007 and Supp. 2015) on the elements of its requested rate increase identified in this Order.
16. The revenue, rates, rate design, and service charges proposed by CenterPoint, the parties in the *Unanimous Settlement Agreement*, and identified in the schedules attached to this Order are just and reasonable, are not unreasonably preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of consumer, as required by TEX. UTIL. CODE ANN. (Vernon 2007 and Supp. 2015).
17. The Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the Company in accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 2007 and Supp. 2015).
18. The overall revenues as established by the findings of fact and attached schedules are reasonable; fix an overall level of revenues for CenterPoint that will permit the Company a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses, as required by TEX. UTIL. CODE ANN. § 104.051 (Vernon 2007 and Supp. 2015); and otherwise comply with Chapter 104 of the Texas Utilities Code.
19. The revenue, rates, rate design, and service charges proposed will not yield to CenterPoint more than a fair return on the adjusted value of the invested capital used and useful in rendering service to the public, as required by TEX. UTIL. CODE ANN. § 104.052 (Vernon 2007 and Supp. 2015).

20. The rates established in this docket comport with the requirements of TEX. UTIL. CODE ANN. §104.053 (Vernon 2007 and Supp. 2015) and are based upon the adjusted value of invested capital used and useful, where the adjusted value is a reasonable balance between the original cost less depreciation and current cost less an adjustment for present age and condition.
21. The rates established in this case comply with the affiliate transaction standard set out in TEX. UTIL. CODE ANN. § 104.055 (Vernon 2007 and Supp. 2015). Namely, in establishing a gas utility's rates, the regulatory authority may not allow a gas utility's payment to an affiliate for the cost of a service, property, right or other item or for an interest expense to be included as capital cost or an expense related to gas utility service, except to the extent that the regulatory authority finds the payment is reasonable and necessary for each item or class of items as determined by the regulatory authority. That finding must include: (1) a specific finding of reasonableness and necessity to each class of items allowed; and (2) a finding that the price to the gas utility is no higher than the prices charged by the supplying affiliate to its other affiliates or divisions or to a non-affiliated person for the same item or class of items.
22. TEX. UTIL. CODE ANN. § 104.003(a) (Vernon 2007 and Supp. 2015) provides that a rate may not be unreasonably preferential, prejudicial, or discriminatory but must be sufficient, equitable, and consistent in application to each class of consumer. In establishing a gas utility's rates, the Commission "may treat as a single class two or more municipalities that a gas utility serves if the [C]ommission considers that treatment to be appropriate."
23. In any rate proceeding, any utility and/or municipality claiming reimbursement for its rate case expenses pursuant to TEX. UTIL. CODE ANN. §103.022(b) (Vernon 2007 and Supp. 2015) shall have the burden to prove the reasonableness of such rate case expenses by a preponderance of the evidence. Evidence must be provided related to, but not limited to, the amount of work done; the time and labor required to accomplish the work; the nature, extent, and difficulty of the work done; the originality of the work; the charges by others for work of the same or similar nature; and any other factor taken into account in setting the amount of the compensation. 16 TEX. ADMIN. CODE § 7.5530(a).
24. In determining the reasonableness of the rate case expenses, the Commission shall consider all relevant factors, including but not limited to those set out previously, and shall also consider whether the request for a rate change was warranted, whether there was duplication of services or testimony, whether the work was relevant and reasonably necessary to the proceeding, and whether the complexity and expense of the work was commensurate with both complexity of the issues in the proceeding and the amount of the increase sought, as well as the amount of any increase granted. 16 TEX. ADMIN. CODE §7.5530(b).
25. The jurisdiction of the Commission in these consolidated cases does not extend to municipalities that are not parties to this proceeding. TEX. UTIL. CODE ANN. §§ 102.001 and 103.055 (Vernon 2007 and Supp. 2015).

26. It is reasonable for the Commission to allow CenterPoint to include a Purchased Gas Adjustment Clause in its rates to provide for the recovery of its gas costs, in accordance with 16 TEX. ADMIN. CODE § 7.5519.
27. CenterPoint is required by 16 TEX. ADMIN. CODE § 7.315 to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.
28. CenterPoint has established that the Company's books and records conform with 16 TEX. ADMIN. CODE § 7.310 to utilize FERC's USOA prescribed for Natural Gas Companies, and CenterPoint is thus entitled to the presumption that the amounts included therein are reasonable and necessary in accordance with Commission Rule 7.503.

**IT IS THEREFORE ORDERED** that the proposed schedule of rates under the *Unanimous Settlement Agreement* is hereby **APPROVED**.

**IT IS FURTHER ORDERED** that the rates, rate design, and service charges established in the findings of fact, conclusions of law, and as shown on the attached tariffs for CenterPoint are **APPROVED**.

**IT IS FURTHER ORDERED** that the factors established for future IRAs in Finding of Fact No. 35 and included in Paragraph 4 of the *Unanimous Settlement Agreement* are **APPROVED**.

**IT IS FURTHER ORDERED** that CenterPoint file an annual report with Staff detailing any increase or decrease above or below the benchmark amount of \$722,871 for the South Texas Division, set in this docket, for third-party system safety and integrity expenses within ninety (90) days after each calendar year end.

**IT IS FURTHER ORDERED** that CenterPoint shall reimburse ACM and STCC their reasonable rate case expenses as set out above and that the attached tariffs are just and reasonable.

**IT IS FURTHER ORDERED** that final actual incurred rate case expenses be filed with the Commission through completion of the case within thirty (30) days of issuance of this Order.

**IT IS FURTHER ORDERED** that CenterPoint file an annual Rate Case Expense Report with Staff detailing recovery of rate case expenses as described in Finding of Fact No. 69 within ninety (90) days after each calendar year end until the calendar year end in which the rate case expenses are fully recovered.

**IT IS FURTHER ORDERED** that the *Unanimous Settlement Agreement* attached to this Order is hereby **APPROVED**.

**IT IS FURTHER ORDERED** that, in accordance with 16 TEX. ADMIN. CODE § 7.315, within thirty (30) days of the date this Order, CenterPoint shall electronically file tariffs and rate schedules in proper form that accurately reflect the rates in Exhibit A approved in this Final Order with the Director of the Commission's Oversight & Safety Division. The tariffs shall incorporate rates,

rate design, and service charges consistent with this Order, as stated in the findings of fact and conclusions of law and shown on the attached Schedules.

**IT IS FURTHER ORDERED** that any incremental change in rates approved by this Final Order and implemented by CenterPoint shall be subject to refund unless and until CenterPoint's tariffs are electronically filed and accepted by the Gas Services Department in accordance with 16 TEX. ADMIN. CODE § 7.315.

**IT IS FURTHER ORDERED** that all proposed findings of fact and conclusions of law not specifically adopted in this Order are hereby **DENIED**.

**IT IS FURTHER ORDERED** that all pending motions and requests for relief not previously granted or granted herein are hereby **DENIED**.

This Order will not be final and effective until twenty (20) days after a party is notified of the Commission's Order. A party is presumed to have been notified of the Commission's Order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party of interest, this Order shall not become final and effective until such motion is overruled, or if such motion is granted, this Order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE ANN. §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until ninety (90) days from the date the Order is served on the parties.

**SIGNED** this \_\_\_\_ day of May, 2018.

**RAILROAD COMMISSION OF TEXAS**

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**CHAIRMAN CHRISTI CRADDICK**

---

**COMMISSIONER RYAN SITTON**

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**COMMISSIONER WAYNE CHRISTIAN**

**ATTEST:**

\_\_\_\_\_  
**SECRETARY**

# **AGENDA ITEM #2**

**City of Kingsville**  
**Department of Planning and Development services**

To: Mayor and City Commissioners  
CC: Jesus A. Garza, City Manager  
FROM: Tom Ginter, Director  
DATE: April 13, 2018  
SUBJECT: Rezoning of property at 1601 N. 20<sup>th</sup> Street from I1 to R1

---

**Summary:** The Nunez's who own the ground in question desire to build two homes on this property. If the rezoning is approved, they will replat the property into two parcels to build the homes on.

**Background:** It is my understanding that some time ago possibly 20 years or longer there was a concrete plant there at one time. It has not operated in some time and the Nunez's have owned the property since 2000. It is my understanding that they want to build homes for family members. The Nunez's they live at 1817 N. 20<sup>th</sup>. As you can see from the zoning map that the property to the north is R1 to the east it is a combination of R2, R1 R3 and I1 and to the south there is a street with I1 from there to Corral.

**Financial Impact:** This would be a positive financial impact because currently the ground is not being used for anything so a home being built on each parcel would provide property tax money. It would also allow the property owner to utilize property that they own for something that they desire. It has been my impression that they are not interested in a use that would fit under I1.

**Recommendation:** The Planning and Zoning Commission met on Wednesday, April 18, 2018 and voted 4 to 0 to recommend approval of the rezoning from I1 to R1.



To: Planning and Zoning commission Members

From: Tom Ginter, Director

Date: April 13, 2018

Subject: Agenda Items 1 and 2

The Nunez's approached us with the desire to build two houses on the property in question. After reviewing the information on the property it is currently zoned I1 Light Industrial. It is my understanding that some time ago there was an operating cement plant there. So prior to building if the rezoning is approved then they will have to replat the property into 2 parcels for the two homes. They are aware of this and are ready to do that because I believe they are building homes for family members. The Nunez's themselves live at 1817 N. 20<sup>th</sup>.

As you can see from the map the property to the north is R1, to the east it is a combination of R2, R1, R3 and I1 and to the south there is a street with I1 from there to Corral.

**Recommended Action:**

Recommend approval of the rezoning request. Since the owners of the property do not plan to embark on a use that is light industrial, my thought is to allow them use of their property as they desire.

**CITY OF KINGSVILLE  
PLANNING AND ZONING DIVISION  
MASTER APPLICATION**

**PROPERTY INFORMATION: (Please PRINT or TYPE)**

Project Address 1601 N 20<sup>th</sup> St Nearest Intersection North 20<sup>th</sup> & East Ave F

(Proposed) Subdivision Name \_\_\_\_\_ Lot \_\_\_\_\_ Block \_\_\_\_\_

Legal Description: Garcia Ac 2, Lot 46 T3, Acres 4.7576

Existing Zoning Designation I-1 Light Industrial Future Land Use Plan Designation R1-Single Family

**OWNER/APPLICANT INFORMATION: (Please PRINT or TYPE)**

Applicant/Authorized Agent Nora Nunez Phone 361-720-1445 FAX N/A

Email Address (for project correspondence only): charlies-90@hotmail.com

Mailing Address 1817 N 20<sup>th</sup> City Kingsville State Tx Zip 78363

Property Owner Nora Nunez Phone 361-720-1445 FAX N/A

Email Address (for project correspondence only): \_\_\_\_\_

Mailing Address 1817 N 20<sup>th</sup> City Kingsville State Tx Zip 78363

Select appropriate process for which approval is sought. Attach completed checklists with this application.

<input type="checkbox"/> Annexation Request	No Fee	<input type="checkbox"/> Preliminary Plat	Fee Varies
<input type="checkbox"/> Administrative Appeal (ZBA)	\$250.00	<input type="checkbox"/> Final Plat	Fee Varies
<input type="checkbox"/> Comp. Plan Amendment Request	\$250.00	<input type="checkbox"/> Minor Plat	\$100.00
<input checked="" type="checkbox"/> Re-zoning Request	\$250.00	<input type="checkbox"/> Re-plat	\$250.00
<input type="checkbox"/> SUP Request/Renewal	\$250.00	<input type="checkbox"/> Vacating Plat	\$50.00
<input type="checkbox"/> Zoning Variance Request (ZBA)	\$250.00	<input type="checkbox"/> Development Plat	\$100.00
<input type="checkbox"/> PUD Request	\$250.00	<input type="checkbox"/> Subdivision Variance Request	\$25.00 ea

Please provide a basic description of the proposed project:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

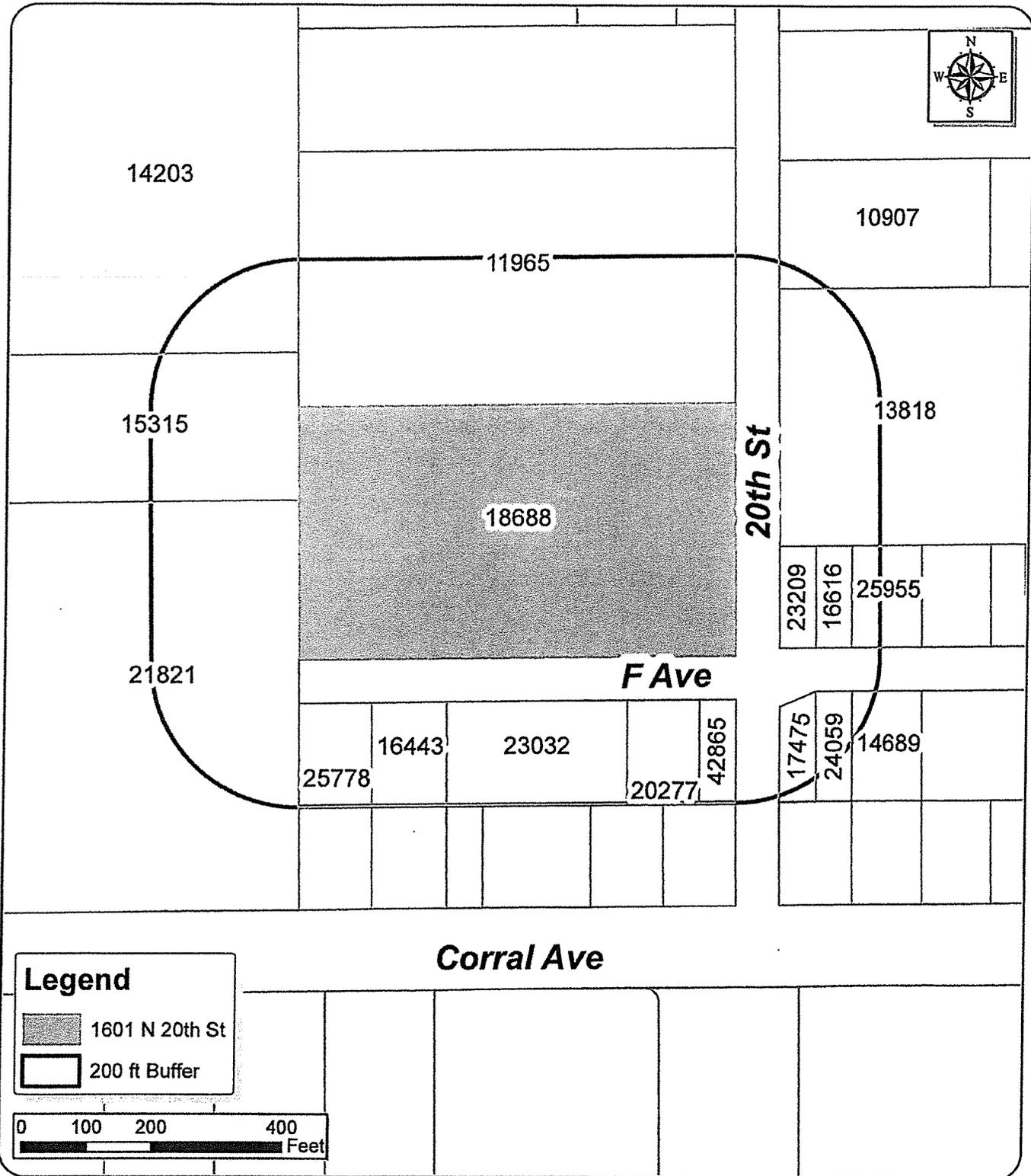
I hereby certify that I am the owner and /or duly authorized agent of the owner for the purposes of this application. I further certify that I have read and examined this application and know the same to be true and correct. If any of the information provided on this application is incorrect the permit or approval may be revoked.

Applicant's Signature \_\_\_\_\_ Date: \_\_\_\_\_

Property Owner's Signature \_\_\_\_\_ Date: \_\_\_\_\_

Accepted by: \_\_\_\_\_ Date: \_\_\_\_\_

# 1601 N 20th St



Document Path: N:\Engineering\GIS Tech\MAPSWAP\_DOCUMENTS\Arc\_City\_Base\_Map\_8.5x11.mxd

Page 1/1	Drawn By: Engineering Department	DISCLAIMER THIS MAP IS FOR VISUAL PURPOSES ONLY. THE INFORMATION ON THIS SHEET MAY CONTAIN INACCURACIES OR ERRORS. THE CITY OF KINGSVILLE IS NOT RESPONSIBLE IF THE INFORMATION CONTAINED HEREIN IS USED FOR ANY DESIGN, CONSTRUCTION, PLANNING, BUILDING, OR ANY OTHER PURPOSE.	 <b>CITY OF KINGSVILLE</b> <b>ENGINEERING DEPARTMENT</b> 400 W King Ave Kingville, Texas 78363 Office: 361-595-8007 Fax: 361-595-8064
	Last Update: 3/21/2018		
Note:			

PAUL M WEST  
ETAL  
489 N COUNTY ROAD 1050  
KINGSVILLE, TX 78363-8923  
#14203

CITY OF KINGSVILLE  
PO BOX 1458  
KINGSVILLE, TX 78364-1458  
#15315

ANNA ELIZA BARRERA  
1406 E CORRAL  
KINGSVILLE, TX 78363  
#16443

CYNTHIA BENTANCOURT  
1515 N 20<sup>TH</sup> ST  
KINGSVILLE, TX 78363-3301  
#42865

MARIA LYDIA TREVINO  
1705 E F AVE  
KINGSVILLE, TX 78363-3313  
#14689

SYLVIA DE LA PAZ MOYA  
PO BOX 5264  
KINGSVILLE, TX 78364-5264  
#25955

JOSE H SALDANA EST  
% FRANSISCO SALDANA  
1219 E CORRAL AVE  
KINGSVILLE, TX 78363-4058  
#11965

CITY OF KINGSVILLE  
PO BOX 1458  
KINGSVILLE, TX 78364-1458  
#21821

GUSTAVO A DE LEON  
ETUX ALMA SUSAN  
1621 E AVENUE F  
KINGSVILLE, TX 78363-4140  
#23032

COSME TREVINO  
ETUX AIDA TREVINO  
PO BOX 908  
BLOOMINGTON, TX 77951-0908  
#17475

MARTHA QUINTANILLA  
1702 E AVE F  
KINGSVILLE, TX 78363  
#23209

IRMA Y CHAPA  
1765 APPLE CT  
HARLIGEN, TX 78550-4417  
#10907

SOUTH TEXAS IMPLEMENT  
PO DRAWER 488  
MATHIS, TX 78368-0488  
#13818

RAUL LOERA  
1316 E FORDYCE AVE  
KINGSVILLE, TX 78363-5916  
#25778

ROEL R MENDEZ  
1625 E AVENUE F  
KINGSVILLE, TX 78363-4140  
#20277

MARIA LYDIA TREVINO  
1705 E F AVE  
KINGSVILLE, TX 78363-3313  
#24059

MARTHA QUINTANILLA  
1702 E AVE F  
KINGSVILLE, TX 78363  
#16616



# Kleberg CAD

## Property Search Results > 18688 NUNEZ CARLOS for Year 2018

### Property

#### Account

Property ID: 18688      Legal Description: GARCIA AC 2, LOT 46 T3, ACRES 4.7576  
 Geographic ID: 132404600000192      Agent Code:  
 Type: Real  
 Property Use Code:  
 Property Use Description:

#### Location

Address: 1601 N 20TH ST      Mapsco:  
 TX  
 Neighborhood:      Map ID: 81  
 Neighborhood CD:

#### Owner

Name: NUNEZ CARLOS      Owner ID: 18081  
 Mailing Address: 1817 N 20TH ST      % Ownership: 100.0000000000%  
 KINGSVILLE, TX 78363-3307  
 Exemptions:

### Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$53,270	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$47,580	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
-----			
(=) Market Value:	=	\$100,850	
(-) Ag or Timber Use Value Reduction:	-	\$0	
-----			
(=) Appraised Value:	=	\$100,850	
(-) HS Cap:	-	\$0	
-----			
(=) Assessed Value:	=	\$100,850	

### Taxing Jurisdiction

Owner: NUNEZ CARLOS  
 % Ownership: 100.0000000000%  
 Total Value: N/A

Entity Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD KLEBERG COUNTY APPRAISAL DISTRICT	N/A	N/A	N/A	N/A
CKI CITY OF KINGSVILLE	N/A	N/A	N/A	N/A
GKL KLEBERG COUNTY	N/A	N/A	N/A	N/A

SKI	KINGSVILLE I.S.D.	N/A	N/A	N/A	N/A
WST	SOUTH TEXAS WATER AUTHORITY	N/A	N/A	N/A	N/A
Total Tax Rate:		N/A			
				Taxes w/Current Exemptions:	N/A
				Taxes w/o Exemptions:	N/A

**Improvement / Building**

Improvement #1: COMMERCIAL State Code: F1 Living Area: 610.0 sqft Value: \$15,530

Type	Description	Class CD	Exterior Wall	Year Built	SQFT
MA	MAIN AREA	WH3L		1997	400.0
CPL1	CARPORT FLAT/SHED (LOW) (W/O FLOOR)	*		1998	480.0
CPG3	CARPORT FLAT/SHED (GOOD) (W/FLOOR)	*		1998	1152.0
MA	MAIN AREA	WH3L		1997	210.0

Improvement #2: COMMERCIAL State Code: F1 Living Area: 997.0 sqft Value: \$37,740

Type	Description	Class CD	Exterior Wall	Year Built	SQFT
MA	MAIN AREA	OF3L		2006	484.0
FGUL	FRAME UNFINISHED DET GARAGE (LOW)	*		1997	400.0
STGF	STORAGE FRAME (FAIR)	*		2006	91.0
MA	MAIN AREA	OF3L		2006	513.0

**Land**

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	F1	F1	4.7576	207241.06	0.00	0.00	\$47,580	\$0

**Roll Value History**

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2018	N/A	N/A	N/A	N/A	N/A	N/A
2017	\$53,270	\$47,580	0	100,850	\$0	\$100,850
2016	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2015	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2014	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2013	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2012	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2011	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2010	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2009	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2008	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2007	\$36,920	\$47,580	0	84,500	\$0	\$84,500
2006	\$11,320	\$30,510	0	41,830	\$0	\$41,830
2005	\$11,320	\$25,950	0	37,270	\$0	\$37,270
2004	\$11,320	\$22,560	0	33,880	\$0	\$33,880

**Deed History - (Last 3 Deed Transactions)**

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
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# Dental Care



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## Complete dentistry for the whole family.

*Give your smile the TLC it deserves. We offer a full range of general and cosmetic dentistry services for a healthy mouth and beautiful, bright teeth.*

the comforts of home to ensure the best dental experience possible.

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- Cosmetic dentistry
- Movies, music, magazines
- Teeth whitening
- TV with video capability
- Orthodontics (braces)
- Insurance accepted and filed for you
- New patients welcomed

### MARCH SPECIALS

PRESENT THESE COUPONS FOR THE MONTH OF MARCH 2018

Orthodontic (Braces)

Exam & Records

**\$1.00**

Limited Dental Exam

NEW PATIENTS ONLY

**NO CHARGE**

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Expires 03/31/18, EC McCall III, D.D.S., P.C. • (361) 595-4121

**EC McCall III, D.D.S.**  
 5015 S. STATE STREET  
 KINGSVILLE, TEXAS 78642  
 (361) 595-4121

230 W. Kleberg Avenue • Kingsville • (361) 592-2632

## PUBLIC HEARING NOTICE

The Zoning Board of Adjustment of the City of Kingsville will hold a Regular Meeting on Thursday, April 12, 2018 at 6:00 p.m. The following item(s) will be presented for discussion and for action:

ITEM NO. 2018-3: Carlos Garza P.E., AEC Engineering LLC, authorized agent, requesting a variance to relocate pole sign located at A TRACT OF LAND OF LOTS ONE (1) AND TWO (2), BLOCK TWO (2), RONNING ADDITION NUMBER TWO (2), AN ADDITION TO THE TOWN OF KINGSVILLE, KLEBERG COUNTY, TEXAS AND PART OF THE WEST ONE-HALF (W 1/2) OF THE SOUTHWEST ONE-FOURTH (SW ¼) OF FARM LOT FIVE (5), SECTION TEN (10), KLEBERG TOWN AND IMPROVEMENT COMPANY'S SUBDIVISION OF KLEBERG COUNTY, TEXAS also known as 208 S. 14th Street, Kingsville, Texas.

The meeting will be held at City Hall, 400 W. King in the Helen Kleberg Groves Community Room. If you have any questions about the items on the agenda, please contact the Planning Department at (361) 595-8055.

## PUBLIC HEARING NOTICE

The Planning & Zoning Commission of the City of Kingsville will hold a Public Hearing Wednesday, April 18, 2018, at 6:00 p.m. wherein the Commission will discuss and/or take action on the following items and at which time all interested persons will be heard:

Nora Nunez, applicant, Carlos Nunez, owner, requesting the rezone of GARCIAAC 2, LOT 46 T3, ACRES 4.7576 also known as 1601 N. 20th Street from I1 (Light Industrial) to R1 (Single-Family District). The meeting will be held at City Hall, 400 West King, in the Helen Kleberg Groves Community Room. If you have any questions about the items on the agenda, please contact the Planning Department at (361) 595-8055.

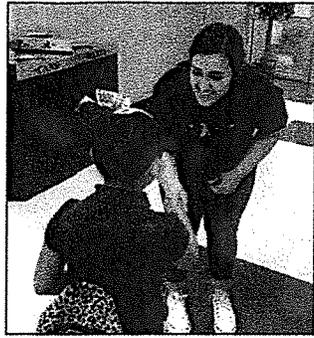
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# HMK powerlifters visit Harvey students



H.M. King Powerlifters came to Harveyville to help teach the next social skill (Project RESPECT) that they are learning, called 'greeting others.' They are teaching and learning to look the person in the eye, use a friendly voice and face and say, 'hello, good morning.' The powerlifters also reminded students to come to school every day and do their very best. (Submitted item)

## URI

were measured in 1965. URI was granted a permit from the state to begin mining in 1968, one year after utilizing the 1967 figures to begin operations.

In 2013, then-105th District Judge Angelica Hernandez ruled that URI had "involuntarily and without deliberate intent" breached the settlement agreement with the county by not restoring the well to pre-1965 levels.

She later declined to award either party attorneys' fees in the case, opting to award Kleberg County \$20 in nominal damages instead. The appellate court later ruled that Hernandez had erred in her judgment because she had allowed URI to resume mining in order to pay for the well restoration, which ran contrary to the settlement agreement. In addition, the appellate court judges ruled that since the coun-

ty recovered something of value due to URI's breach of contract, it was entitled to recover attorneys' fees estimated at nearly \$500,000.

URI, in its filing to the Texas Supreme Court, said the appellate court erroneously excluded the 1967 data, which the company claimed was adequate for use under Texas Commission on Environmental Quality guidelines. In addition, they claimed that the court overreached by claiming the restoration process of the settlement agreement to retroactively benefit the county, adding that "this court should simply render a decision that no attorney's fees is appropriate. No refund to the trial court is necessary or appropriate."

The supreme court agreed, reversing the court of appeals' decision. That ruling still holds the uranium company to the original

terms of the settlement, but denies any more action or payment of attorneys' fees to the county.

In 2017, URI changed its name to Westwater Resources. On Monday, Christopher Jones, president and chief executive officer of Westwater Resources, issued a press release praising the supreme court's decision.

"We have long believed that the restoration process at Kingsville was performed in full compliance with all state requirements as well as the 2004 settlement agreement. Now the Texas Supreme Court agrees with us. Both parties have spent considerable time and money to reach this outcome, and Westwater is pleased that the rule of law has been properly applied," Jones said. "We will continue to restore the Kingsville project as required by state law and

look forward to future opportunities to demonstrate our commitment to the health and safety of the citizens of Kleberg County."

County Judge Rudy Madrid said he was disappointed in the court's ruling, but pleased the county's expenditure on legal fees would be brought to an end.

"I feel like the supreme court has done a huge injustice for Kleberg County.

This has already passed through multiple judges. Once it went to the 13th Court of Appeals and we were awarded compensation, which in my mind was very fair compensation for them to overrule that decision is just beyond me," Madrid said. "It's going to be my recommendation that we discontinue this lawsuit. Again, my ultimate goal is to eliminate wasteful spending, and I thought

it's been wasteful spending since day one."

Although the legal battle will not continue, Madrid said he planned to work with Westwater to ensure the restoration project was completed.

"I will demand that they finish what the agreement was they've got to restore these wells back up to par," Madrid said. "But that won't take a lawyer to do it."

### Trusted Family Dental Care



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**Complete dentistry for the whole family.**

*Give your smile the TLC it deserves. We offer a full range of general and cosmetic dentistry services for a healthy mouth and beautiful, bright teeth.*

All the comforts of home to ensure the best dental experience possible.

- ◆ Se habla español ◆ Cosmetic dentistry ◆ Movies, music, magazines
- ◆ Teeth whitening ◆ TV with video capability ◆ Orthodontics (braces)
- ◆ Insurance accepted and filed for you ◆ New patients welcomed

**MARCH SPECIALS**  
PRESENT THESE COUPONS FOR THE MONTH OF MARCH 2018

<p><b>Orthodontic (Braces) Exam &amp; Records</b></p> <p style="font-size: 2em; font-weight: bold;">\$100</p> <p style="font-size: 0.8em;">Expires 03/31/18, E.C. McCALL III, D.D.S., P.C. • (361) 595-4121</p>	<p><b>Limited Dental Exam</b></p> <p style="font-size: 0.8em;">NEW PATIENTS ONLY</p> <p style="font-size: 2em; font-weight: bold;">NO CHARGE</p> <p style="font-size: 0.8em;">Expires 03/31/18, E.C. McCALL III, D.D.S., P.C. • (361) 595-4121</p>
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Dr. E.C. McCall III, D.D.S.

116 South 4<sup>th</sup> Street  
Kingsville, Texas 78363 (361) 595-4121

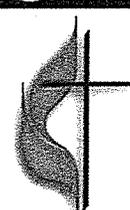
Office Hours: Monday - Thursday 8am - 5pm, Friday 8am - 4pm

### Holy Week and Easter Services

**PALM SUNDAY WORSHIP SERVICE**  
Will be held in the Community Life Center which is directly behind the Sanctuary  
123 N. 5th Street  
Sunday, March 25, 2018 at 10:00 am

**GOOD FRIDAY WORSHIP SERVICE**  
Will be held in the Community Life Center  
123 N. 5th Street  
Friday, March 30, 2018 at 6:00 pm

**EASTER WORSHIP SERVICE**  
Will be held in the Community Life Center  
123 N. 5th Street  
Sunday, April 1, 2018 at 10:00 am



FIRST UNITED METHODIST CHURCH OF KINGSVILLE

230 W. Kleberg Avenue • Kingsville • (361) 592-2632

### PUBLIC HEARING NOTICE

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Nora Nunez, applicant, Carlos Nunez, owner, requesting the rezone of GARCIA AC 2, LOT 46 T3, ACRES 4.7576 also known as 1601 N. 20th Street from I1 (Light Industrial) to R1 (Single-Family District). The meeting will be held at City Hall, 400 West King, in the Helen Kleberg Groves Community Room. If you have any questions about the items on the agenda, please contact the Planning Department at (361) 595-8055.

### PUBLIC HEARING NOTICE

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Nora Nunez, applicant, Carlos Nunez, owner, requesting the rezone of GARCIA AC 2, LOT 46 T3, ACRES 4.7576 also known as 1601 N. 20th Street from I1 (Light Industrial) to R1 (Single-Family District). The meeting will be held at 501 East Escondido, in the Dick Kleberg Park Santiago Park Lane, Recreation Hall. If you have any questions about the items on the agenda, please contact the City Secretary at (361) 595-8002.



**ORDINANCE #2018-\_\_\_\_\_**

**AMENDING THE ZONING ORDINANCE BY CHANGING THE ZONING MAP IN REFERENCE TO GARCIA AC 2, LOT 46 T3, 4.7576 ACRES ALSO KNOWN AS 1601 N. 20<sup>TH</sup> STREET FROM I1-LIGHT INDUSTRIAL DISTRICT TO R1-SINGLE-FAMILY DISTRICT; AMENDING THE COMPREHENSIVE PLAN TO ACCOUNT FOR ANY DEVIATIONS FROM THE EXISTING COMPREHENSIVE PLAN; AND PROVIDING FOR PUBLICATION.**

**WHEREAS**, the Planning Commission has forwarded to the City Commission its reports and recommendations concerning the application of Nora Nunez on behalf of Carlos Nunez, owner, for amendment to the zoning ordinance and zoning map of the City of Kingsville;

**WHEREAS**, with proper notice to the public, public hearings were held on Wednesday, April 18, 2018 during a meeting of the Planning and Zoning Commission, at City Hall, and on Monday, April 23, 2018 during a meeting of the City Commission, at the Dick Kleberg Park Recreation Hall, in the City of Kingsville, during which all interested persons were allowed to appear and be heard; and

**WHEREAS**, a majority of the Planning Commission by a 4-0 vote to APPROVE the requested rezone with no abstentions; and

**WHEREAS**, the City Commission has determined that this amendment would best serve public health, necessity, and convenience and the general welfare of the City of Kingsville and its citizens.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS:**

**SECTION 1.** That the Zoning Ordinance of the City of Kingsville, Texas, is amended by changing the zoning of Garcia AC 2, Lot 46 T3, 4.7576 acres, also known as 1601 N. 20<sup>th</sup> Street from I1-Light Industrial District to R1-Single Family District, as more specifically described on the Zone Change Map, attached as Exhibit A.

**SECTION 2.** That the official Zoning Map of the City of Kingsville, Texas, is amended to reflect the amendments to the Zoning Ordinance made by Section 1 of this ordinance.

**SECTION 3.** That the Zoning Ordinance and Zoning Map of the City of Kingsville, Texas, as amended from time to time, except as changed by this ordinance and any other ordinances adopted on this date, remain in full force and effect.

**SECTION 4.** That to the extent that these amendments to the Zoning Ordinance represent a deviation from the Comprehensive Plan, the Comprehensive Plan is amended to conform to the Zoning Ordinance, as amended by this ordinance.

**SECTION 5.** That all ordinances or parts of ordinances in conflict with this ordinance are hereby expressly repealed.

**SECTION 6.** That publication shall be made in the official publication of the City of Kingsville as required by the City Charter of the City of Kingsville.

**INTRODUCED** on this the 23rd day of April, 2018.

**PASSED AND APPROVED** on this the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**THE CITY OF KINGSVILLE**

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

# **REGULAR AGENDA**

# **AGENDA ITEM #3**

RESOLUTION #2018-\_\_\_\_\_

**A RESOLUTION AND ORDER CANVASSING THE ELECTION RETURNS AND DECLARING THE RESULTS OF THE CITY OF KINGSVILLE'S GENERAL ELECTION CONDUCTED ON MAY 5, 2018.**

**WHEREAS**, in accordance with the order of this governing body that the City Secretary posted notice of the date and place of this meeting seventy-two hours preceding the date of this meeting.

**WHEREAS**, the returns of an election held on the 5<sup>th</sup> day of May, 2018 for the purpose of electing a Mayor and four City Commissioners and it appearing from said returns, duly and legally made, that there were cast at said election 222 valid and legal votes.

**NOW THEREFORE BE IT RESOLVED** by the City Commission of the City of Kingsville, Texas:

I.

That said election was duly called; that notice of said election was given in accordance with law, and that said election was conducted in accordance with laws of the State of Texas;

II.

That each of the candidates in said election received the following votes.

**MAYOR: TOTAL VOTES:**

Luis A. Gonzalez	463 *
Sam Fugate	1,008 *

**CITY COMMISSIONER:**

Arturo Pecos –	588 *
Ann Marie Torres –	496 *
Robert “Bob” Charles Pena –	147 *
Lavoyger J. Durham –	187 *
Dianne Leubert –	599 *

Hector M. Hinojosa –	686 *
Edna Lopez –	811 *
Al Garcia –	563 *
Marty Ontiveros –	181 *
Chris Berry –	174 *

III.

Attached hereto as Exhibit A is the official tabulation stating for each candidate the total number of votes received in each precinct and the sum of the precinct totals.

IV.

**THAT** Sam Fugate, was elected as **MAYOR** of the City of Kingsville; and Edna Lopez, Dianne Leubert, Hector Hinojosa, and Arturo Pecos were elected as **CITY COMMISSIONERS**; and,

**THAT** the above-named officials are hereby declared duly elected to said respective offices, subject to the taking of their oaths of office as provided by the laws of the State of Texas and the City Charter of the City of Kingsville, Texas; and

**APPROVED** this the 14<sup>th</sup> day of May, 2018 by majority vote of the City Commission of the City of Kingsville.

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

**\*These are not final numbers as they do not include the provisional ballots.**

**RESOLUCIÓN #2018-\_\_\_\_\_**

**UNA RESOLUCIÓN Y ORDEN DE ESCRUTINIO DE LOS VOTOS DE LAS ELECCIONES, EN QUE SE DECLARAN LOS RESULTADOS DE LAS ELECCIONES GENERALES DE LA CIUDAD DE KINGSVILLE, LLEVADAS A CABO EL 5 DE MAYO DE 2018.**

**CONSIDERANDO QUE:** De acuerdo con la orden de este órgano directivo, la Secretaria Municipal publicó un aviso de la fecha y lugar de esta reunión, setenta y dos horas antes del día en que se realizó dicha reunión.

**CONSIDERANDO QUE:** Basándose en los resultados de unas elecciones llevadas a cabo el 5 de mayo de 2018 para efectos de elegir un Alcalde y cuatro Comisionados Municipales, se concluye que en dichas elecciones se emitieron, debida y legalmente, 2?? votos válidos y legales.

**POR LO TANTO, SE HA RESUELTO,** por parte de la Comisión Municipal de la Ciudad de Kingsville, Texas:

I.

Que dichas elecciones fueron debidamente convocadas; que se dio aviso de dichas elecciones conforme a la ley, y que dichas elecciones se llevaron a cabo de acuerdo con las leyes del Estado de Texas;

II.

Que cada uno de los candidatos en dichas elecciones recibió los siguientes votos:

**ALCALDE: TOTAL DE VOTOS:**

Luis A. Gonzalez	463 *
Sam Fugate	1,008 *

**COMISIONADO MUNICIPAL:**

Arturo Pecos	588 *
Ann Marie Torres	496 *
Robert "Bob" Charles Pena	147 *
Lavoyger J. Durham	187 *
Dianne Leubert	599 *
Hector M. Hinojosa	686 *
Edna Lopez	811 *
Al Garcia	563 *

Marty Ontiveros	181 *
Chris Berry	174 *

III.

Adjunto a este documento se encuentra el Anexo A, que es la tabulación oficial que indica el número total de votos que cada candidato recibió en cada distrito electoral y la suma de los totales de cada distrito.

IV.

**QUE** Sam Fugate, fue elegido **ALCALDE** de la Ciudad de Kingsville; y Edna Lopez, y Dianne Leubert, y Hector Hinojosa, y Arturo Peco, fueron elegidos **COMISIONADOS MUNICIPALES**; y

**QUE** se declara que los funcionarios nombrados anteriormente han sido debidamente elegidos para ocupar dichos cargos, sujetos a prestar juramento de su respectivo cargo, como lo disponen las leyes del Estado de Texas y el Fuero Municipal de la Ciudad de Kingsville, Texas.

**APROBADA** por voto mayoritario de la Comisión Municipal de la Ciudad de Kingsville, Texas, este día 14 de mayo de 2018.

\_\_\_\_\_  
Sam R. Fugate, Alcalde

**ATESTIGUA:**

\_\_\_\_\_  
Mary Valenzuela, Secretaria Municipal

**APROBADA RESPECTO A FORMA:**

\_\_\_\_\_  
Courtney Álvarez, Abogado Municipal

\*Estos no son los números finales. No incluye las boletas provisionales.

# **AGENDA ITEM #4**

**RESOLUTION NO. 2018-\_\_\_\_\_**

**A RESOLUTION NOMINATING BASF CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT AND TOURISM (OOGEDT) THROUGH THE ECONOMIC DEVELOPMENT BANK FOR DESIGNATION AS A QUALIFIED BUSINESS AND ENTERPRISE PROJECT UNDER THE TEXAS ENTERPRISE ZONE PROGRAM UNDER THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE.**

**WHEREAS**, the City of Kingsville (the "City") has previously passed Ordinance No. ORD2009-38 on December 14, 2009 electing to participate in the Texas Enterprise Zone Program, and the local incentives offered under this resolution are the same on this date as were outlined in Ordinance No. ORD2009-38; and,

**WHEREAS**, the Office of the Governor Economic Development and Tourism ("OOGEDT") through the Economic Development Bank (the "Bank") will consider BASF Corporation as an enterprise project pursuant to a nomination and an application made by the City; and,

**WHEREAS**, the City desires to pursue the creation of the proper economic and social environment in order to induce the investment of private resources in productive business enterprises located in the City and to provide employment to residents of enterprise zones and to other economically disadvantaged individuals; and,

**WHEREAS**, pursuant to Chapter 2303, Subchapter F of the Texas Enterprise Zone Act, Texas Government Code (the "Act"), BASF Corporation has applied to the City for designation as an enterprise project; and,

**WHEREAS**, the City finds that BASF Corporation meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

1. BASF Corporation is a "qualified business" under Section 2303.402 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction located outside of an enterprise zone and at least thirty-five percent (35%) of the business' new employees will be residents of an enterprise zone, economically disadvantaged individuals, or veterans; and
2. There has been and will continue to be a high level of cooperation between public, private, and neighborhood entities within the area; and

3. The designation of BASF Corporation as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

**WHEREAS**, the City finds that BASF Corporation meets the criteria for tax relief and other incentives adopted by the City and nominates BASF Corporation for half enterprise project status on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and,

**WHEREAS**, the City finds that it is in the best interest of the City to nominate BASF Corporation as an enterprise project pursuant to the Act; now therefore,

**BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS:**

**THAT** the findings of the City and its actions approving this resolution taken at the Commission meeting are hereby approved and adopted.

**THAT** BASF Corporation is a "qualified business", as defined in Section 2303.402 of the Act, and meets the criteria for designation as an enterprise project, as set forth in Section 2303, Subchapter F of the Act.

**THAT** that the enterprise project shall take effect on the date of the designation of the enterprise project by OOGEDT and terminate five years from the date of designation.

**READ, ADOPTED AND APPROVED** by a majority vote of the City Commission this 14<sup>th</sup> day of May, A.D. 2018 at a Regular Meeting of the City Commission of the City of Kingsville, Texas.

---

SAM R. FUGATE,  
MAYOR

**ATTEST:**

---

MARY VALENZUELA,  
CITY SECRETARY

**APPROVED AS TO FORM:**

---

COURTNEY ALVAREZ,  
CITY ATTORNEY

BASF Corporation

**XXII. FULL-TIME JOBS FOR BENEFIT**

**New Jobs**

Attach a breakdown of types of new jobs to be created by six-digit Standard Occupational Code and/or title, and the salary range or hourly rate for each (Tab 14)

Total Number of New Full-Time Jobs to be Created \_\_\_\_\_

Total Amount of Annual Payroll for New Jobs \_\_\_\_\_

**Retained Jobs** (check only if for benefit)

Attach a breakdown of types of jobs to be retained for benefit by six-digit Standard Occupational Code and/or title, and the salary range or hourly rate for each (Tab 15)

Total Number of Jobs to be Retained for Benefit 51

Total Amount of Annual Payroll for Retained Jobs \$6,137,276.94

Choose **all** that apply and include backup documentation

- Permanent employees will be permanently laid off (Chapter 2303.406(a)(4)(A))
- Business will permanently close down (Chapter 2303.406(a)(4)(B))
- Business will relocate out of Texas (Chapter 2303.406(a)(4)(C))
- Business is able to employ individuals in accordance with Section 2303.402 (Chapter 2303.406(a)(4)(D))
- Business facility has been legitimately destroyed or impaired due to fire, flood, tornado, hurricane, or any other natural disaster (Chapter 2303.406(a)(4)(E))

I have reviewed the request for the retained job benefit under the Texas Enterprise Zone Program, and verify that it meets the criteria outlined above, as required by statute. The backup documentation has been placed under *Tab 14* of this application.

Signature \_\_\_\_\_  
(Governing Body Liaison)

Date \_\_\_\_\_

Printed Name Jesús Garza

Title City Manager

BASF Corporation

**XXX. CERTIFICATION OF APPLICATION**

**Governing Body Liaison**

Prefix Mr. First Name Jesús Last Name Garza

Title City Manager

Organization City of Kingsville

Street Address 400 W. King Avenue

Mailing Address P.O. Box 1458

City Kingsville State TX Zip 78364 - 1458

Phone Number 361.595.8002 Fax Number 361.595.8024

Email Address citymanager@cityofkingsville.com

Community Website http://www.cityofkingsville.com/

To the best of my knowledge and belief, the information contained in this Enterprise Project Application is true and correct and I have read the Texas Enterprise Zone Act and the Enterprise Zone Program Rules and am familiar with the provisions contained therein, as evidenced by my signature below.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
*(Governing Body Liaison)*

Printed Name Jesús Garza Title City Manager

GIVEN under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

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

(Notary Seal)

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

# **AGENDA ITEM #5**

**City of Kingsville**  
**Parks & Recreation Department**

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TO: Mayor and City Commissioners

CC: Jesus A. Garza, City Manager

FROM: Susan Ivy, Parks & Recreation Manager

DATE: January 16, 2018

SUBJECT: Agenda Request for Assignment by City Commission of Replacement Park Advisory Board Members for positions that have been vacated

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**Summary:**

The Parks & Recreation Department would like the Kingsville City Commission to assign replacement Park Advisory Board Members for two (2) positions that have been vacated.

**Background:**

Included in the City Ordinance governing the Park Advisory Board is language that instructs that if a Board Member has three (3) consecutive absences from Park Board Meetings their position as Board Member shall be vacated. It further instructs that after the position has been vacation that the Kingsville City Commission shall appoint a new Board Member to fill that position.

Current Board Member Seferino Mendieta has missed the February, March, and April, 2018 Park Board Meetings and we have advised him via email and regular mail that his position is now vacated. We are asking you to fill his position with Ruben Cantu, an Athletic Trainer for Texas A&M Kingsville. Ruben was among the original applicants when the Parks Department solicited interested parties for consideration as Board Members. He was not chosen then but is still interested in serving.

Board Member Corrie Mosqueda has sent notice to the Parks Manager and City Manager about her resignation from the Board due to her schedule with Grad School at TAMUK and other family responsibilities.

We are asking you to fill this position with Dr. Joseph Jones. Dr. Jones is with the Music Department at TAMUK but expressed that his employment with the University has little to do with his desire to serve on our board. His family participates on swim team and they are interested in assisting with improving 'Quality of Life' in Kingsville.

**Financial Impact:**

This would create no financial benefit to City of Kingsville.



# **AGENDA ITEM #6**

**City of Kingsville  
Planning Department**

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TO: Mayor and City Commissioners

CC: Jesus A. Garza, City Manager

FROM: Cynthia Martin, Downtown Manager

DATE: March 4, 2018

SUBJECT: Use of City Funds for a Downtown Mural in Partnership with KHDDA

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**Summary:** This item authorizes the use of City funds for the painting of a mural in Kingsville's historic downtown district in partnership with the Kingsville Historic Downtown District Association.

**Background:** The Kingsville Historic Downtown District Association (KHDDA) proposes to partner with the City of Kingsville on the installation of public art downtown - specifically a mural painted directly on the east wall the building at 230 E Kleberg Avenue. The mural is intended to showcase the historic downtown area and attract more visitors downtown. An artist is being engaged by KHDDA to paint the mural for a \$5,000 fee plus an additional cost of \$2,000 - \$3,000 for materials with the proviso that the paints used on this mural be of the highest quality available to the artist. Completion of the mural is estimated to take two months. KHDDA is requesting the City to fund \$5,000 of the cost of the project.

**Financial Impact:** \$5,000 from 002-5-1071-34602-Mural Program.

**Recommendation:** Many downtown redevelopment programs utilize public art on private sites as part of their overall revitalization strategy. This expenditure may be seen as an investment in support of improved aesthetics and marketing of Kingsville's historic downtown district.

If approved, it is recommended that these funds be supplied as a reimbursement of costs once the mural is completed; that the theme of the mural reflect the unique character, culture and/or history of Kingsville; that the building owner agree to retain this mural on the side of their building for at least a period of three years and that KHDDA be responsible for the care and maintenance of this mural going forward.



APPLICATION

Project Title: KHDDA MURAL ONE Date Prepared: 5/10/2018

Owner: KHDDA Phone #: (361) 522-5678

Email Address: cangoinurance@mail.com Individual Corporation Nonprofit Other  
(Circle)

Address: P.O. Box 582 / Kingsville, TX 78364

Contact (if different): Marylou C. Gonzalez Phone #: (361) 522-5678

Email Address: \_\_\_\_\_ Individual Corporation Nonprofit Other  
(Circle)

Address: \_\_\_\_\_

Project Location / Address: 230 E. Kleberg  
Kingsville, TX 78363

Legal Description: ORIGINAL TOWN, BLOCK 43, LOT 17

Parcel Number: \_\_\_\_\_ Zoning C3

National Register; Texas Landmark; Kingsville Historic Landmark; Contributing Property; Other  
(Circle)

Comment: Local Historic Downtown District

Proposed Use: Mural on Commercial building to generate

Scope of Work: tourism

Mural approximate size of 2600 square feet

Schedule: May 20, 2018 thru July 20, 2018

Contractor(s) Jesus De la Rosa - ARTIST  
under KHDDA supervision.

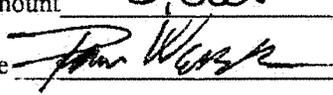
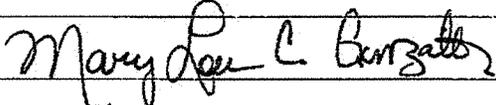
Violation history: N/A

Attach documents that support:

- Legal Description of property, proof of ownership, and other proof of eligibility for grant
- Plans for the façade grant eligible project
- Photographs
- Statements of costs, budget, pro forma and other descriptions of expenses
  - Construction schedule
  - Authorization for access by City staff and other officials
  - Statement of proposed use and timetable for occupancy of property
  - Proof of absence of delinquent taxes, fines, fees, liens, claims, etc.
  - Additional information when requested

Project Amount \$10,252.<sup>00</sup>

Requested grant amount \$5,000.<sup>00</sup>

Applicant signature  

Office Use:

Date Received \_\_\_\_\_ Acknowledged by \_\_\_\_\_

Meeting Date(s) \_\_\_\_\_

Staff and/or Board and/or Commission actions \_\_\_\_\_

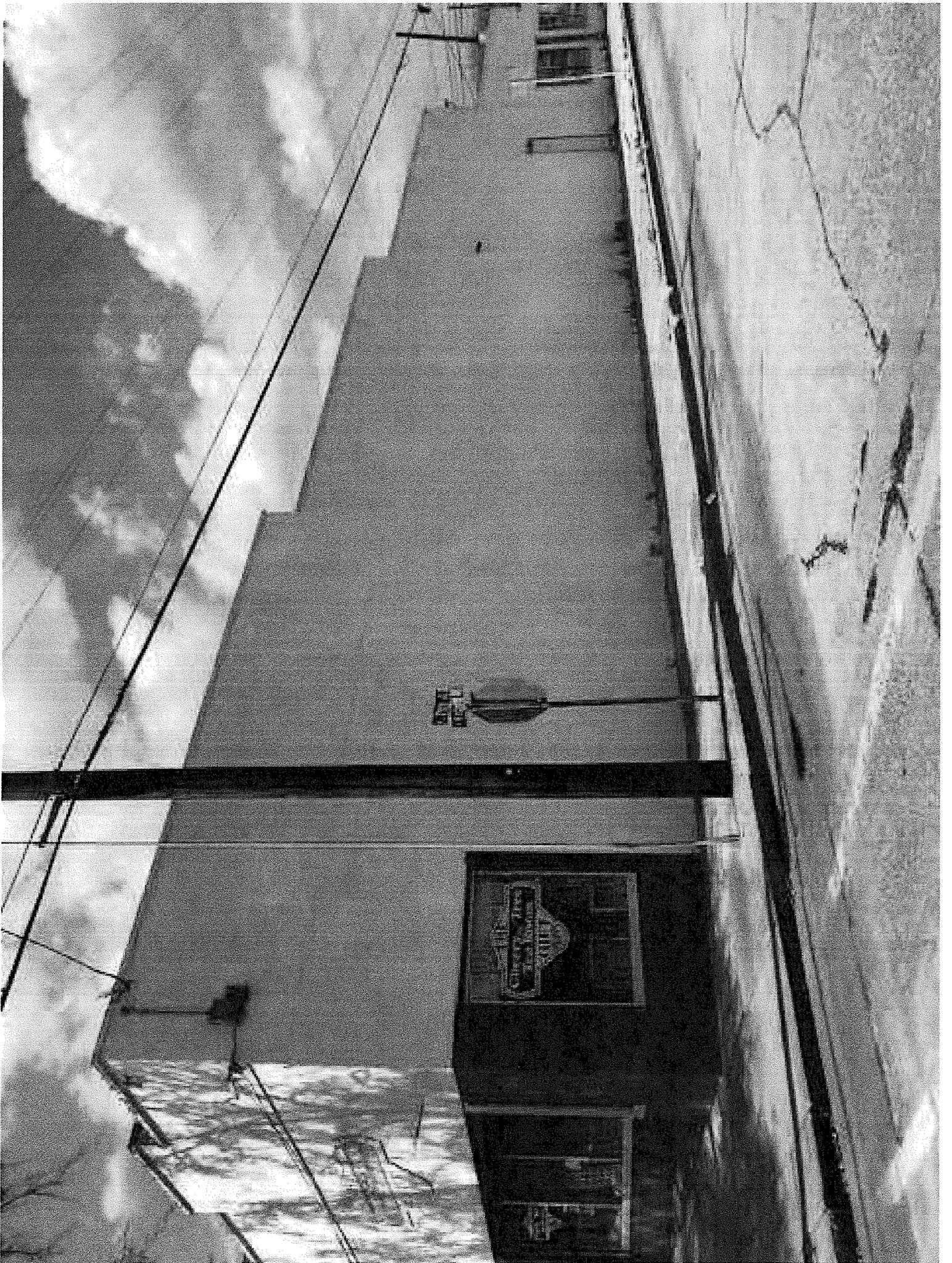
Notice Date(s) \_\_\_\_\_

Comment \_\_\_\_\_

PROPOSED MURAL COST - 2018

Approximate size of 2600 square feet for Mural

Gesso ( white primer ) gallon	12 @ \$ 32.00	\$ 348.00
Acrylic Retarder ( slow drying time ) gallon	8 @ 19.00	152.00
Gloss Medium & Varnish – gallon	12 @ 39.00	468.00
Slow Dry Matte Liquid – gallon	8 @ 23.00	184.00
Acrylic Paint ( Cost varies depending on color ) gallon	20 @ 85.00	1,700.00
Other Materials ( brushes, graphite, towels, etc )		400.00
Shipping Materials		700.00
Power wash building wall		200.00
Paint primer on wall / labor		300.00
Scaffolds		480.00
Ladders		320.00
		<hr/>
		\$ 5,252.00
Artist's Fee		5,000.00
		<hr/>
		\$ 10,252.00



# Profile

## Jesus De La Rosa, Associate Professor

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### Biography

Jesus De La Rosa was born in Weslaco Texas. De La Rosa was raised in the Rio Grande Valley and Nuevo Progreso Mexico. His borderland experience plays a pivotal role in his art practice. A 1999 graduate of Texas A&M University-Kingsville with a bachelor of Fine Arts, in 2005 he then earned his Master of Fine Arts in studio art from The Ohio State University at Columbus, Ohio where he was awarded a Graduate Enrichment Fellowship.

As an Associate Professor of Art at Texas A&M University-Kingsville, De La Rosa teaches beginning and advanced courses in printmaking and graphic design. His artwork has been reviewed and featured by Voices of Art Magazine, The Monitor, The Brownsville Herald, Corpus Christi Caller-Times, The San Antonio Current, The Austin American Statement, The Columbus Dispatch, The Austin Chronicle, Houston Press, Mexican newspapers, El Mañana, La Frontera, La Prensa and most recently Mexico City magazine, Voices of Mexico. De La Rosa exhibits his artwork throughout the United States and abroad in solo, juried, and invitational exhibitions.

His work was selected to be part of the 12th Annual (YLA) Young Latino Artist Exhibition at the Mexic-Arte Museum and Emma S. Barrientos Mexican American Culture Center in Austin, Texas. Other notable exhibitions include, Texas National, Oso Bay North American Printmakers Exhibition, Systematic Drawings at UTSA Satellite Space, Slice at Cohn Drennan Contemporary, Dallas Texas, PRINTTX at the Printing Museum of Houston, Texas and The Contemporary Print, PRINT AUSTIN. His print book Borderlands was selected to be part of the international touring exhibition Monumental Ideas in Miniature Books II, which will toured eight international venues and over forty national galleries. Most recently he was a visiting artist at the Lawrence Arts Center in Lawrence KS. The artist and his family currently reside in Kingsville Texas.

**RESOLUTION #2018-\_\_\_\_\_**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT BETWEEN THE CITY OF KINGSVILLE AND THE KINGSVILLE HISTORIC DOWNTOWN DISTRICT ASSOCIATION FOR A DOWNTOWN MURAL; REPEALING ALL CONFLICTING RESOLUTIONS AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of Kingsville (“City”) tries to work with others for their mutual benefit whenever able to do so and has been approached by the Kingsville Historic Downtown District Association (“KHDDA”) to participate in the creation of a new mural in the Historic Downtown area; and

**WHEREAS**, the KHDDA and the City believe the installation of public art downtown, specifically a mural painted directly on the east wall of the building at 230 E. Kleberg Avenue will likely attract more visitors downtown, which other cities across Texas have discovered, and will improve the aesthetics and marking for the area; and

**WHEREAS**, the KHDDA is engaging the services of an artist for the mural and the project will need funds for the artist’s services and supplies; and

**WHEREAS**, the KHDDA is raising funds for the mural and would like the City to participate in a similar manner as it does for the Façade Grant Program; and

**WHEREAS**, the KHDDA is asking the City to contribute approximately \$5,000 for this project to be done on a reimbursement basis as with the Program; and

**WHEREAS**, the KHDDA and City agree that the Façade Grant Program Guidelines will apply to this agreement and project with the stipulation that: 1) eligible participants can also include civic/non-profit organizations and 2) artistic mural is also an eligible expense; and

**WHEREAS**, it is mutually deemed sound, desirable, practicable, and beneficial for the parties to this agreement to render assistance to one another whenever practical in accordance with these terms.

**BE IT RESOLVED** by the City Commission of the City of Kingsville, Texas:

I.

**THAT** the City Manager is authorized and directed as an act of the City of Kingsville, Texas to execute an Agreement between for City of Kingsville and the Kingsville Historic Downtown District Association for a Downtown Mural, as per the attached document.

II.

**THAT** all resolutions or parts of resolutions in conflict with this resolution are repealed to the extent of such conflict only.

III.

**THAT** this Resolution shall be and become effective on and after adoption.

**PASSED AND APPROVED** by a majority vote of the City Commission on the 14<sup>th</sup> day of May, 2018.

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

**AN AGREEMENT  
BETWEEN THE CITY OF KINGSVILLE  
AND  
THE KINGSVILLE HISTORIC DOWNTOWN DISTRICT ASSOCIATION  
FOR A  
DOWNTOWN MURAL**

**WITNESSETH:**

**WHEREAS**, the City of Kingsville ("City") tries to work with others for their mutual benefit whenever able to do so and has been approached by the Kingsville Historic Downtown District Association ("KHDDA") to participate in the creation of a new mural in the Historic Downtown area; and

**WHEREAS**, the KHDDA and the City believe the installation of public art downtown, specifically a mural painted directly on the east wall of the building at 230 E. Kleberg Avenue will likely attract more visitors downtown, which other cities across Texas have discovered, and will improve the aesthetics and marketing for the area; and

**WHEREAS**, the KHDDA is engaging the services of an artist for the mural and the project will need funds for the artist's services and supplies; and

**WHEREAS**, the KHDDA is raising funds for the mural and would like the City to participate in a similar manner as it does for the Façade Grant Program; and

**WHEREAS**, the KHDDA is asking the City to contribute approximately \$5,000 for this project to be done on a reimbursement basis as with the Program; and

**WHEREAS**, the KHDDA and City agree that the Façade Grant Program Guidelines will apply to this agreement and project with the stipulation that: 1) eligible participants can also include civic/non-profit organizations and 2) artistic mural is also an eligible expense; and

**WHEREAS**, it is mutually deemed sound, desirable, practicable, and beneficial for the parties to this agreement to render assistance to one another whenever practical in accordance with these terms; and

**NOW, THEREFORE**, the City of Kingsville and the Kingsville Historic Downtown District Association, in consideration of these mutual covenants and agreements, agree as follows:

1. **PARTIES**. The parties to this Agreement ("Agreement") are the City of Kingsville ("City"), a Texas home rule municipality, and the Kingsville Historic Downtown District Association ("the KHDDA"), a non-profit organization for the benefit of the historic Kingsville downtown district within the State of Texas.

## 2. PURPOSE.

- A. The KHDDA will raise funds, locate a site, obtain permission from the site owner for the mural, contract with the artist, acquire supplies, comply with the Façade Grant Program Guidelines attached hereto and as stipulated below, and maintain the mural for a three year period.
- B. The City will provide funding in an amount up to \$5,000 for the mural in compliance with the Façade Grant Program Guidelines attached hereto and as stipulated below.
- C. The City and KHDDA agree that the Façade Grant Program Guidelines will apply to this agreement and project with the stipulation that: 1) eligible participants can also include civic/non-profit organizations and 2) artistic mural is also an eligible expense.

## 3. TERM.

- A. This Agreement shall be for a term of six months, May 14, 2018 through November 13, 2018.
- B. This Agreement may be terminated at any time by any party with or without cause upon thirty (30) days advance written notice.
- C. Any notice of termination shall be sent to the other party to this agreement at the address listed in paragraph 4 of this agreement.

## 4. MISCELLANEOUS PROVISIONS.

A. Notice. Notice required by this Agreement may be given or served by depositing the notice in the United States Mail, in certified or registered form, postage prepaid, addressed to the other party, or by delivering the notice in person to the other party. Notice deposited in the United States Mail in the manner prescribed in this subsection is effective upon deposit. The addresses of the parties are:

City of Kingsville, Texas  
Attention: City Manager  
P.O. Box 1458  
Kingsville, Texas 78364  
Telephone: (361) 595-8002  
Facsimile: (361) 595-8035

Kingsville Historic Downtown District Association  
Attention: Mary Lou Gonzalez, Vice-President  
P.O. Box 582  
Kingsville, Texas 78364  
Telephone: (361) 595-3377  
Facsimile: none

B. Effect of Waivers. No waiver by either party of any default, violation, or breach of the terms, provisions, and covenants contained in this Agreement may be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions, and covenants of this Agreement.

C. Amendment of Agreement. This Agreement may be amended at any time. Any amendment to this Agreement must be in writing and agreed to by the governing bodies of the parties. No officer or employee of any of the parties has authority to waive or otherwise modify the limitations in this Agreement, without the express action of the governing body of the party.

D. Not For Benefit of Third Parties. This Agreement and all activities under this Agreement are solely for the benefit of the parties and not the benefit of any third parties.

E. Exercise of Police Powers. This Agreement and all activities under this Agreement are undertaken solely as an exercise of the police power of the parties, exercised for the health, safety, and welfare of the public generally, and not for the benefit of any particular person or persons. The parties do not have and may not be deemed to have any duty to any particular person or persons.

F. Immunities Not Waived. Nothing in this Agreement waives any governmental, official, or other immunity or defense of any of the parties or their officers, employees, representatives, and agents as a result of the execution of this Agreement and the performance of the covenants contained in this Agreement.

G. Mutual Indemnification: To the extent allowed by the Constitution and Laws of the State of Texas, the KHDDA and City agree that each party assumes any and all risks of liability, loss, damages, claims, or causes of action and related expenses, including attorney fees, caused or asserted to have been caused directly or indirectly by or as the result of the negligent acts or omissions of that party and the officers, employees, and agents thereof.

H. Captions. Captions to provisions of this Agreement are for convenience and shall not be considered in the interpretation of the provisions.

I. Fiscal Obligations. Each party which performs services or furnishes aid under this Agreement must do so with funds available from current revenues of the party, which are subject to annual appropriations.

J. Approval by Governing Bodies. Each party represents that this Agreement has been duly passed and approved by the governing body of the party or that proper power and authority has been delegated by the governing body.

K. Entirety of Agreement. No other oral or written commitments of the parties with respect to the usage of facilities or signage may have any force or effect if not contained in this Agreement or any amendments thereto.

L. Severability. If any provision contained in this Agreement is held invalid for any reason, the invalidity does not affect other provisions of the Agreement that can be given effect without the invalid provision, and to this end the provisions of this Agreement are severable.

M. Validity and Enforceability. If any current or future legal limitations affect the validity or enforceability of a provision of this Agreement, then the legal limitations are made a part of this Agreement and operate to amend this Agreement to the minimum extent necessary to bring this Agreement into conformity with the requirements of the limitations, and so modified, this Agreement continues in full force and effect.

N. Warranty. The individuals executing this agreement on behalf of each party represent and warrant that they are each the duly authorized representatives of such party on whose behalf the individuals are signing, each with full power and authority to bind said party to each term and condition set forth in this agreement.

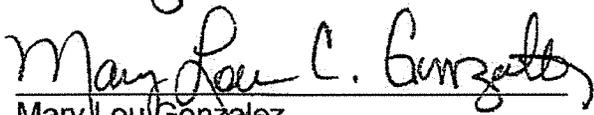
O. Governing Laws. This Agreement shall be governed by the laws of the State of Texas.

P. Venue. Venue for an action arising under this Agreement is in Kleberg County, Texas.

Q. Effective Date. This Agreement is effective on the date when the last party executes this agreement.

R. Multiple Originals. Two (2) copies of this Agreement are executed; each shall be deemed an original.

EXECUTED by the Kingsville Historic Downtown District Association on the 10 day of May, 2018.



Mary Lou Gonzalez  
Vice President  
Kingsville Historic Downtown District Association

ATTEST:

\_\_\_\_\_  
(Print Name here and sign above)

EXECUTED by the City of Kingsville on the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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Jesús A. Garza  
City Manager  
City of Kingsville, Texas

**ATTEST:**

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Mary Valenzuela  
City Secretary

**APPROVED AS TO FORM:**

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Courtney Alvarez  
City Attorney

## **FAÇADE GRANT PROGRAM GUIDELINES**

### **HISTORIC PRESERVATION AS A TOURISM AND ECONOMIC DEVELOPMENT TOOL FOR KINGSVILLE'S HISTORIC DOWNTOWN**

#### **FAÇADE GRANT PROGRAM CREATED**

Thirty years ago, the City of Kingsville created a Historic District and a Historical Development Board to protect historic resources within the district. In an effort to assist the Historic Development Board with this task consistent with the City Commission goals for historic preservation, tourism and economic development, the City Commission hereby designates and approves a Façade Grant Program, funded, in part or in whole, from Hotel/Motel Tax revenues.

#### **PUBLIC PURPOSE**

The Façade Grant Program Guidelines provide guidance to property owners, City policymakers and City staff concerning the use of Façade Grant awards that will achieve a certain public purpose, namely, the protection and preservation of the City's historic structures in a manner that promotes tourism and encourages economic development. Accordingly, City staff may propose, Historic Development Board may recommend and the City Commission may approve the award of Façade Program grants for certain commercial and/or mixed use properties in furtherance of these public purposes.

#### **ELIGIBLE PARTICIPANTS/APPLICANTS**

Grant awards will be considered for property owners who repair, improve, replace and/or rehabilitate certain building facades or other exterior features. Façade grants will also be considered for property owners who mitigate certain deleterious building conditions, internal or external, structural or non-structural, functional or aesthetic, that threaten the structure's existence, prevent its highest and best use, or otherwise limits its full economic utility.

To be considered eligible, a participant/applicant must be in good legal and financial standing with Federal, State, and Local governments and taxing jurisdictions. The participant/applicant must either have appropriate ownership and control of the property or be leasing the property for business purposes in which case the participant/applicant must be acting with the full knowledge and consent of the property owner. If leasing, the participant/applicant must 1) have written approval for participation in the program from the property owner, 2) have at least two years remaining on the lease and 3) be in good legal and financial standing with the property owner. The participant/applicant must not have any major actual or pending criminal claims or bankruptcy filings. The City shall seek approval from the applicant and the applicant shall provide any and all information that the City deems necessary to assist it in consideration of the Façade Grant Project including, but no limited to, obtaining releases from the applicant for criminal, background, credit and other histories.

Property owners shall not assume they will qualify for Façade Grant Program award until such time as the City Commission has given its final approval of the grant and then only when the applicant meets all Façade Grant criteria including passing all City inspections.

### **ELIGIBLE PROPERTIES**

Eligible properties include properties in the Historic Downtown District that are on the National Register of Historic Places, recorded as a Texas Historic Landmark, or designated as a Kingsville Historic Landmark, a historically significant contributing Property within the Historic District or as otherwise recommended by the Historic Preservation Officer, and/or Historical Development Board or at the City Commission's sole discretion.

### **ELIGIBLE PROJECTS**

Project eligibility considerations can include, but are not necessarily limited to: The historical significance of the building, its potential contribution to the achievement of Commission goals for historic preservation, tourism, development, downtown revitalization and economic development perceived risk vs. reward of the project, property owner resources, funding availability, impact on the immediately surrounding properties and on the Historic District generally.

Façade program grants offered to one property owner shall not obligate the City to make awards to other property owners having similar or dissimilar projects and/or properties. Each façade grant application is reviewed, considered and funded on a case-by-case basis based on merit subject to available funding.

Buildings that are officially designated as historically significant by local, state or federal entities may or may not be given preference. Restoration of storefronts to their historic appearance may or may not be given preference. Restoration work that is not in conformity with local restoration guidelines will be denied access to the façade grant program, unless an exception is made by the City Commission prior to the start of façade improvements.

### **ELIGIBLE EXPENDITURES (mostly or exclusively exterior)**

Eligible project expenditures include, but are not necessarily limited to the following:

- Architectural and engineering fees related to eligible expenses
- Awnings or canopies in character with the building and streetscape
- Cleaning (major)
- Compatible new construction
- Door/window replacement
- Electrical and/or plumbing (major)
- Exterior murals
- Fire escapes
- Foundations
- Gutters
- Landscape and hardscape features
- Lighting that is visually appealing and appropriately illuminates signage, storefront
- Paint
- Preserving or restoring of historical architectural elements
- Recessing or reconfiguring entrances
- Rehabilitation of contributing structures
- Removal/replacement of incompatible exterior finishes or materials
- Removal of false facades and other inappropriate additions
- Restoration of historic signs or ghost signs
- Roofing
- Signs (new, repairs, replacements, removal)
- Other (as determined on a case-by-case basis)

## **INELIGIBLE EXPENDITURES (mostly or exclusively interior)**

- Appliances
- Capital equipment purchases
- Cleaning (minor)
- Decorative treatments
- Electrical and or plumbing (minor or incidental)
- Escalators and/or elevators
- Furniture
- Government fees
- HVAC systems
- Incompatible new construction
- Legal, financing, leasing, rental and other administrative and financing expenses
- Maintenance activities
- Owner and/or tenant labor
- Paint, floor, wall, window or ceiling treatments
- Repair tools and equipment
- Security systems
- Sprinkler or fire suppression systems
- Taxes
- Wall construction and partitions
- Other (as determined on a case-by-case basis)

## **RULES AND PROCEDURES**

### The Façade Grant Project

The Façade Grant Project must be described accurately and explained fully so as to provide a reasonably informed person with the obvious limits and scope of the Project. Items excluded from mention will be considered ineligible for reimbursement under the façade grant program unless otherwise approved by City Commission. The burden for justifying the façade grant shall be borne by the applicant.

Façade Grants will be awarded on a first-come-first-serve basis until funds are depleted annually.

Façade Grant Projects must be completed within six months from date of grant approval. Any grant reimbursement funds not released on the project during this six-month period will be forfeited.

Applicants must agree to maintain the subject building in good repair for five years from the completion of the Façade Grant Project. Applicants must agree not to change or alter property improvements funded through the Façade Grant for a minimum period of three years from the date of the final reimbursement check.

At least three years must have elapsed before the property owner who was the recipient of a Façade Grant can apply for participation in the Façade Grant Program for the same property.

No Façade Grant will be awarded for work already done prior to grant application approval by the City Commission.

### Façade Grant Amount

Façade grants are intended to be a 50-50 reimbursement match with the City matching the participants/applicants invested dollars in the Façade Grant Program on a dollar-for-dollar basis up to an amount generally not to exceed \$20,000 per property subject to the availability of budgeted funds, unless otherwise approved by City Commission.

In-kind contributions on the part of the participant/applicant to the Façade Grant Project cannot be used as matching funds.

Business owners applying for a Façade Grant for signage and/or certain façade improvements in the amount of \$5,000 or less, may have their match requirement reduced to as little as 10% at the discretion of the City Commission. To qualify, the signage and/or façade improvements must be designed to increase foot traffic to the store. All other Façade Grant Program requirements apply.

Certain façade grants may be considered for amounts up to \$50,000 subject to the availability of budgeted funds. For façade grants of this amount to be considered, the related expenditures would need to serve as a revitalization anchor project that significantly accelerates private investment in the Downtown Historic District or is so significant and meaningful from an historic perspective that it would justify on its own merits this level of public expenditure. Such façade grants may require a deed restriction or grant of easement be placed on the property.

### Façade Grant Disbursements

Façade grant disbursement are intended to occur in a single payment on a reimbursement basis in amounts not to exceed the total of the Façade Grant Award following the performance of the work by the City's Historic Preservation Officer and Building Official or their respective designees. The project must be completed and approved by city staff and all other grant requirements and paperwork properly submitted before any grant reimbursement funding will be disbursed.

### Project Building Plans and Inspections

After application and approval by the Commission, award payments are contingent upon the property owner providing required plans, obtaining all necessary permits, passing all required inspections and compliance with all other customary administrative rules and procedures. Projects must pass building inspection, along with all other requirements, before the City can disburse funds for the project.

### **PROJECT RECOMMENDATIONS FROM THE CITY'S HISTORIC PRESERVATION OFFICER AND HISTORICAL DEVELOPMENT BOARD**

The City's Historic Preservation Officer and Historical Development Board have the right to review, question and make recommendations with respect to Façade Grant Program Guidelines and Façade Grant Program Application.

### **DEED RESTRICTIONS AND/OR GRANT OF EASEMENT**

For certain Façade Grant Program projects it may be deemed necessary for the City to obtain a deed restriction or grant of easement to protect the City's investment in the project. The terms and duration of any deed restrictions or easements are to be negotiated prior to approval of a Façade Grant by the Commission.

# **AGENDA ITEM #7**

**City of Kingsville**  
**Department of Planning and Development services**

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TO: Mayor and City Commissioners  
CC: Jesus A. Garza, City Manager  
FROM: Tom Ginter, Director  
DATE: May 4, 2018  
SUBJECT: Amendment to Ordinance No. 2014-48

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**Summary:** The Joint Airport Zoning Board would like the City Commission to amend this ordinance to include an annual notification to the property owners in the “controlled compatible land use area”

**Background:** This ordinance was approved in July of 2014. At that time notice to the property owners in the controlled compatible land use are was completed. At the last Joint Airport Zoning Board it was suggested that this notice be done on an annual notification to keep fresh with those property owners who have been there for some time and also it would include any new property owners who haven’t received this information. The Joint Airport Zoning Board approved the recommendation unanimously. The Joint Airport Zoning Board is agreeable with the amending language that the City Attorney will use in accomplishing this task. Attached is a copy of the ordinance and the Notice To Buyer Lessee form.

**Financial Impact:** There would be some additional cost for postage and office supplies but that would be minimal compared to the information that it would provide which is a positive thing.

**Recommendation:** Approve amendment to Ordinance No. 2014-48



Old Business- None

NEW BUSINESS

- ITEM #1 Discuss and Consider Action on Approving Joint Airport Zoning letterhead on correspondence that will be utilized for business purposes
- ITEM #2 Discuss and Consider Action on amending the Naval Air Station Kingsville Compatible Land Use and Hazard Zoning Regulations regarding an annual notification for the Notice to Buyer – Lessee Form and requiring the use of Notice to Buyer – Lessee Form.
- \*ITEM #3 Discuss and Consider Action on amending Ordinance No. 2014-48 pertaining to annual requirement for notification of Notice to Buyer – Lessee form
- ITEM #4 Discuss and Consider Action on amending Section 2 and Section 6 of the NAS – Kingsville Compatible Land Use and Hazard Zoning Regulations

STAFF REPORT - (A) Update on compiling list of interested parties to notify of the lessee form; (B) Update on link of notice to buyer – lessee form to be on City of Kingsville website; (C) Update of Defense Economic Adjustment Assistance Grant Program.

ADJOURNMENT

It is the intention of the City of Kingsville to comply in all aspects with the Americans with Disabilities Act (ADA). If you plan on attending a meeting to participate or to observe and need special assistance beyond what is routinely provided, the city will attempt to accommodate you in every reasonable manner. Please contact the Planning Secretary, 361-595-8055, at least two business days prior to the meeting to inform the City of your specific needs and to determine if accommodation is feasible.

I certify that this agenda was posted at least seventy-two (72) hours before the commencement of The Joint Airport Zoning Board Meeting scheduled for Thursday, April 18, 2018

*Tom Ginter*

Tom Ginter, Director of Planning & Development Services

Posted  
@ 2:00pm  
On 4-13-18  
By S. Rosendy

This public notice was removed from the official posting board at the Kingsville City hall on the following date and time: \_\_\_\_\_

By: \_\_\_\_\_  
Planning and Development Services  
City of Kingsville, Texas

ORDINANCE NO. 2014-48

AMENDING THE CITY OF KINGSVILLE CODE OF ORDINANCES CHAPTER XV, LAND USE, ARTICLE 6 ZONING, AIR INSTALLATION ZONING REGULATIONS, SECTION 41, RESPONSIBILITY OF DEVELOPERS: SUBDIVISIONS, PROVIDING FOR A NOTICE TO BUYER/LESSEE ABOUT AICUZ AND CCLUA; REPEALING ALL ORDINANCES IN CONFLICT HERewith AND PROVIDING FOR AN EFFECTIVE DATE AND PUBLICATION.

WHEREAS, the City-County Joint Airport Zoning Board (JAZB) recently met and adopted a "notice to buyer/lessee" to be provided to land owners and agents to give buyers and lessees to make them aware that Air Installation Compatible Use Zones (AICUZ) and Controlled Compatible Land Use Areas (CCLUA) exist within the City and County; and

WHEREAS, the JAZB would like this notice provided throughout the county and not just within the area controlled by the JAZB, they are requesting the City and County approve similar notice requirements; and

WHEREAS, the mission of Naval Air Station-Kingsville is critical to the community, state and nation, as well as to the City's economic development, and the base's continued mission would be enhanced by this notice; and

WHEREAS, the City of Kingsville Planning and Zoning Commission has reviewed this ordinance at a meeting on July 23, 2014 and recommends its approval; and

WHEREAS, this Ordinance is necessary to protect the public safety, health, and welfare of the City of Kingsville.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS:

I.

THAT Section 15-6-41 of Article 6: Zoning of Chapter XV, Land Usage, of the Code of Ordinances of the City of Kingsville, Texas, shall be amended to read as follows:

*AIR INSTALLATION ZONING REGULATIONS*

**§ 15-6-41. AICUZ- NOTICE TO BUYER/LESSEE.**

- (A) Each developer or landowner who owns property within the City of Kingsville must notify any purchaser or lessee of any property within the City of the existence of a "controlled compatible land use area" that is governed by a Joint Airport Zoning Board (JAZB) by having each seller or lessor provide an "AICUZ – NOTICE TO BUYER(S) OR LESSEE" containing the following language:

"Notice is hereby given to the Buyer(s) or Lessee(s) that this property may be located in the vicinity of Naval Air Station (NAS) Kingsville and may be impacted by noise, odors, flight safety hazards, frequency interference and other potential compatibility issues relating to installation operations. You are encouraged to drive and review the area around any property in which you are interested at various times and days.

Notice is also hereby given that subject property may:

- (1) Lie within the "Controlled Compatible Land Use Area" as defined by Chapter 241 of the Texas Local Government Code, Section 241.003(7) which gives a municipality or county the authority to regulate land use within a designated airport hazard area. The Kingsville-Kleberg JAZB (Joint Airport Zoning Board) provides zoning regulations and enforcement within the unincorporated portions of Kleberg County that are located within the "Controlled Compatible Land Use Area,"
- (2) And/or within an area defined by the 65 decibel (dB) day-night average sound level (Ldn) noise contour(s) as defined in NAS Kingsville's current Air Installations Compatible Use Zones (AICUZ) study, plus ¼ mile outside that area,
- (3) And/or within an area defined by the Accident Potential Zones (APZ) as defined in NAS Kingsville's current AICUZ study, plus ¼ mile outside that area.

As the AICUZ study is updated, the zone boundaries may change.

This property may also be subject to additional development regulations relative to the property's proximity to the installation.

Information on any property located within 6 miles of NAS Kingsville may be found at the following website:

<http://www.cityofkingsville.com/dept/engineering/docs/AICUZ%20Map.pdf> or by visiting the City of Kingsville Planning Department."

- (B) Such "AICUZ – NOTICE TO BUYER OR LESSEE" shall be executed simultaneously with any "earnest money" contract or other agreement to buy land, and if no "earnest money" contract or other agreement to buy land is executed, prior to the "date of closing" as that term is understood in real estate transactions.
- (C) Development within the noise zones designated on the current AICUZ map shall be built to mitigate the noise level to 45 DNL (indoors). It shall be the responsibility of the developer to provide to the Director of Development Services how this will be accomplished, to include site layout and type of material used.

II.

THAT all Ordinances or parts of Ordinances in conflict with this Ordinance are repealed to the extent of such conflict only.

III.

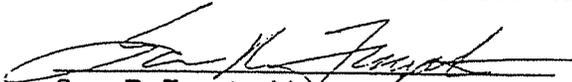
THAT if for any reason any section, paragraph, subdivision, clause, phrase, word or provision of this ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this ordinance, for it is the definite intent of this City Commission that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

IV.

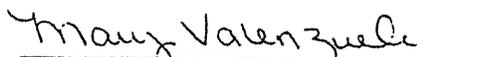
THAT this Ordinance shall be codified and become effective on and after adoption and publication as required by law.

INTRODUCED on this the 28th th day of July, 2014.

PASSED AND APPROVED on this the 11 th day of August, 2014.

  
Sam R. Fugate, Mayor

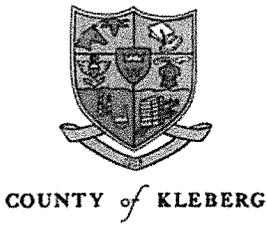
ATTEST:

  
Mary Valenzuela, City Secretary

APPROVED AS TO FORM:

  
Courtney Alvarez, City Attorney

Effective date August 27, 2014



**KINGSVILLE-KLEBERG COUNTY  
JOINT AIRPORT ZONING BOARD**  
OFFICE OF THE DIRECTOR OF DEVELOPMENT  
JAZB ADMINISTRATOR  
410 W. KING AVE  
KINGSVILLE, TX 78363



**NOTICE TO A BUYER or LESSEE**

CONCERNING THE PROPERTY AT: \_\_\_\_\_ -  
\_\_\_\_\_

Be an informed Buyer or Lessee

Notice is hereby given to the Buyer(s) or Lessee(s) that this property may be located in the vicinity of Naval Air Station (NAS) Kingsville and may be impacted by noise, odors, flight safety hazards, frequency interference and other potential compatibility issues relating to installation operations. You are encouraged to drive and review the area around any property in which you are interested at various times and days.

Notice is also hereby given that subject property may:

- lie within the "Controlled Compatible Land Use Area" as defined by Chapter 241 of the Texas Local Government Code, Section 241.003(7) which gives a municipality or county the authority to regulate land use within a designated airport hazard area. The Kingsville-Kleberg JAZB (Joint Airport Zoning Board) provides zoning regulations and enforcement within the unincorporated portions of Kleberg County that are located within the "controlled compatible land use area."
- and / or within an area defined by the 65 decibel (dB) day-night average sound level (Ldn) noise contour(s) as defined in NAS Kingsville's current Air Installations Compatible Use Zones (AICUZ) study, plus ¼ mile outside that area
- and / or within an area defined by the Accident Potential Zones (APZ) as defined in NAS Kingsville's current AICUZ study, plus ¼ mile outside that area.

As the AICUZ study is updated the zone boundaries may change.

This property may also be subject to additional development regulations relative to the property's proximity [https://kingsvillegis.com/#/mwl?location=-97.792701\\_27.486112&zoom=13](https://kingsvillegis.com/#/mwl?location=-97.792701_27.486112&zoom=13) to the installation.

Information on any property located within 6 miles of NAS Kingsville may be found at the following website: or by visiting the City of Kingsville Planning Department.

\_\_\_\_\_  
Seller or Lessor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller or Lessor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer or Lessee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer or Lessee

\_\_\_\_\_  
Date

**ORDINANCE NO. 2018-\_\_\_\_\_**

**AMENDING THE CITY OF KINGSVILLE CODE OF ORDINANCES CHAPTER XV, LAND USE, ARTICLE 6 ZONING, AIR INSTALLATION ZONING REGULATIONS, SECTION 41, RESPONSIBILITY OF DEVELOPERS: SUBDIVISIONS, PROVIDING FOR AN ANNUAL NOTICE TO PROPERTY OWNERS IN CCLUA ABOUT AICUZ AND CCLUA; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING FOR AN EFFECTIVE DATE AND PUBLICATION.**

**WHEREAS**, the City-County Joint Airport Zoning Board (JAZB) recently met in April and voted to request the City Commission amend the “notice to buyer/lessee” which is the notice land owners and agents are to give buyers and lessees to make them aware that Air Installation Compatible Use Zones (AICUZ) and Controlled Compatible Land Use Areas (CCLUA) exist within the City and County; and

**WHEREAS**, the JAZB would like this notice to be provided each year to property owners in the controlled compatible land use area; and

**WHEREAS**, the mission of Naval Air Station-Kingsville is critical to the community, state and nation, as well as to the City’s economic development, and the base’s continued mission would be enhanced by this notice; and

**WHEREAS**, this Ordinance is necessary to protect the public safety, health, and welfare of the City of Kingsville.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS:**

I.

**THAT** Section 15-6-41 of Article 6: Zoning of Chapter XV, Land Usage, of the Code of Ordinances of the City of Kingsville, Texas, shall be amended to read as follows:

***AIR INSTALLATION ZONING REGULATIONS***

**§ 15-6-41. AICUZ- NOTICE TO BUYER/LESSEE.**

(A) Each developer or landowner who owns property within the City of Kingsville must notify any purchaser or lessee of any property within the City of the existence of a “controlled compatible land use area” that is governed by a Joint Airport Zoning Board (JAZB) by having each seller or lessor provide an “AICUZ – NOTICE TO BUYER(S) OR LESSEE” containing the following language:

*“Notice is hereby given to the Buyer(s) or Lessee(s) that this property may be located in the vicinity of Naval Air Station (NAS) Kingsville and may be impacted by noise, odors, flight safety hazards, frequency interference*

*and other potential compatibility issues relating to installation operations. You are encouraged to drive and review the area around any property in which you are interested at various times and days.*

*Notice is also hereby given that subject property may:*

- (1) Lie within the "Controlled Compatible Land Use Area" as defined by Chapter 241 of the Texas Local Government Code, Section 241.003(7) which gives a municipality or county the authority to regulate land use within a designated airport hazard area. The Kingsville-Kleberg JAZB (Joint Airport Zoning Board) provides zoning regulations and enforcement within the unincorporated portions of Kleberg County that are located within the "Controlled Compatible Land Use Area,"*
- (2) And/or within an area defined by the 65 decibel (dB) day-night average sound level (Ldn) noise contour(s) as defined in NAS Kingsville's current Air Installations Compatible Use Zones (AICUZ) study, plus ¼ mile outside that area,*
- (3) And/or within an area defined by the Accident Potential Zones (APZ) as defined in NAS Kingsville's current AICUZ study, plus ¼ mile outside that area.*

*As the AICUZ study is updated, the zone boundaries may change.*

*This property may also be subject to additional development regulations relative to the property's proximity to the installation.*

*Information on any property located within 6 miles of NAS Kingsville may be found at the following website:*

*<http://www.cityofkingsville.com/dept/engineering/docs/AICUZ%20Map.pdf> or by visiting the City of Kingsville Planning Department."*

- (B) Such "AICUZ – NOTICE TO BUYER OR LESSEE" shall be executed simultaneously with any "earnest money" contract or other agreement to buy land, and if no "earnest money" contract or other agreement to buy land is executed, prior to the "date of closing" as that term is understood in real estate transactions. Such notice stated in (A) above shall also be sent annually to each property owner in the controlled compatible land use area.**
- (C) Development within the noise zones designated on the current AICUZ map shall be built to mitigate the noise level to 45 DNL (indoors). It shall be the responsibility of the developer to provide to the Director of Development Services how this will be accomplished, to include site layout and type of material used.**

II.

**THAT** all Ordinances or parts of Ordinances in conflict with this Ordinance are repealed to the extent of such conflict only.

III.

**THAT** if for any reason any section, paragraph, subdivision, clause, phrase, word or provision of this ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this ordinance, for it is the definite intent of this City Commission that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

IV.

**THAT** this Ordinance shall be codified and become effective on and after adoption and publication as required by law.

**INTRODUCED** on this the 14th day of May, 2018.

**PASSED AND APPROVED** on this the 29 th day of May, 2018.

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

# **AGENDA ITEM #8**

**City of Kingsville  
Legal Department**

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TO: Mayor and City Commissioners  
CC: Jesus A. Garza, City Manager  
FROM: Courtney Alvarez, City Attorney  
DATE: May 8, 2018  
SUBJECT: Out of State Travel for Department of Defense

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**Summary:** The Department of Defense Office of Economic Adjustment (OEA) has invited me to participate in a one-day compatible land use feedback session in Washington, DC on June 22, 2018 at their expense.

**Background:** The City participated in the Department of Defense OEA program for a Joint Land Use Study in 2006. The study was completed and adopted by ordinance in 2008. In 2009, the City participated in an OEA Joint Land Use Study Implementation Program, which was the first of its kind in the nation. Since that time, the OEA has invited me to participate in live and on-line seminars regarding that experience and how communities can work towards compatible land use near their military installations. I recently received an invitation from the OEA to attend a one-day compatible land use feedback session with the date and location to be determined. I received notice this week of the date and location for the session. The OEA will arrange and pay for my flight. They will reimburse the other travel expenses such as hotel, transportation, etc. It is anticipated that I would travel up on June 21<sup>st</sup> and return on June 23<sup>rd</sup>.

**Financial Impact:** This action has no financial impact to the City.

**Recommendation:** Approve the out of state travel for the City Attorney to attend the Department of Defense Office of Economic Adjustment compatible land use feedback session in Washington, DC June 21-23, 2018.



## Courtney Alvarez

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**From:** Kennedy, David R CIV OEA (US) <david.r.kennedy.civ@mail.mil>  
**Sent:** Thursday, April 5, 2018 8:24 AM  
**Cc:** chelsea.radler@dgccommunications.com; Natalie.Chambers@dgccommunications.com; Bullock, Anita C CIV OEA (US)  
**Subject:** Formal invitation to DOD OEA Compatible Use grant feedback session  
**Attachments:** CU Focus Groups.docx

Dear Compatible Use Community Leader:

One of the core principals of the Department of Defense Office of Economic Adjustment (OEA) is that of service to the customer. The OEA Director, Mr. Patrick O'Brien, also believes customer feedback on OEA performance is critical if we are to maintain a high standard of excellence. Simply put—we are very interested in hearing from you about your experiences with our office during the Compatible Use study and/or implementation you participated in. Whether your grant was recent or in the more distant past, your feedback is valuable to us as we strive to evaluate and improve our program of support to communities.

OEA is contracting with an independent market research firm, the District Communications Group (DCG), to execute small group discussion sessions to capture your candid feedback confidentially. In the near future, you will receive an e-mail from Ms. Chelsea Radler or Ms. Natalie Chambers from DCG to gauge your availability and provide logistical details about the sessions. Please be assured, communications from them are a legitimate part of this effort and your cooperation with them is appreciated by OEA.

Attached is a short paper describing the goals of the small group discussion sessions.

To align best with your existing commitments, the sessions will be tentatively held in June, July and August in tandem with industry events in St. Louis and Washington, DC. We will try to accommodate your availability whenever possible, though it is our intention to keep groups small to allow maximum conversation and engagement. Each session will last one full day and be moderated by an independent facilitator. OEA will provide you invitational travel authority to fund your travel and a maximum of two nights of hotel if you are not already planning to be at the location of the groups, in compliance with Federal per diem regulations. Our partners at DCG will explain this in greater detail shortly and assist you making any necessary arrangements once your session date has been confirmed.

We hope you are able to participate in the feedback sessions. It is through your insights that we continue to deliver the necessary services to communities throughout our country, now and into the future.

As always, please do not hesitate to contact me with any questions.

With highest regards,

Dave Kennedy & Anita Bullock

David R. Kennedy  
Project Manager & Interim Program Director  
Office of Economic Adjustment

703-697-2136  
david.r.kennedy.civ@mail.mil

## Courtney Alvarez

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**From:** Chelsea Radler <Chelsea.Radler@dgccommunications.com>  
**Sent:** Tuesday, May 8, 2018 8:13 AM  
**Cc:** Natalie Chambers; Jacobs, WALDA J CIV OEA (US); Kennedy, David R CIV OEA (US)  
**Subject:** Save the date: June 22 OEA Feedback Session  
**Attachments:** OEA DTS invitee form\_Template.docx

Hello,

Thank you for your patience as my colleague Natalie and I have coordinated dozens of schedules! I'm pleased to let you know that you are registered for the **June 22 Washington DC OEA feedback session**, which will begin at 9:30 a.m. and wrap up at approximately 4:30 that day.

We have done everything possible to accommodate your preferred travel dates. If your schedule has changed since we last spoke, please let me know immediately so I can try to make arrangements that suit your other commitments.

If you are in need of transportation because you are not already attending the ADC conference, please complete the attached invitational travel form **this week** and return it to Walda Jacobs ([walda.j.jacobs.civ@mail.mil](mailto:walda.j.jacobs.civ@mail.mil)) cc'ing myself and Natalie for awareness. If you do not need DOD to arrange your travel, please also let us know that. Note that any travel arrangements you make directly cannot be reimbursed by DOD: Ms. Jacobs *must* make the reservations through the DOD booking system using the information you submit on the invitational travel form.

Additionally, for those attending ADC, DOD will cover the expense of extending your stay in Washington through June 23. For those not attending ADC, DOD will cover the hotel expense associated with arriving on June 21 for up to two nights, departing no later than June 23. We are finalizing hotel arrangements and the exact conference space for the listening session now. I will provide an update with related next steps very shortly.

Thank you for making time in your busy schedule to join us. Your feedback is essential to DOD and we look forward to learning from you.

Very best,  
Chelsea

--  
Chelsea Radler  
Account Director  
[chelsea.radler@dgccommunications.com](mailto:chelsea.radler@dgccommunications.com)  
(732) 977-8681

# **AGENDA ITEM #9**

**RESOLUTION # 2018-\_\_\_\_\_**

**A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN EASEMENT AGREEMENT (UTILITY) WITH THE BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM FOR CONSTRUCTION AND MAINTENANCE OF A FIBER OPTIC LINE; REPEALING ALL CONFLICTING RESOLUTIONS AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, City staff had met with Texas A&M University-Kingsville (“University”) representatives about a parking lot the University was intending to build on Armstrong Avenue near Avenue A and the desire to install a security system at the lot, which would require a fiber optic line; and

**WHEREAS**, the University proposed placing the fiber optic line from its property on the west side of Armstrong Avenue (campus) underneath the street to its property on the east side of Armstrong Avenue (parking lot); and

**WHEREAS**, City staff has worked with representatives from the Texas A&M University System to prepare an Easement Agreement between the two parties; and

**WHEREAS**, the City is agreeable to granting the Texas A&M University System a ten-foot utility easement for the fiber optic line; and

**WHEREAS**, the granting of the easement will improve the health, safety, and quality of life of the residents of both entities.

**NOW THEREFORE, BE IT RESOLVED** by the City Commission of the City of Kingsville, Texas:

I.

**THAT** the Mayor is authorized and directed as an act of the City of Kingsville, Texas to execute the Easement Agreement (utility) with the Board of Regents of the Texas A&M University System for a fiber optic line in accordance with Exhibit A hereto attached and made a part hereof.

II.

**THAT** all resolutions or parts of resolutions in conflict with this resolution are repealed to the extent of such conflict only.

III.

**THAT** this Resolution shall be and become effective on and after adoption.

**PASSED AND APPROVED** by a majority vote of the City Commission on the  
14th day of May, 2018.

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

# EASEMENT AGREEMENT

(Utility)

1. Grant of Easement. The **CITY OF KINGSVILLE**, a Texas municipal corporation, as grantor (“**CITY**”), for \$10 and other good and valuable consideration, hereby **GRANTS, BARGAINS, SELLS, and CONVEYS** to the **BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM**, an agency of the State of Texas, for the use and benefit of Texas A&M University - Kingsville, as grantee (“**A&M SYSTEM**”), its permitted successors and assigns, a non-exclusive right-of-way easement (the “Easement”) for underground fiber optic line(s). The Easement is 10’ in width across certain property owned by **CITY** (the “Property”), located in Kleberg, County, Texas, more particularly described in Exhibit A attached hereto and made part of this Easement Agreement (this “Agreement”).

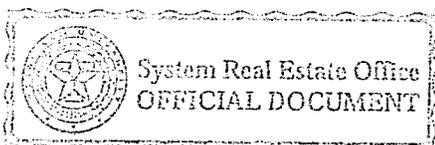
2. Purpose and Location of Easement. The Easement is granted for the purpose of maintaining, repairing and rebuilding an underground fiber optic line(s) (the “Line”). A plat of the Property showing the surface area affected by the Easement and the location of the Line and **CITY**’s right-of-way is depicted on Exhibit B attached hereto and made a part of this Agreement.

3. Right of Access. **A&M SYSTEM** has the right of ingress and egress across the Property for the purpose of maintaining, repairing, replacing, and rebuilding the Line. **A&M SYSTEM** agrees to occupy the surface of the Property only to the extent and for the length of time necessary for maintaining, repairing, replacing, and rebuilding the Line.

4. Duties. **A&M SYSTEM** will clearly mark the location of the line in a manner and to the extent required by law. The Line will be buried in conduit or encased piping not less than 52 inches below the surface. If **A&M SYSTEM** damages or destroys any fence, road, bridge, culvert, building, or other improvement, or any personal property, other than its own personal property, **A&M SYSTEM** must, within a reasonable period of time, repair, or replace the improvement or personal property to the extent that such improvement or personal property will, as nearly as practicable, be in like condition as before such damage or destruction. In lieu of requiring repair or replacement, **CITY** may, at its option, require that **A&M SYSTEM** pay money damages. **A&M SYSTEM** agrees to cooperate with **CITY**’s personnel in an onsite inspection to assess any damages resulting from **A&M SYSTEM**’s activities. **A&M SYSTEM** agrees to notify **CITY** five business days prior to commencement of any repairs or replacements.

5. No Fee Interest Granted. This is a grant of a nonexclusive easement only, and does not grant any fee interest to the surface, subsurface, or any interest in the minerals on or under the Property. The conveyance is made subject to any and all outstanding restrictions, reservations, covenants, conditions, leases, easements and other encumbrances filed of record or apparent on the ground. **CITY** expressly retains all rights to grant, control and renew all restrictions, reservations, covenants, conditions, leases, easements and other encumbrances, of every kind and character, on, over or under the Property.

6. Duration of Easement. The term of the Easement is perpetual.



7. Nonexclusive Easement. The Easement is nonexclusive. CITY reserves for CITY and CITY's successors and assigns the right to full use and enjoyment of the Property and the right to convey the Property or other rights or easements to others, so long as such use or conveyance does not unduly interfere with A&M SYSTEM's use.

8. Use of Property; Compliance. A&M SYSTEM will not commit or suffer to be committed waste upon the Property and will keep the Property, the improvements, and its equipment in good working order and repair and in a clean, safe, and healthful condition.

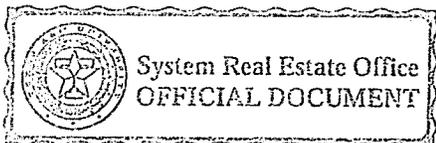
9. Hazardous Waste. A&M SYSTEM will not use the Property or permit the Property to be used so as to cause, suffer, or allow any contamination of soils, ground water, surface water, or natural resources on or adjacent to the Property resulting from, but not limited to, spills or leaks of oil, gasoline, hazardous materials, hazardous wastes, or other chemical compounds. A&M SYSTEM is solely responsible for cleanup of any contamination resulting from violation of this provision.

10. Notices. Any notice required or permitted under this Agreement must be in writing, and shall be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address set out below. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, email, or other commercially reasonable means and will be effective when actually received. A&M SYSTEM and CITY may change their respective notice address by sending to the other party a notice of the new address. Notices should be addressed as follows:

**A&M SYSTEM:** The Texas A&M University System  
Office of General Counsel  
Attn: System Real Estate Office  
301 Tarrow, 6<sup>th</sup> Floor  
College Station, Texas 77840-7896  
Phone: (979) 458-6350  
Fax: (979) 458-6359  
Email: sre@tamus.edu

**CITY:** City of Kingsville  
Attn: City Attorney  
P.O. Box 1458  
Kingsville, Texas 78364  
Phone: (361) 595-8016

11. Waiver. The failure of CITY or A&M SYSTEM to insist in any one or more instances on a strict performance of any of the covenants of this Agreement shall not be construed as a waiver or relinquishment of such covenants in future instances, but the same shall continue and remain in full force and effect.



12. Privileges and Immunities. CITY acknowledges that A&M SYSTEM is an agency of the State of Texas and nothing in this Agreement will be construed as a waiver or relinquishment by A&M SYSTEM of its right to claim exemptions, privileges, and immunities as may be provided by law.

13. Governing Law and Venue. The validity of this Agreement and all matters pertaining to this Agreement, including but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the Constitution and the laws of the State of Texas. Pursuant to Section 85.18, *Texas Education Code*, venue for any suit filed against A&M SYSTEM shall be in the county in which the primary office of the chief executive officer of A&M SYSTEM is located.

14. Grammatical Interpretation. When the singular number is used, it also includes the plural, and the masculine gender includes the feminine and neuter gender.

15. Headings. Headings are for reference and will not be construed to limit or alter the meaning of the provisions of this Agreement.

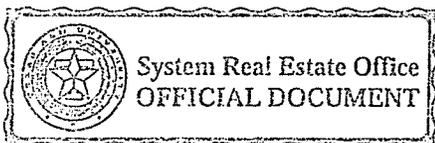
16. Saving Clause. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions will remain in full force and effect and will not be affected, impaired or invalidated.

17. Assignment. A&M SYSTEM may assign this Agreement to any member of The Texas A&M University System or any agency of the State of Texas, but agrees it will not assign this Agreement to any private parties (persons or corporations) without the prior written consent of CITY, which consent shall not be unreasonably withheld or delayed.

18. Successors and Assigns. This Agreement and each and all of its covenants, obligations, and conditions shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and permitted assigns of the parties.

19. Entire Agreement. This Agreement constitutes the complete agreement of the parties and supersedes any prior understanding or agreement, written or oral, between them regarding the issues covered by this Agreement. This Agreement may not be modified orally or in any manner other than by agreement in writing signed by the parties hereto or their permitted successors or assigns.

20. Effective Date. This Agreement is deemed to be in force as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_, (the "Effective Date"), regardless of the date actually signed.



CITY OF KINGSVILLE, a Texas municipal corporation

By: \_\_\_\_\_  
**SAM FUGATE**  
Mayor

By: \_\_\_\_\_  
**COURTNEY ALVAREZ**  
City Attorney

By: \_\_\_\_\_  
**MARY VALENZUELA**  
City Secretary

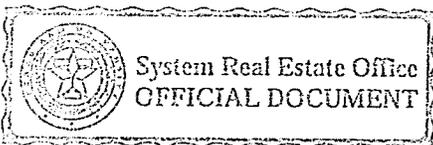
**ACKNOWLEDGEMENTS**

STATE OF TEXAS       §  
                                  §  
COUNTY OF KLEBERG §

This instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 201\_\_ by **SAM FUGATE**, Mayor of the City of Kingsville, a Texas municipal corporation on behalf of said municipal corporation.

\_\_\_\_\_  
Notary Public

[SIGNATURES CONTINUE ON NEXT PAGE]



STATE OF TEXAS       §  
                                  §  
COUNTY OF KLEBERG §

This instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 201\_\_ by **COURTNEY ALVAREZ**, City Attorney of the City of Kingsville, a Texas municipal corporation on behalf of said municipal corporation.

\_\_\_\_\_  
Notary Public

STATE OF TEXAS       §  
                                  §  
COUNTY OF KLEBERG §

This instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 201\_\_ by **MARY VALENZUELA**, City Secretary of the City of Kingsville, a Texas municipal corporation on behalf of said municipal corporation.

\_\_\_\_\_  
Notary Public

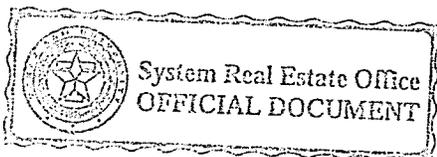


EXHIBIT "A"

AVO: 32321.002  
County: Kleberg

Page 1 of 3  
10/18/2017

0.014 ACRE UTILITY EASEMENT

BEING A 0.014 ACRE (600 SQ. FT.) TRACT SITUATED IN THE JUAN MINDIOLA SURVEY, ABSTRACT NUMBER 192, KLEBERG COUNTY, TEXAS AND BEING A PORTION OF ARMSTRONG AVE., A 60-FOET WIDE RIGHT-OF-WAY, ACCORDING TO FLATO ADDITION TO THE TOWN OF KINGSVILLE NUECES COUNTY, TEXAS, A LEGAL SUBDIVISION ACCORDING TO THE PLAT OF RECORD IN VOLUME 2, PAGE 58 OF THE MAP RECORDS OF NUECES COUNTY, TEXAS (M.R.N.C.T.), AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING** at a 1/2-inch iron rod found at the intersection of the east right-of-way line of said Armstrong Ave. with the north right-of-way line of A Avenue, a 60-foot wide right-of-way, according to said Flato Addition, for the southwest corner of Lot 13, said Flato Addition, and from which a 1/2-inch iron rod found at the intersection of said east right-of-way line of Armstrong Ave. with the north right-of-way line of B Avenue, a 60-foot wide right-of-way, according to said Flato Addition, for the southwest corner of Lot 10, Flato Addition bears N01°01'49"W a distance of 300.00 feet;

**THENCE** with said west right-of-way line of A Ave., same being said east right-of-way line of Armstrong Ave., S01°01'49"E a distance of 60.00 feet to the intersection of said east right-of-way line of Armstrong Ave. with the south right-of-way line of said A Avenue, for the northwest corner of Lot 6, Woodlawn Place, a legal subdivision according to the plat of record in Volume 2, Page 91 of the Map Records of Kleberg County, Texas (M.R.K.C.T.);

**THENCE** with said east right-of-way line of Armstrong Ave., same being the west line of Lot 6, a distance of 18.51 feet to the **POINT OF BEGINNING** of the tract described herein;

**CONTINUING** with said east right-of-way line Armstrong Ave. and said west line of Lot 6, S01°01'49"E a distance of 10.00 feet;

**THENCE** leaving said east right-of-way line of Armstrong Ave. and said west line of Lot 6, crossing said Armstrong Ave., S88°58'11"W a distance of 60.00 feet to a point in the west right-of-way line of said Armstrong Ave., same being the east line of Lot 16, Block 8, Kleberg Town & Improvement Co., a legal subdivision according to the plat of record in Vol. 1, Page 34, M.R.N.C.T.;

**THENCE** with said west right-of-way line of Armstrong Ave. and said east line of Lot 16, Block 8, N01°01'49"W a distance of 10.00 feet;

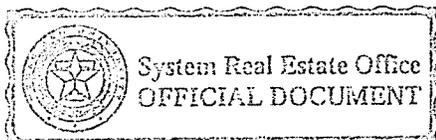


EXHIBIT "A"

AVO: 32321.002  
County: Kleberg

Page 2 of 3  
10/18/2017

0.014 ACRE UTILITY EASEMENT

**THENCE** leaving said west right-of-way line of Armstrong Ave. and said east line of Lot 16, Block 8, crossing said Armstrong Ave., N88°58'11"E a distance of 60.00 feet to said **POINT OF BEGINNING** and containing 0.014 acre (600 square feet).

This survey was prepared without the benefit of a title commitment or report. The surveyor has not abstracted the subject property, nor made any independent investigation or search for easements of record, restrictive covenants or any other encumbrances.

Basis of bearings is the Texas Coordinate System of 1983, South Zone 4205 (NAD83/2011). All distances shown hereon are surface and may be converted to grid by using the surface adjustment factor of 1.00004.

Units: U.S. Survey Feet.

I, Dan H. Clark, Registered Professional Land Surveyor, hereby certify that this legal description and the accompanying parcel plat of even date represents an actual survey made on the ground under my supervision.



10/18/2017  
Date

Dan H. Clark, R.P.L.S.  
Registered Professional Land Surveyor  
Texas Registration No. 6011  
Halff Associates, Inc.,  
TBPLS Firm No. 10029607  
9500 Amberglen Blvd., Bldg. F, Ste. 125, Austin, Texas 78729, 512-777-4600

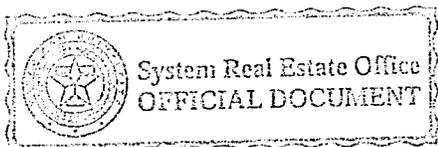


EXHIBIT "B"

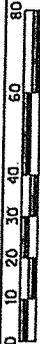
MCA  
GSP2000-1522

HALFF MON, PRINTABLE TBL  
PDF 2D MON FW W/L 603 21

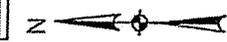
Sheet  
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HALFF

10/18/2017 2:55:58 PM an1800

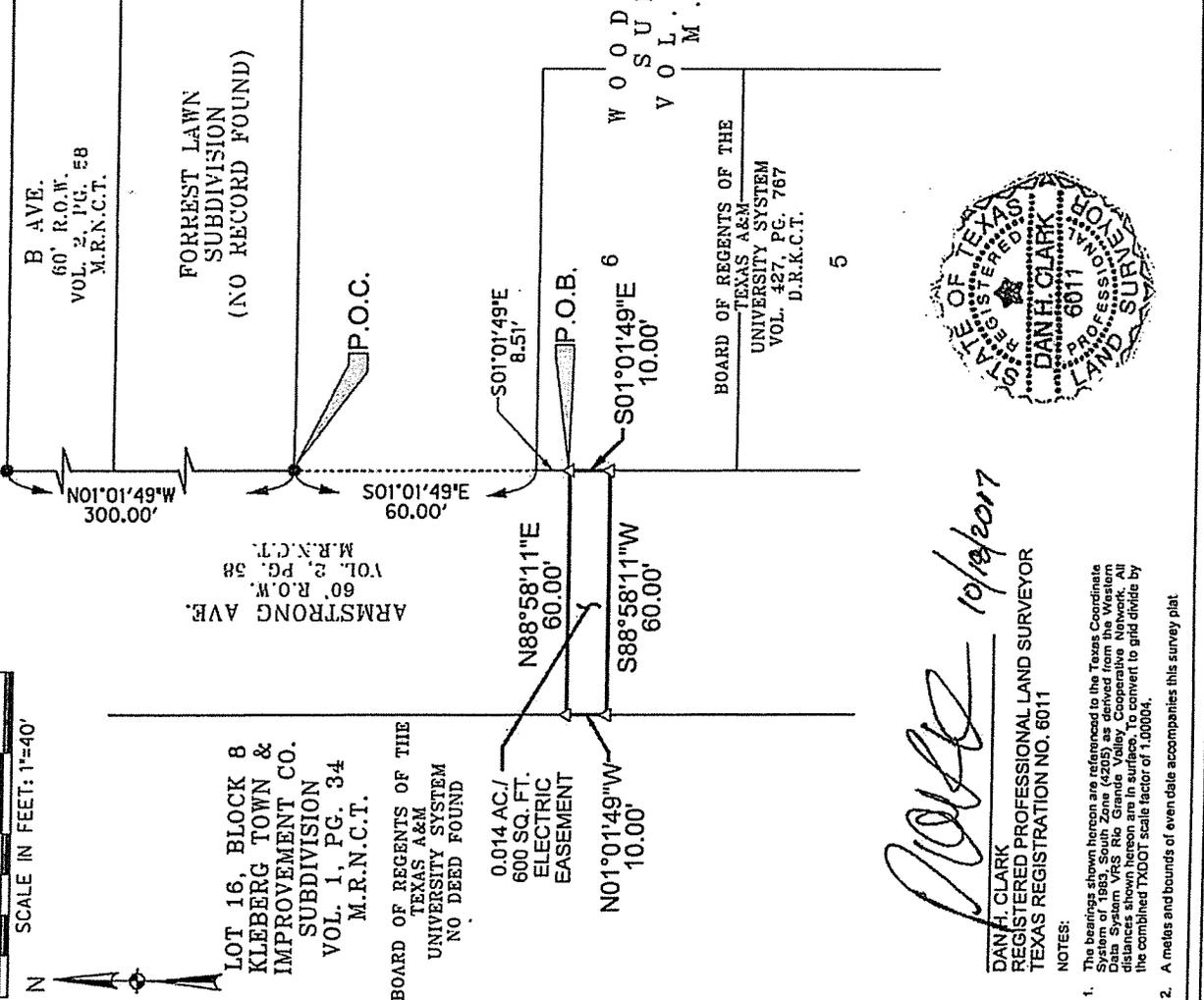


SCALE IN FEET: 1"=40'



**LEGEND**

- △ - CALCULATED POINT
- - FOUND 1/2" IRON ROD (OR AS NOTED)
- M.R.K.C.T. - MAP RECORDS, KLEBERG COUNTY, TEXAS
- M.R.N.C.T. - MAP RECORDS, NUECES COUNTY, TEXAS
- D.R.K.C.T. - DEED RECORDS, KLEBERG COUNTY, TEXAS
- SQ. FT. - SQUARE FEET
- R.O.W. - RIGHT OF WAY
- P.O.C. - POINT OF COMMENCEMENT
- P.O.B. - POINT OF BEGINNING



LOT 16, BLOCK 8  
KLEBERG TOWN &  
IMPROVEMENT CO.  
SUBDIVISION  
VOL. 1, PG. 34  
M.R.N.C.T.

BOARD OF REGENTS OF THE  
TEXAS A&M  
UNIVERSITY SYSTEM  
NO DEED FOUND

FORREST LAWN  
SUBDIVISION  
(NO RECORD FOUND)

A AVE.  
60' R.O.W.  
VOL. 2, PG. 58  
M.R.N.C.T.

0.014 AC /  
600 SQ. FT.  
ELECTRIC  
EASEMENT

N01°01'49"W  
10.00'

N88°58'11"E  
60.00'

S88°58'11"W  
60.00'

S01°01'49"E  
8.51'

S01°01'49"E  
10.00'

BOARD OF REGENTS OF THE  
TEXAS A&M  
UNIVERSITY SYSTEM  
VOL. 427, PG. 767  
D.R.K.C.T.

WOODLAWN PLACE  
SUBDIVISION  
VOL. 2, PG. 91  
M.R.K.C.T.

1

2

3

5

PLAN MINDOLA SURVEY  
ABSTRACT NO. 192

DAN H. CLARK  
REGISTERED PROFESSIONAL LAND SURVEYOR  
TEXAS REGISTRATION NO. 6011

*Dan H. Clark* 10/18/2017

NOTES:

1. The bearings shown hereon are referenced to the Texas Coordinate System of 1983, South Zone (4205), as derived from the Western System NRS Rio Grande Valley, Cooperative Network. All distances shown are in inches, to convert to grid divide by the combined TxDOT scale factor of 1.00004.
2. A metes and bounds of even date accompanies this survey plat.

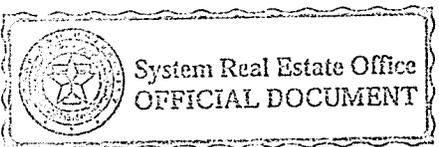
ELECTRIC EASEMENT  
0.014 AC / 600 SQ. FT.  
OUT OF

ARMSTRONG AVE.  
CITY OF KINGSVILLE  
KLEBERG COUNTY, TEXAS

DATE: 10/18/2017 AVO: 032321.002



5500 AMBERGLEN BLVD., BLDG. F, STE 125  
HOUSTON, TX 77055 (531) 777-4600  
REG. SURV. NO. 1028867 PAGE 3 OF 3



# **AGENDA ITEM #10**

**City of Kingsville**  
**Human Resources Department**

---

**TO:** Mayor and City Commissioners  
**CC:** Jesus A. Garza, City Manager  
**FROM:** David Solis, Risk Manager (HR Department)  
**DATE:** April 30, 2018  
**SUBJECT:** All-Risk Property Insurance Coverage Service Agreement

---

**Summary:** This item recommends approval of the City's All-Risk Property Insurance Coverage Service Agreement between The City of Kingsville and Acrisure d/b/a Carlisle Insurance for the period of May 1, 2018 through September 30, 2019. The agreement does have three additional one-year renewal options.

**Background:** On April 23, 2018 the Commission awarded the All-Risk Property Insurance renewal proposal submitted by Acrisure d/b/a Carlisle Insurance from May 1, 2018 thru April 30, 2019.

This is an annually budgeted item replacing the City's expiring All-Risk Property Insurance Program.

**Financial Impact:** This Award allows the potential of a multi-year relationship with one insurance agency which will allow the agency to search the global property insurance markets to seek the most competitive property insurance quotes possible as the property insurance markets have hardened significantly due to the 2017 hurricane season.

**Recommendation:** Staff is recommending the approval of the Service Agreement.



RESOLUTION #2018-\_\_\_\_\_

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A SERVICES AGREEMENT FOR ALL RISK PROPERTY INSURANCE COVERAGE BETWEEN CITY OF KINGSVILLE AND ACRISURE D/B/A CARLISLE INSURANCE; REPEALING ALL CONFLICTING RESOLUTIONS AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of Kingsville desires to have all risk property insurance coverage and advertised for requests for proposal (RFP) for this service;

**WHEREAS**, on April 23, 2018 the City Commission awarded RFP #18-11 for all risk property insurance coverage to the sole bidder, Carlisle Insurance;

**WHEREAS**, the accepted proposal is for a one-year term with the option to extend for up to three additional one-year terms, so the parties have worked to prepare a service agreement for this potential multi-year service.

**BE IT RESOLVED** by the City Commission of the City of Kingsville, Texas:

I.

**THAT** the City Manager is authorized and directed as an act of the City of Kingsville, Texas to enter into a Service Agreement for All Risk Property Insurance Coverage between the City of Kingsville and Acrisure d/b/a Carlisle Insurance in accordance with Exhibit A hereto attached and made a part hereof.

II.

**THAT** all resolutions or parts of resolutions in conflict with this resolution are repealed to the extent of such conflict only.

III.

**THAT** this Resolution shall be and become effective on and after adoption.

**PASSED AND APPROVED** by a majority vote of the City Commission on the \_\_\_\_\_ 14th day of May, 2018.

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

SERVICE AGREEMENT  
All Risk Property Insurance Coverage

THIS All Risk Property Insurance Coverage Agreement (this "Agreement") is entered into by and between Acrisure (dba) Carlisle Insurance, (the "Contractor") and the City of Kingsville, a Texas home-rule municipal corporation (the "City"), by and through its duly authorized City Manager or designee ("City Manager"), effective for all purposes upon execution by the City Manager,

WHEREAS Contractor has proposed to provide ALL RISK PROPERTY INSURANCE COVERAGE in response to RFP No. 18-11 which is incorporated and attached as Attachment A;

WHEREAS the City has determined Contractor to be the lowest responsible proposer;

NOW, THEREFORE, Contractor and City enter into this Agreement and agree as follows:

1. Services. Contractor will provide ALL RISK PROPERTY INSURANCE COVERAGE in accordance with RFP No. 18-11.

2. Term. This Agreement is for one (1) year commencing on May 1, 2018 and continuing for one year thereafter. The term includes an option to extend for up to three additional one-year periods subject to the approval of the Contractor and the City Manager.

3. Contract Administrator. The Contract Administrator designated by the City is responsible for approval of all phases of performance and operations under this Agreement including deductions for non-performance and authorizations for payment. All of the Contractor's notices or communications regarding this Agreement must be directed to the Contract Administrator, who is the Risk Manager.

4. Independent Contractor. Contractor will perform the services hereunder as an independent contractor and will furnish such services in its own manner and method, and under no circumstances or conditions may any agent, servant or employee of the Contractor be considered an employee of the City.

5. Insurance. Before activities can begin under this Agreement, the Contractor's insurance company(ies) must deliver a Certificate of Insurance, as proof of the required insurance coverages and the performance bond to the Contract Administrator. Additionally, the Certificate must state that the Risk Manager will be given at least thirty (30) days' notice, by certified mail, of cancellation, material change in the coverages or intent not to renew any of the policies. The City must be named as an Additional Insured. The City Attorney must be given copies of all insurance policies within 15 days of the City Manager's written request.

6. Assignment. No assignment of this Agreement or any right or interest therein by the Contractor is effective unless the City first gives its written consent to such assignment. The performance of this Agreement by the Contractor is of the essence of this Agreement and the City's right to withhold consent to such assignment is within the sole discretion of the City on any ground whatsoever.

7. Fiscal Year. All parties recognize that the continuation of any contract after the close of any fiscal year of the City (the City's fiscal year ends on September 30<sup>th</sup> is subject to appropriations and budget approval providing for covering such contract item as an expenditure in said budget. The City does not represent that said budget item will be actually adopted as that determination is within the sole discretion of the City Commission at the time of adoption of each budget.

8. Waiver. No waiver of any breach of any term or condition of this Agreement, or RFP No. 18-11, or the Contractor's proposal in response to RFP No. 18-11 waives any subsequent breach of the same.

9. Compliance with Laws. This Agreement is subject to all applicable federal, state and local laws. All duties of the parties will be performed in the City of Kingsville, Texas. The applicable law for any legal disputes arising out of this Agreement is the law of Texas and such form and venue for such disputes is the appropriate district, county or justice court in and for Kleberg County, Texas.

10. Subcontractors. The Contractor may use subcontractors in connection with the work performed under this Agreement. When using subcontractors, however, the Contractor must obtain prior written approval from the Risk Manager. In using subcontractors, the Contractor is responsible for all their acts and omissions to the same extent as if the subcontractor and its employees were employees of the Contractor. All requirements set forth as part of this Agreement are applicable to all subcontractors and their employees to the same extent as if the Contractor and its employees had performed the services.

11. Amendments. This Agreement may be amended only by written Agreement duly authorized by the parties hereto and signed by the parties.

12. Termination. The City Manager may terminate this Agreement for Contractor's failure to perform the services specified in RFP No. 18-11. Failure to keep all insurance policies in force for the entire term of this Agreement is grounds for termination. The Contract Administrator must give the Contractor written notice of the breach and set out a reasonable opportunity to cure. If the Contractor has not cured within the cure period, the City Manager may terminate this Agreement immediately thereafter.

Alternatively, the City may terminate this Agreement upon twenty (20) days' written notice to the Contractor. However, the City may terminate this Agreement on twenty-four (24) hours' written notice to the Contractor for failure to pay or provide proof of payment of taxes as set out herein.

13. Taxes. The Contractor covenants to pay payroll taxes, Medicare taxes, FICA taxes, unemployment taxes and all other related taxes according to Circular E Employer's Tax Guide, Publication 15, as it may be amended. Upon his request, the City Manager shall be provided proof of payment of these taxes within fifteen (15) days of such request. The Contractor may terminate this Agreement upon ninety (90) days' written notice to the City.

14. Notice. Notice may be given by fax, hand delivery or certified mail, postage prepaid, and is received on the day faxed or hand-delivered and on the third day after deposit in the U.S. mail if sent certified mail. Notice shall be sent as follows:

IF TO CITY:

City of Kingsville  
Attn: Risk Manager  
P.O. Box 1458  
Kingsville, TX 78364

IF TO CONTRACTOR:

Acrisure (dba) Carlisle Insurance Agency  
Attn: William Parker, Executive Vice-President Southern Region  
500 North Water Street, Suite 900  
Corpus Christi, TX 78401

15. Month-to-Month Extension. If the City has not completed the procurement process and awarded a new Agreement upon expiration of the original contract period or any extension period, the Contractor shall continue to provide goods/services under this Agreement, at the most current price under the terms of this Agreement or extension, on a month-to-month basis, not to exceed six months. This Agreement automatically expires on the effective date of a new contract.

16. Severability. Each provision of the Agreement shall be considered to be severable and, if, for any reason, any such provision or any part thereof, is determined to be invalid and contrary to any existing or future applicable law, such invalidity shall not impair the operation of or affect those portions of this Agreement that are valid, but this Agreement shall be construed and enforced in all respects as if the invalid or unenforceable provision or part thereof had been omitted.

17. No Boycott. The Contractor certifies that it does not now, nor will it during the term of this agreement, boycott Israel.

18. INDEMNIFICATION. CONTRACTOR SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE CITY OF KINGSVILLE AND ITS OFFICERS, ELECTED OFFICIALS, EMPLOYEES, AND AGENTS ("INDEMNITEES") FROM AND AGAINST ANY AND ALL LIABILITY, LOSS, CLAIMS, DEMANDS, SUITS AND CAUSES OF ACTION OF ANY NATURE ON ACCOUNT OF DEATH, PERSONAL INJURIES, PROPERTY LOSS OR DAMAGE OR ANY OTHER KIND OF DAMAGE, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS,

ATTORNEYS' FEES AND EXPERT WITNESS FEES WHICH ARISE OR ARE CLAIMED TO ARISE OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE PERFORMANCE OF THIS AGREEMENT, REGARDLESS OF WHETHER THE INJURIES, DEATH OR DAMAGES ARE CAUSED OR ARE CLAIMED TO BE CAUSED BY THE CONCURRENT OR CONTRIBUTING NEGLIGENCE OF INDEMNITEES, BUT NOT BY THE SOLE NEGLIGENCE OF INDEMNITEES UNMIXED WITH THE FAULT OF ANY OTHER PERSON OR GROUP. CONTRACTOR MUST, AT ITS OWN EXPENSE, INVESTIGATE ALL CLAIMS AND DEMANDS, ATTEND TO THEIR SETTLEMENT OR OTHER DISPOSITION, DEFEND ALL ACTIONS BASED THEREON WITH COUNSEL REASONABLY SATISFACTORY TO INDEMNITEES AND PAY ALL CHARGES OF ATTORNEYS AND ALL OTHER COSTS AND EXPENSES OF ANY KIND ARISING FROM ANY OF SAID LIABILITY, DAMAGE, LOSS, CLAIMS, DEMANDS OR ACTIONS. THE INDEMNIFICATION OBLIGATIONS OF CONTRACTOR UNDER THIS SECTION SHALL SURVIVE THE EXPIRATION OR SOONER TERMINATION OF THIS AGREEMENT.

SIGNED this \_\_\_ day of May, 2018.

Contractor: Acrisure (dba) Carlisle Insurance

\_\_\_\_\_  
William Parker, Executive Vice-President, Southern Region

SIGNED this \_\_\_ day of May, 2018.

CITY OF KINGSVILLE, TX ("CITY")

\_\_\_\_\_  
Jesús A. Garza, City Manager

Incorporated by Reference:  
Attachment A: RFP No. 18-11  
Attachment B: Proposer's Proposal

# **AGENDA ITEM #11**

**City of Kingsville  
Finance Department**

---

TO: Mayor and City Commissioners  
CC: Jesus A. Garza, City Manager  
FROM: Charlie Sosa Purchasing Manager  
DATE: April 17, 2018  
SUBJECT: Purchase of New Schwarze M6TE Avalanche Mechanical Street Sweeper

---

**Summary:**

This item authorizes the purchase of a New Schwarze M6TE Avalanche Mechanical Street Sweeper from Heil of Texas through HGAC Buy Purchasing Cooperative for the Street Department.

**Background:**

The existing city street sweepers are in dire need of repair/replacement. The New Schwarze M6TE Avalanche Mechanical Street Sweeper with a 5-year warranty on the chassis and mechanical sweeper will replace the existing street sweeper which just this year alone have anticipated over \$4,000.00 in repairs. The existing street sweepers have met the lifespan of the equipment.

**Financial Impact:**

Funds are available through 001-5-3050-64200 Capital Lease, Year One of which \$54,147.21 are available this fiscal year. The amount of the Sweeper will be \$248,005.00.

**Recommendation:**

It is recommended the City Purchase the Schwarze M6TE Avalanche Mechanical Street Sweeper with Heil of Texas through HGAC Buy. HGAC Buy is a member of the Purchasing Cooperative which meets Local government code 271 Subchapter F allows for the use of a cooperative purchasing program, specifically 271.102 (c), states, "A local government that purchases good and service under this subchapter satisfies any state law requiring the local government to seek competitive bids for the purchase of goods and service." Therefore, competitive bidding statutes have been met.





**CONTRACT PRICING WORKSHEET**  
For MOTOR VEHICLES Only

Contract No.:

SW04-16

Date Prepared:

4/17/2018

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

Buying Agency:	City of Kingsville, Texas	Contractor:	Heil of Texas
Contact Person:	Mr. Sosa	Prepared By:	Terry Parsons
Phone:	361-595-8025	Phone:	832-948-8402
Fax:	361-595-8042	Fax:	713-923-5522
Email:	csosa@cityofkingsville.com	Email:	terryparsons@heiloftexas.com

Product Code:	<b>BF06</b>	Description:	<b>Schwarze M6TE Avalanche Mechanical Street Sweeper.</b>
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**A. Product Item Base Unit Price Per Contractor's H-GAC Contract:** 175,355

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

Description	Cost	Description	Cost
Tube Type Main Broom	0	Rear Mounted LED Strobe with Limb Guard	0
In-Cab Pneumatic Main Broom Downpressure Controls	0	Rear Mounted LED Traffic Guide Arrowboard	1390
In-Cab Main Broom Variable Speed Controls	0	In-Cab Electrical and Hydraulic Diagnostic System	0
Dual 49" Diameter Gutter Brooms	0	Schwarze Six Sense Controls with Single Button Operation	0
In-Cab Dual Hydraulic Gutter Broom Tilt Controls	1725	Standard White Dupon Imron 5000 White Paint	0
In-Cab Dual Gutter Broom Extension Override Controls	0	Freightliner M2 Chassis with Dual Steering & Gauges	84520
In-Cab Gutter Broom Pneumatic Downpressure Controls	0	Air Ride Seats	0
In-Cab Gutter Broom Variable Speed Controls	0	Heated Remote Control West Coast Mirrors	0
Belt Type Cleated Conveyor Belt	0	Bendix AD9 Heated Air Dryer	0
In-Cab Conveyor Variable Speed Controls	0	Air Conditioning and AM/FM Radio	0
Single LCD Rear Vision Camera System - Cab Mounted	0	<b>Subtotal From Additional Sheet(s):</b>	
5.0 Cubic Yard High Dump Debris Hopper	0	<b>Subtotal B:</b>	87635

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

Description	Cost	Description	Cost
Remote Grease Points for Conveyor & Main Broom	775	Allison Transmission 5 Year/Unlimited Warranty	625
12" Parabolic Fender Mounted Mirrors	380	<b>Subtotal From Additional Sheet(s):</b>	
5 Year/ 100K Miles Chassis Engine & Emission Warranty	1235	<b>Subtotal C:</b>	3015

**Check:** Total cost of Unpublished Options (C) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B). **For this transaction the percentage is:** 1%

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

Quantity Ordered:	1	X Subtotal of A + B + C:	266005	=	<b>Subtotal D:</b>	266005
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**E. H-GAC Order Processing Charge (Amount Per Current Policy)** **Subtotal E:**

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

Description	Cost	Description	Cost
Freight	3000		
Discount	-21,000		
		<b>Subtotal F:</b>	-18000

**Delivery Date:** 30 to 60 ARO **G. Total Purchase Price (D+E+F):** 248005

1055 Jordan Road  
Huntsville, AL 35811



800.879.7933  
www.schwarze.com

The People You Know. The Products You Trust.

September 30, 2016

Schwarze Dealer Network,

As part of our Trusted Warranty Program, Schwarze has re-launched the 5 Year Hydraulic Component Limited Warranty with some exciting changes. In order to include more hydraulic components with an extended warranty, the warranties have been split into two length categories. The first category will add a 2 year segment that includes valves and motors. The 5 year segment will include hydraulic pumps and hydraulic fittings. In order for a customer to receive the benefits of this warranty they must use OEM filters, and have an annual warranty inspection conducted by an Authorized Schwarze dealer.

Effective October 3 2016, we will be re-issuing the new 5 Year and 2 year Hydraulic Component Limited Warranty Statement with the delivery paperwork sent by the factory. This document details the coverage, and maintenance requirements required to receive the benefits of the Limited Warranty. Please pass this document on to the end user at the time of delivery. A copy of the warranty statement is included below.

On November 3, 2016, we will also have copies of the 5 and 2 year Hydraulic Component Limited Warranty inspection sheets posted to our dealer website. These sheets must be used as a guide to complete the annual inspection of the customer's sweeper, at the customer's expense. Please send the completed forms to [warranty@schwarze.com](mailto:warranty@schwarze.com) within 30 days of the annual warranty start date anniversary on year 2, 3, and 4 of service. Failure to perform the annual inspections will result in forfeiture of the limited warranty, and coverage will revert to the Schwarze Sweeper 12 Month Limited Warranty.

For more information on the 5 Year and 2 year Hydraulic Component Limited Warranty, please contact a Schwarze Warranty Representative, or your Regional Sales Manager.

Warm regards,

A handwritten signature in black ink that reads "Greg Heyer". The signature is written in a cursive, flowing style.

Greg Heyer  
Vice President of Sales, Marketing & Customer Service  
Schwarze Industries  
678-899-3456  
[ghey@schwarze.com](mailto:ghey@schwarze.com)

## SCHWARZE 5 YEAR AND 2 YEAR HYDRAULIC COMPONENT LIMITED WARRANTY

Schwarze Industries, Inc. ("seller") provides warranty coverage to the original purchaser on Hydraulic Components (as defined below) for all new equipment sold and operated in the United States of America and Canada, manufactured by seller, and purchased from an authorized Schwarze dealer. The Hydraulic Components are warranted to be free from defects in materials and/or workmanship, under normal operating conditions, and when used in a proper application, for a period of 5 or 2 years, depending on the component, from the date of retail sale to the original purchaser, or 6000 hrs of operation, whichever occurs first, provided all recommended maintenance is performed as scheduled.

Seller's sole obligation with respect to this Schwarze 5 and 2 Year Hydraulic Component Limited Warranty (the "Limited Warranty") shall be to replace or repair, at seller's sole option, any part, parts or workmanship which proves to be defective during the warranty period.

This Limited Warranty shall not apply unless purchaser uses OEM approved filters and has annual warranty inspections performed by an authorized Schwarze dealer. Failure to perform the annual inspections will result in forfeiture of the Limited Warranty and coverage will revert to the Schwarze Sweeper 12 Month Limited Warranty. Proof of purchase will be required to substantiate all warranty claims. All warranty work must be performed by an authorized Schwarze dealer. Any work done on or to the equipment by anyone other than an authorized Schwarze dealer, including the original purchaser, voids all provisions of this Limited Warranty except those provisions which limit seller's liability.

The Hydraulic components covered for the 5 year period are hydraulic pumps and fittings. The Hydraulic components covered for 2 years are hydraulic motors and valves. This Limited Warranty does not cover cylinders, hoses, filters, seals, reservoirs, or anything else other than the Hydraulic Components listed above.

Warranty repairs and annual inspections shall be performed at the seller's home office (1055 Jordan Rd, NE Huntsville, AL. 35811) or, at the seller's sole option, at the Schwarze authorized dealer nearest to the purchaser's location. The cost of delivering the equipment for repairs and inspections shall be the responsibility of the original purchaser.

### WARRANTY DISCLAIMER

Except for the warranties stated herein, THERE ARE NO OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. SELLER SHALL NOT UNDER ANY CIRCUMSTANCES BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL SUCH AS, BUT NOT LIMITED TO, DAMAGE OR LOSS OF OTHER PROPERTY OR EQUIPMENT, LOSS OF PROFITS OR REVENUE, COST OF CAPITAL, COST OF PURCHASE OR REPLACEMENT GOODS, OR CLAIMS OF CUSTOMERS OF PURCHASER FOR SERVICE INTERRUPTIONS

This warranty is not transferable, without prior written approval by seller.

SCHWARZE INDUSTRIES, INC.  
**M6 ANNUAL INSPECTION**

Dealer's Name \_\_\_\_\_  
 Dealer Contact: \_\_\_\_\_ Phone Number: \_\_\_\_\_  
 Customer's Name \_\_\_\_\_ Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone Number: \_\_\_\_\_  
 Model: \_\_\_\_\_ Job Number: \_\_\_\_\_ Sweeper Serial Number: \_\_\_\_\_  
 In Service Date: \_\_\_\_\_ Sweeper Hours: \_\_\_\_\_

CHECK (✓) ITEM ONLY IF FULLY FUNCTIONAL

GENERAL INSPECTION

- Elevator Chain 4" Between the Elevator Flights Chains in The Center Of The Elevator
- Conveyor Belt has the correct tension
- Elevator Flight Adjustment should have 1/16" Maximum Flight Clearance Between the Flights & the Floor Plate Top & Bottom
- Elevator Drape is Undamaged & in Place & Swings Freely
- Sprockets & Drive Chains Alignment & Tension Elevator 1/4" Sag, Rear broom 3/4" Sag
- Main Broom Alignment Centered in The Elevator with 3/16" - 1/4" Gap Between the Elevator Wear Plate & the Inside Edge of Broom Arm Wear Plate
- Drag Shoes are Not Damaged, Drag Shoe Tow Chains are Taunt
- Center Deflector is Undamaged & in Place set 30 Degrees Left of Center
- Instruments & Controls
- Brakes (Service & Parking)
- Lighting (Sweeper & Chassis)
- Lubricate Sweeper
- Sweep & Road Test
- Check for Fuel, Oil, Air & Exhaust Leaks
- Air Pressure Safety Relief

DUST SUPPRESSION SYSTEM

- Pump Is in Operation & System is Free Of Leaks
  - Front, Gutter & Rear Broom Spray Nozzles Operational & Debris Free
  - Water Filters Clean and in Place
  - Water Pump Set to 50psi relief pressure
  - Water Fill & Elevator Flusher Operational and Fill Hose in Place
- HYDRAULIC SYSTEM (Oil Cooler On, Oil Temp 100°F +)  
 Perform with PTO On or Aux. Engine @ 2300rpm
- PTO Ramps RPM to 950-1150
  - Standby Hydraulic Pressure 450-750 psi (400-550 psi on SE)
  - Main Hydraulic Relief (Gutter Broom Up) Pressure: 3200psi
  - Gutter Broom to be Set LH Pattern from 9:00 - 2:00 with 4" Max Width, RH Pattern from 10:00 - 3:00 with 4" Max Width
  - Gutter Broom Air Suspension: 25-30 psi
  - Gutter Broom Operating Speed: 105-110 rpm
  - Elevator Speed: 60 rpm for squeegee (150-240 for Belt)
  - Main Broom to be Check with Pattern Set at 4" - 6"
  - Main Broom Air Suspension 15-20 psi
  - Broom Speed: 115 - 125 rpm
  - Hydraulic Tank Fluid Level
  - OEM Hydraulic Filters
  - Hydraulic Oil Condition (Make notes in comments section)

ENGINES

- Air Cleaners and Connections
- Idle Speeds
- Alternator Belt
- Fan Belt
- Water Pump
- FanShroudClearance

FLUID LEVELS

- Chassis Engine Oil Level
- Chassis Engine Coolant Level
- Transmission Fluid Level
- Differential Oil Level
- Windshield Washer Fluid Level
- AuxiliaryEngineOilLevel(IfApplicable)

AXLES

- Wheel Studs and Nuts
  - Mounting Bolts
  - Steering Linkages
- Tire Pressures:
- Front: \_\_\_\_\_ psi
  - Rear: g \_\_\_\_\_ psi

Comments \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

I certify this unit has been inspected by a representative from the Schwarze Authorized Dealer Listed above:

Signed Name: \_\_\_\_\_ Printed Name: \_\_\_\_\_ Contact Number: \_\_\_\_\_

Please submit the Annual Inspection form to [warranty@schwarze.com](mailto:warranty@schwarze.com) within 30 days of the original start date of the Schwarze Warranty. An annual inspection is required to be completed by a Schwarze Authorized Dealer in order to qualify for the 5 Year Limited Hydraulic Warranty provided by Schwarze Industries, Inc. For more details, please refer to the 5 Year Limited Hydraulic Warranty Statement included with your Schwarze Product.

SCHWARZE INDUSTRIES, INC.  
**A SERIES ANNUAL  
 INSPECTION**

Dealer's Name \_\_\_\_\_  
 Dealer Contact: \_\_\_\_\_ Phone Number: \_\_\_\_\_  
 Customer's Name \_\_\_\_\_ Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone Number: \_\_\_\_\_  
 Model: \_\_\_\_\_ Job Number: \_\_\_\_\_ Sweeper Serial Number: \_\_\_\_\_  
 In Service Date: \_\_\_\_\_ Sweeper Hours: \_\_\_\_\_

CHECK (✓) ITEM ONLY IF FULLY FUNCTIONAL

GENERAL INSPECTION

- Pickup head straight and not damaged
- Head hoses do not leak
- Drag Shoes are Not Damaged, Drag Shoe Tow Chains are Taunt
- Center Deflector is Undamaged
- Instruments & Controls
- Brakes (Service & Parking)
- Lighting (Sweeper & Chassis)
- Lubricate Sweeper
- Sweep & Road Test
- Check for Fuel, Oil, Air & Exhaust Leaks
- Air Pressure Safety Relief
- Leaf bleeder
- Hopper and dump mechanism
- Fan within wear limits
- Fan belts within wear limits

DUST SUPPRESSION SYSTEM

- Pump Is in Operation & System is Free of Leaks
- Front, Gutter & Rear Broom Spray Nozzles Operational & Debris Free
- Water Filter Clean and in Place

GUTTER BROOMS

- Gutter Broom to be Set LH Pattern from 9:00 – 2:00 with 4" Max Width, RH Pattern from 10:00 – 3:00 with 4" Max Width
- Gutter Broom Air Suspension: 25-30 psi
- Gutter Broom Operating Speed: 105-110 rpm

HYDRAULIC SYSTEM

- Hydraulic Tank Fluid Level
- OEM Hydraulic Filters
- Hydraulic Oil Condition (Make notes in comments section)
- Hydraulic hoses

ENGINES

- Air Cleaners and Connections
- Idle Speeds
- Alternator Belt
- Fan Belt
- Water Pump
- Fan Shroud Clearance

FLUID LEVELS

- Chassis Engine Oil Level
- Chassis Engine Coolant Level
- Transmission Fluid Level
- Differential Oil Level
- Windshield Washer Fluid Level
- Auxiliary Engine Oil Level (If Applicable)

AXLES

- Wheel Studs and Nuts
- Mounting Bolts
- Steering Linkages
- Tire Pressures:
- Front: \_\_\_\_\_ psi
- Rear: \_\_\_\_\_ psi

Comments \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

I certify this unit has been inspected by a representative from the Schwarze Authorized Dealer Listed above:

Signed Name: \_\_\_\_\_ Printed Name: \_\_\_\_\_ Contact Number: \_\_\_\_\_

Please submit the Annual Inspection form to [warranty@schwarze.com](mailto:warranty@schwarze.com) within 30 days of the original start date of the Schwarze Warranty. An annual inspection is required to be completed by a Schwarze Authorized Dealer in order to qualify for the 5 Year Limited Hydraulic Warranty provided by Schwarze Industries, Inc. For more details, please refer to the 5 Year Limited Hydraulic Warranty Statement included with your Schwarze Product.

## Charlie Sosa

---

**From:** Bill Donnell  
**Sent:** Tuesday, April 17, 2018 8:46 AM  
**To:** Charlie Sosa  
**Subject:** FW: HGAC Quote - Kingsville M6TE - Revised 3-8-18.pdf



**William Donnell**  
**Director of Public Works**  
City of Kingsville  
P.O.Box 1458  
Kingsville, Texas 78364  
Office 361-595-8041  
Fax 361-595-8042

---

**From:** George Gutierrez [mailto:georgegutierrez@heiloftexas.com]  
**Sent:** Thursday, March 15, 2018 2:37 PM  
**To:** Bill Donnell <wdonnell@cityofkingsville.com>; Bill Donnell <wdonnell@cityofkingsville.com>  
**Cc:** Pete Pina <PPina@cityofkingsville.com>; Pete Pina <PPina@cityofkingsville.com>  
**Subject:** RE: HGAC Quote - Kingsville M6TE - Revised 3-8-18.pdf

No sir, did send you the pricing for the body warranty.

Body 10,305

Chassis

Per your request, below is the detail of the 5 year engine, engine emissions and transmission warranty for the Freightliner M2 chassis for the Schwarze M6TE Mechanical Street Sweeper.

Engine:  
5 Year/100,000 Miles  
\$735

Engine Emissions:  
5 Year/100,000  
\$500

Transmission:

Allison 2500 pricing is \$625.00 for 5 year/unlimited warranty.

George Gutierrez

Heil of Texas

210-216-3111 Cell

[georgegutierrez@heiloftexas.com](mailto:georgegutierrez@heiloftexas.com)

On Thu, Mar 15, 2018 at 1:28 PM -0400, "Bill Donnell" <[wdonnell@cityofkingsville.com](mailto:wdonnell@cityofkingsville.com)> wrote:

George,

Does this quote include a 5 year warranty on body and chassis?



**William Donnell**  
**Director of Public Works**  
City of Kingsville  
P.O.Box 1458  
Kingsville, Texas 78364  
Office 361-595-8041  
Fax 361-595-8042

**From:** George Gutierrez [<mailto:georgegutierrez@heiloftexas.com>]  
**Sent:** Wednesday, March 14, 2018 5:40 PM  
**To:** Pete Pina <[PPina@cityofkingsville.com](mailto:PPina@cityofkingsville.com)>; Bill Donnell <[wdonnell@cityofkingsville.com](mailto:wdonnell@cityofkingsville.com)>  
**Subject:** RE: HGAC Quote - Kingsville M6TE - Revised 3-8-18.pdf

Bill,

Please see the revised nomenclature change.

Thank you,  
George

---

**From:** George Gutierrez <[georgegutierrez@heiloftexas.com](mailto:georgegutierrez@heiloftexas.com)>

**Sent:** Friday, March 9, 2018 3:03 PM

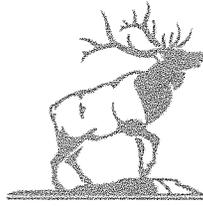
**To:** 'Pete Pina' <[PPina@cityofkingsville.com](mailto:PPina@cityofkingsville.com)>; 'Bill Donnell' <[wdonnell@cityofkingsville.com](mailto:wdonnell@cityofkingsville.com)>

**Subject:** HGAC Quote - Kingsville M6TE - Revised 3-8-18.pdf

Pete,

Per our conversation, please see the attached pricing revision.

Thank you,  
George



**GOVERNMENT CAPITAL**  
CORPORATION

April 17, 2018\* Revised

Mr. Charlie Sosa  
Kingsville City Hall  
(361) 595-8025  
csosa@cityofkingsville.com

Dear Mr. Sosa,

Thank you for the opportunity to present proposed financing for City of Kingsville. I am submitting for your review the following proposed structure:

ISSUER:	City of Kingsville, TX
FINANCING STRUCTURE:	Public Property Finance Contract issued under Local Government Code Section 271.005
EQUIPMENT COST:	\$ 248,005.00
TERM:	5 Annual Payments
INTEREST RATE:	3.228%
PAYMENT AMOUNT:	\$ 54,104.19
PAYMENTS BEGINNING:	January 2019 and annually thereafter

**Financing for these projects would be simple, fast and easy due to the fact that:**

- ✓ We have an existing relationship with you and have your financial statements on file, expediting the process. Please keep in mind we may also need current year statements.
- ✓ We can provide familiar documentation for your legal counsel.

The above payment amount includes all applicable fees expressed as 0.02. These costs can include documentation fees, legal fees, issuance expenses, etc. Government Capital is registered with Texas Ethics Commission to be HB 1295 compliant. The above proposal is subject to audit analysis, assumes bank qualification and mutually acceptable documentation. The terms outlined herein are subject to change and rates are valid for fourteen (14) days from the date of this proposal. If funding does not occur within this time period, rates will be indexed to markets at such time.

Our finance programs are flexible and my goal is customer delight. If you have any questions regarding other payment terms, frequencies or conditions, please do not hesitate to call.

With Best Regards,

*Stephanie Cates*

Stephanie Cates  
Client Services  
Main: 817-421-5400



*The transaction described herein is an arm's length, commercial transaction between you and Government Capital Corporation ("GCC"), in which GCC: (i) is acting solely for its own financial and other interests that may differ from yours; (ii) is not acting as your municipal advisor or financial advisor, and has no fiduciary duty to you with respect to this transaction; and (iii) is not recommending that you take an action with respect to this transaction.*

RESOLUTION #2018-\_\_\_\_\_

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A GOVERNMENTAL FINANCE CONTRACT (No.8199) BETWEEN GOVERNMENT CAPITAL CORPORATION AND THE CITY OF KINGSVILLE FOR A STREET SWEEPER; REPEALING ALL CONFLICTING RESOLUTIONS AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of Kingsville, Texas has need for a street sweeper and staff has located one through a purchasing cooperative program in compliance with Texas procurement law;

**WHEREAS**, on May 14, 2018 the City Commission of the City of Kingsville, Texas ("Lessee") authorized the purchase of a street sweeper to be paid for through a governmental finance contract, or capital lease, which staff has negotiated with Government Capital Corporation ("Lessor");

**WHEREAS**, the City of Kingsville, Texas ("Issuer") desires to enter into a certain Finance Contract No.8199, by and between the Issuer and Government Capital Corporation ("GCC") dated May 14, 2018 for the purpose of financing a "Street Sweeper";

**WHEREAS**, the City desires to designate this Finance Contract as a "qualified tax exempt obligation" of the City for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended;

**WHEREAS**, the City has carefully reviewed its financing requirements for the current calendar year and reasonably expects that it will not issue more than TEN MILLION DOLLARS (\$10,000,000) of tax-exempt obligations during the calendar year;

**WHEREAS**, the City expects and anticipate adequate funds to be available for all future lease/purchase payments after the current fiscal year for the following reasons: the City is fiscally stable, has not defaulted on any prior debt obligations, and desires to keep the road equipment to be acquired through this Finance Contract for its capital improvement projects and street maintenance.

**NOW THEREFORE, BE IT RESOLVED** by the City Commission of the City of Kingsville, Texas:

**THAT**, the City Manager is hereby authorized to enter in the Finance Contract No. 8199 with Government Capital Corporation for a period of 5 years, with annual payments not to exceed \$51,127.83.

**THAT**, an official of the City be, and hereby is, authorized, empowered and directed to sign on its behalf the Finance Contract No. 8199 and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Finance Contract and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

**THAT**, pursuant to Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, this Finance Contract be and hereby is designated as a "qualified tax-exempt obligation" includable within the TEN MILLION DOLLARS (\$10,000,000) of the aggregate issues designated as "qualified tax-exempt obligations" for the calendar year within which this Finance Contract is entered into.

**THAT**, the City shall not designate more than TEN MILLION DOLLARS (\$10,000,000) of tax-exempt obligations during the current calendar year as qualified tax-exempt obligations and the City, together with its subordinate entities, does not reasonably expect to issue more than TEN MILLION DOLLARS (\$10,000,000) of tax-exempt obligations during the current calendar year.

**THAT**, the equipment as described in Exhibit "A": of such agreement is essential to the function of the undersigned or to the service we provide to our citizens. Further, we have an immediate need for, and expect to make immediate use of, substantially all of the equipment, which need is not temporary or expected to diminish in the foreseeable future. The equipment will be used by us only for the purpose of performing one or more of our governmental or proprietary functions consistent with the permissible scope of our authority. Specifically, the equipment was selected by us to be used as follows: Street Sweeping.

**THAT** all resolutions or parts of resolutions in conflict with this resolution are repealed to the extent of such conflict only.

**THAT** this Resolution shall be and become effective on and after adoption.

**THAT** this resolution was considered, passed, and approved at a regular meeting of the City Commission of the City of Kingsville, Texas at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code.

**PASSED AND APPROVED** by a majority vote of the City Commission on the 14th day of May, 2018.

---

Sam R. Fugate, Mayor

**ATTEST:**

---

Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

---

Courtney Alvarez, City Attorney

## PUBLIC PROPERTY FINANCE ACT CONTRACT

THIS Public Property Finance Act Contract No.8199 (hereafter referred to as the "Finance Contract") is dated as of **May 14, 2018**, by and between **Government Capital Corporation**, a Texas corporation (herein referred to as "GCC"), and the **City of Kingsville**, a political sub-division or agency of the State of Texas (hereinafter referred to as the "Issuer").

WITNESSETH: In furtherance of the providing by GCC of financing to the Issuer in connection with the Issuer's acquisition from Heil of Texas that is more fully described on EXHIBIT A attached hereto (the "Property"), and in consideration of the mutual covenants and conditions hereinafter set forth, pursuant to the provisions of the Public Property Finance Act, Chapter 271, Subchapter A, Texas Local Government Code, as amended (the "Act"), the parties agree as follows:

**1. Term and Payments.** The Issuer hereby covenants and agrees to pay to the order of GCC and GCC's successors and assigns those principal and interest installment amounts in those sums set forth on EXHIBIT B attached hereto (the "Payments") on or before those dates per installment that are more fully set forth on EXHIBIT B (the "Payment Dates"). It is acknowledged and understood that GCC may assign its rights hereunder to a third party and that notice of said assignment shall be provided to the Issuer and that the Issuer, thereafter, shall look to and consider said assignee as the party to whom all of the Issuer's duties hereunder are owed. The obligation of the Issuer to make the Payments shall not be subject to set-off, counterclaim, or recoupment to the extent permitted by law. The interest is calculated on the basis of a 30/360-day year on the unpaid principal amounts from the Schedule Date of the EXHIBIT B.

**2. Security, Levy of Taxes, Budgeting.**

(a) During the term of this Finance Contract, the Issuer covenants that prior to adopting a budget for any ensuing fiscal year it shall place in its proposed budget for such ensuing fiscal year an amount necessary to pay the Finance Contract Payments for such ensuing fiscal year, and that the final budget for each fiscal year shall set aside and appropriate out of Ad Valorem Taxes and other revenues and funds lawfully available therefore an amount sufficient to pay the Finance Contract Payments. The Issuer hereby agrees to assess and collect, a continuing direct annual Ad Valorem Tax on all taxable property within the boundaries of the Issuer, within the limitations prescribed by law, at a rate from year to year sufficient, together with such other revenues and funds lawfully available to the Issuer for the payment of the Payments, to provide funds each year to pay the Payments, full allowance being made for delinquencies and costs of collection. Such taxes and such revenues and funds in an amount sufficient to make the Payments are pledged to GCC and GCC's successors and assigns for such purpose as the same shall become due and payable under this Finance Contract.

(b) The Issuer waives all rights of set-off, recoupment, counterclaim and abatement against GCC and GCC's successors and assigns with respect to the amounts due under this Finance Contract, and the Issuer's obligation to pay amounts due under this Finance Contract is absolute and unconditional and not subject to set-off, recoupment, counterclaim or abatement for any reason whatsoever.

**3. Deposit into the Payment Fund.**

(a) Upon this Finance Contract taking effect the Issuer shall establish a Payment Fund, which shall be maintained by the Issuer as long as any Payments are unpaid. The Issuer hereby pledges the Payment Fund for the exclusive purpose of securing the Payments and shall apply the funds therein to the payment of Payments as such payments come due.

(b) Each year in which Payments come due, the Issuer shall, not later than the day preceding any such due date, deposit into the Payment Fund, from the Issuer's Ad Valorem taxes or other lawfully available funds (within the limits prescribed by law) an amount sufficient to make such payment. To the extent permitted by law, the Issuer hereby pledges its Ad Valorem tax as security for this obligation. To the extent required by the Texas Constitution, the Issuer agrees during each year of the term of this Finance Contract to assess and collect annually a sufficient sum to pay the greater of (1) interest on the debt created by this Finance Contract and a sinking fund of at least two percent of the principal amount of such debt, or (2) the payments required by Exhibit B attached hereto.

(c) The Payment Fund shall be depleted at least once a year except for a carryover amount not to exceed one twelfth (1/12) of the amount of the Payments expected to come due in the following year.

**4. Taxes.** The Issuer agrees to directly pay all taxes, insurance and other costs of every nature associated with its ownership of the Property.

**5. The Issuer's Covenants and Representations.** The Issuer covenants and represents as follows:

(a) The Issuer will provide an opinion of its counsel to the effect that, it has full power and authority to enter into this Finance Contract which has been duly authorized, executed, and delivered by the Issuer and is a valid and binding obligation enforceable in accordance with its terms, and all requirements for execution, delivery and performance of this Finance Contract have been, or will be, complied with in a timely manner;

(b) All Payments hereunder for the current fiscal period have been duly authorized and will be paid when due;

(c) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization of performance of, or expenditure of funds pursuant to this Finance Contract;

(d) The information supplied and statements made by the Issuer in any financial statement or current budget prior to or contemporaneously with this Finance Contract are true and correct;

(e) The Issuer has complied or will comply with all bidding/proposal laws applicable to this transaction and the purchase of the Property.

(f) No contract, rental agreement, lease-purchase agreement, payment agreement or contract for purchase under the Act to which the Issuer has been a party at any time during the past ten (10) years has been terminated by the Issuer as a result of insufficient funds being appropriated in any Fiscal Year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which the Issuer has issued during the past ten (10) years.

(g) The Issuer will pay the Payments due by check, wire transfer, or ACH only.



GOVERNMENT CAPITAL

Public Property Finance Act Contract for Cities & Counties

**6. Use and Licenses.** The Issuer shall pay and discharge all operating and other expenses of every nature associated with its use of the Property. The Issuer shall obtain, at its expense, all registrations, permits and licenses, if any, required by law for the installation and operation of the Property.

**7. Maintenance.** The Issuer agrees to be solely responsible for all maintenance and operating costs of every nature associated with its ownership of the Property and the Issuer acknowledges that GCC or GCC's successors or assigns shall have no responsibility for the payment of any such costs.

**8. Damage to or Destruction of Property.** The Issuer shall bear the entire risk of loss, damage, theft, or destruction of the Property from any and every cause whatsoever, and no loss, damage, destruction, or other event shall release the Issuer from the obligation to pay the full amount of the payments or from any other obligation under this Finance Contract.

**9. No Warranty.** EXCEPT FOR REPRESENTATIONS, WARRANTIES, AND SERVICE AGREEMENTS RELATING TO THE PROPERTY MADE OR ENTERED INTO BY THE MANUFACTURERS OR SUPPLIERS OF THE PROPERTY, IF ANY, ALL OF WHICH ARE HEREBY ASSIGNED TO THE ISSUER, GCC HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE, MERCHANTABILITY, CONDITION, QUALITY OR FITNESS OF THE PROPERTY DESCRIBED IN EXHIBIT A FOR ANY PARTICULAR PURPOSE OR THE CONFORMITY OF THE PROPERTY TO SPECIFICATION OR PURCHASE ORDER. All such risks shall be borne by the Issuer without in any way excusing it from its obligations under this Finance Contract, and GCC shall not be liable for any damages on account of such risks. All claims or actions on any warranty so assigned shall be made or prosecuted by the Issuer, at its sole expense, upon prior written notice to GCC. GCC or its assigns may, but shall have no obligation whatsoever to, participate in a claim on any warranty. Any recovery under such a warranty shall be made payable jointly to both parties.

**10. Evidence of Indebtedness and Security Agreement.**

(a) An executed copy of this Finance Contract shall evidence the indebtedness of the Issuer as provided herein and shall constitute a security agreement pursuant to applicable law, with GCC, its successors or assigns as the secured party. The grants, lien, pledge and security interest of GCC, its successors or assigns created herein shall become effective immediately upon and from the Delivery Date, and the same shall be continuously effective for so long as any Finance Contract Payments are outstanding.

(b) A fully executed copy of this Finance Contract and the proceedings authorizing same shall be kept at all times and shall be filed and recorded as a security agreement among the permanent records of the Issuer. Such records shall be open for inspection to any member of the general public and to any individual, firm, corporation, governmental entity or other person proposing to do or doing business with, or having or asserting claims against the Issuer, at all times during regular business hours.

(c) If, in the opinion of counsel to the Issuer or to GCC, its successors or assigns, applicable law ever requires filings additional to the filing pursuant to subsection (b) of this section in order to preserve and protect the priority of the grants, assignments, lien, pledge and security interest of GCC, its successors or assigns created herein as to all Payments, then the Issuer shall diligently and regularly make such filings to the extent required by law to accomplish such result.

**11. Default and Remedies.**

(a) Each of the following occurrences or events for the purpose of this Finance Contract is hereby declared to be an Event of Default:

(1) the failure to make payment of the Payment when the same becomes due and payable; or

(2) default in the performance or observance of any other covenant agreement or obligation of the Issuer, which default materially, adversely affects the rights of GCC or its successors or assigns, including, but not limited to, its prospect or ability to be repaid in accordance with this Finance Contract, and the continuation thereof for a period of 20 days after notice of such default is given by GCC or any successors or assigns of GCC to the Issuer.

(b) Remedies for Default.

(1) Upon the happening of any Event of Default, then and in every case GCC or its successors or assigns, or an authorized representative thereof, including, but not limited to, an attorney or trustee therefore, may proceed against the Issuer for the purpose of protecting and enforcing the rights of GCC or its successors or assigns under this Finance Contract, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of GCC or its successors or assigns or any combination of such remedies; provided that none of such parties shall have any right to declare the balance of the Finance Contract Payments to be immediately due and payable as a remedy because of the occurrence of an Event of Default.

(2) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy, and no delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or be construed to be a waiver thereof and all such rights and powers may be exercised as often as may be deemed expedient.

(c) Remedies Not Exclusive.

(1) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under this Finance Contract or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Finance Contract, the right to accelerate the debt evidenced by this Finance Contract shall not be available as a remedy because of the occurrence of an Event of Default.

**12. Assignment.** Without GCC's prior written consent, the Issuer will not either (a) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Finance Contract or the Property or any interest in this Finance Contract or the Property; or (b) sublet or lend the Property or permit it to be used by anyone other than the Issuer or the Issuer's employees and other authorized users. GCC may assign its rights, title and interest in and to this Finance Contract, and any other documents executed with respect to this Finance Contract and/or grant or assign a security interest in this Finance Contract, in whole or in part. Such successors and assigns of GCC shall have the right to further grant or assign a security interest in this Finance Contract, as well as the rights to Payments hereunder, in whole or in part, to any third party. No assignment or reassignment of GCC's rights, title or interest in this Finance Contract shall be effective with regard to the Issuer unless and until the Issuer shall have received a copy of the document by which the assignment or reassignment is made, disclosing the name and address of such assignee. The Issuer shall maintain written records of any assignments of the Finance Contract.

**13. Personal Property.** The Property is and shall at all times be and remain personal property, and will not be considered a fixture to any real property.

**14. GCC's Right to Perform for The Issuer.** If the Issuer fails to make any payment or perform or comply with any of its covenants or obligations hereunder, GCC or GCC's successors or assigns may, but shall not be required to, make such payment or perform or comply with such covenants and obligations on behalf of the Issuer, and the amount of any such payment and the expenses (including but not limited to reasonable attorneys' fees) incurred by GCC or GCC's successors or assigns in performing or complying with such covenants and obligations, as the case may be, together with interest thereon at the highest lawful rate under the State of Texas law, shall be payable by the Issuer upon demand.

**15. Interest on Default.** If the Issuer fails to pay any Payment specified herein within twenty (20) days after the due date thereof, the Issuer shall pay to GCC or any successor or assigns of GCC, interest on such delinquent payment at the highest rate allowed by Texas law.

**16. Notices.** Any notices to be given or to be served upon any party hereto in connection with this Finance Contract must be in writing and may be given by certified or registered mail, and shall be deemed to have been given and received forty-eight (48) hours after mailing. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Finance Contract or at such other address as either party may hereafter designate.

**17. Prepayment.**

(a) The Issuer shall have the right, at its option, to prepay the Finance Act Contract in whole, on any payment date which has an amount shown in the "Early Redemption Value" column of Exhibit B attached hereto. "N/A" shall mean not prepayable. The Issuer shall not have the right to prepay the Finance Contract in part at any time.

(b) As condition precedent to the Issuer's right to make, and GCC's obligation to accept, any such prepayment, GCC shall have actually received notice at least thirty (30) days in advance of the Issuer's intent to exercise its option to prepay.

**18. Continuing Disclosure.** Specifically and without limitation, the Issuer agrees to provide audited financial statements, prepared by a certified public accountant not later than six (6) months after and as of the end of each fiscal year. Periodic financial statements shall include a combined balance sheet as of the end of each such period, and a combined statement of revenues, expenditures and changes in fund balances, from the beginning of the then fiscal year to the end of such period. These reports must be certified as correct by one of the Issuer's authorized agents. If the Issuer has subsidiaries, the financial statements required will be provided on a consolidated and consolidation basis.

**19. Tax Exemption.**

(a) The Issuer certifies that it does not reasonably anticipate more than \$10,000,000 of "tax-exempt obligations", including this Finance Contract will be issued by it and any subordinate entities during the 2018 calendar year. Further, the Issuer designates this Finance Contract as "qualified tax exempt obligations" under Section 265 (b) 3 of the Internal Revenue Code of 1986, as amended (the "Code") eligible for the exception contained in Section 265 (b) 3 (D) of the Code allowing for an exception to the general rule of the Code which provides for a total disallowance of a deduction for interest expense allocable to the carrying of tax exempt obligations.

(b) The Issuer hereby represents and covenants that the proceeds of this Finance Contract are needed at this time to provide funds for the Issuer's purchase of the property for which this Finance Contract was executed and delivered, as specified in this Finance Contract; that (i) final disbursement of the proceeds of this Finance Contract will occur within three years from the Delivery Date, (ii) substantial binding obligations to expend at least five (5) percent of the net proceeds will be incurred within six months after the Delivery Date and (iii) the acquisition of such property will proceed with due diligence to completion; and that, except for the Escrow Agreement, if applicable, and the Payment Fund, no other funds or accounts have been or will be established or pledged to the payment of this Finance Contract.

(c) The Issuer will not directly or indirectly take any action or omit to take any action, which action or omission would cause the Finance Contract to constitute a "private activity bond" within the meaning of Section 141(a) of the Code.

(d) The Issuer will not take any action or fail to take any action with respect to the investment of the proceeds of this Finance Contract or any other funds of the Issuer, including amounts received from the investment of any of the foregoing, that would cause this Finance Contract to be an "arbitrage bond" within the meaning of such section 148 of the Code.

(e) There are no other obligations of the Issuer which are sold at substantially the same time as the Finance Contract, sold pursuant to the same plan of financing with the Finance Contract and are reasonably expected to be paid from substantially the same source of funds as the Finance Contract.

(f) The Issuer will not take any action, or as the case may be, knowingly omit to take any action within its control that, if taken or omitted, as the case may be, would cause the Finance Contract to be treated as "federally guaranteed" obligations for purposes of Section 149(b) of the Code.

(g) The Issuer will take all necessary steps to comply with the requirement that certain amounts earned by the Issuer on the investment of the "gross proceeds" of the Finance Contract (within the meaning of Section 148(f)(6)(B) of the Code), if any, be rebated to the federal government. Specifically, the Issuer will (i) maintain records regarding the investment of the gross proceeds of the Finance Contract as may be required to calculate and substantiate the amount earned on the investment of the gross proceeds of the Finance Contract and retain such records for at least six years after the day on which the last outstanding Finance Contract is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, including any specified method of accounting required by applicable regulations to be used for all or a portion of the gross proceeds, (iii) calculate, at such times as are required by applicable regulations, the amount earned from the investment of the gross proceeds of the Finance Contract and (iv) timely pay all amounts required to be rebated to the federal government. In addition, the Issuer will correct any errors within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, including interest thereon and penalty, if any, as may be necessary or appropriate to assure that interest on the Finance Contract is not includable in the gross income for federal income tax purposes.

(h) The Issuer will timely file with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Finance Contract on such form and in such place as the Secretary may prescribe. Notwithstanding any other provision of this Finance Contract, the Issuer's obligation under the covenants and provisions of this Section 19 shall survive the defeasance and discharge of this Finance Contract.

**20. Miscellaneous.**

(a) Time is of the essence. No covenant or obligations hereunder to be performed by the Issuer are waived, except by the written consent of GCC or its successors or assigns. GCC's or its successors or assigns' rights hereunder are cumulative and not alternative.

(b) This Finance Contract shall be construed in accordance with, and governed by the state of Texas laws.

(c) This Finance Contract constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, altered or changed in any respect except by a written document signed by both GCC and the Issuer.

(d) Any term or provision of this Finance Contract found to be prohibited by law or unenforceable shall not affect the legality the remainder of this Finance Contract.

(e) Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever appropriate.

(f) The captions set forth herein are for convenience of reference only, and shall not define or limit any of the terms or provisions hereof.

(g) Issuer agrees to equitably adjust the payments payable under this Finance Contract if there is a determination by the IRS that the interest payable pursuant to this Finance Contract (as incorporated within the schedule of payments) is not excludable from income in accordance with the Internal Revenue Code of 1986, as amended, such as to make GCC and its assigns whole.

(h) Except as otherwise provided, this Finance Contract shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, where permitted by this Finance Contract.

(i) GCC shall comply with the requirements of Chapter 2270 of the Texas Government Code as it pertains to this Contract.

(j) THIS CONTRACT IS EVIDENCE OF A PRIVATELY PLACED BANK LOAN, IS NOT IN REGISTERED FORM, AND MAY NOT BE TRANSFERRED TO BEARER. TRANSFERS OF THIS CONTRACT ARE NOT REGISTERED ON BOOKS MAINTAINED FOR THAT PURPOSE BY THE ISSUER.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Finance Contract as of the \_\_\_\_ day of \_\_\_\_\_ in the year 2018.

Government Capital Corporation

\_\_\_\_\_  
Authorized Signature  
345 Miron Dr.  
Southlake, TX 76092

Witness Signature \_\_\_\_\_

Print Name \_\_\_\_\_

Print Title \_\_\_\_\_

**The Issuer: City of Kingsville**

\_\_\_\_\_  
Jesus Garza, City Manager  
400 W King Avenue  
Kingsville, TX 78363

Witness Signature \_\_\_\_\_

Print Name \_\_\_\_\_

Print Title \_\_\_\_\_

**EXHIBIT A**

Public Property Finance Act Contract **No.8199** (THE "FINANCE CONTRACT")  
By And Between  
Government Capital Corporation and **the Issuer**, City of Kingsville  
Dated as of May 14, 2018

**QTY DESCRIPTION**

---

Personal Property

Property Cost: \$248,005.00

Payback Period: Five (5) Annual Payments

**Street Sweeper**

**One (1)**

**Schwarze M6TE Avalanche Mechanical Street Sweeper includes:** In-Cab Dual Hydraulic Gutter Broom Tilt Controls, Rear Mounted LED Traffic Guide Arrowboard, Freightliner M2 Chassis with Dual Steering & Gauges, Remote Grease Points for Conveyor & Main Broom, and 12" Parabolic Fender Mounted Mirrors.

---

**PROPERTY LOCATION:**  
400 W King Avenue  
Kingsville, TX 78363

**EXHIBIT B**

**>> SCHEDULE OF PAYMENTS & EARLY REDEMPTION VALUE <<**

PUBLIC PROPERTY FINANCE ACT CONTRACT NO.8199 (THE "FINANCE CONTRACT")

BY AND BETWEEN

Government Capital Corporation and the Issuer, City of Kingsville

Schedule Dated as of May 25, 2018

PMT NO.	PMT DATE MO. DAY YR	TOTAL PAYMENT	INTEREST PAID	PRINCIPAL PAID	EARLY REDEMPTION VALUE after pmt on this line
1	1/30/2019	\$54,127.83	\$5,574.13	\$48,553.70	N/A
2	1/30/2020	\$54,127.83	\$6,459.43	\$47,668.40	\$153,845.49
3	1/30/2021	\$54,127.83	\$4,920.70	\$49,207.13	\$103,948.41
4	1/30/2022	\$54,127.83	\$3,332.29	\$50,795.54	\$52,679.16
5	1/30/2023	\$54,127.83	\$1,692.60	\$52,435.23	\$0.00
Grand Totals		\$270,639.15	\$21,979.15	\$248,660.00	

Interest Rate: 3.228%

**INCUMBENCY CERTIFICATE**

Public Property Finance Act Contract **No.8199** (THE "FINANCE CONTRACT")

By And Between

Government Capital Corporation and **the Issuer**, City of Kingsville

Dated as of May 14, 2018

I, Mary Valenzuela, do hereby certify that I am the duly elected or appointed and acting City Secretary, of City of Kingsville, Issuer, a political subdivision or agency of the State of Texas, duly organized and existing under the laws of the State of Texas, that I or my designee have custody of the records of such entity, and that, as of the date hereof, the individual(s) named below are the duly elected or appointed officer(s) of such entity holding the office(s) set forth opposite their respective name(s). I further certify that (i) the signature(s) set opposite their respective name(s) and title(s) are their true and authentic signature(s), and (ii) such officers have the authority on behalf of such entity to enter into that certain Public Property Finance Act Contract No.8199, between City of Kingsville (the "Issuer") and Government Capital Corporation ("GCC").

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Jesus Garza	City Manager	_____

IN WITNESS WHEREOF, I have duly executed this certificate hereto this \_\_\_\_ day of \_\_\_\_\_, 2018.

By: \_\_\_\_\_  
Mary Valenzuela, City Secretary

***[to be retyped on letterhead of the Issuer counsel]***

Government Capital Corporation  
345 Miron Dr  
Southlake, TX 76092

RE: Public Property Finance Act Contract No.8199

I have examined the Public Property Finance Act Contract No.8199 (the "Finance Contract") between the City of Kingsville (the "Issuer") and Government Capital Corporation ("GCC"). The Finance Contract provides financing for the purchase by the City of Kingsville of certain Property as identified in the Finance Contract and provides that the Issuer shall finance the Property by making Payments as specified in the Public Property Finance Act Contract No.8199.

I have also examined other certificates and documents as I have deemed necessary and appropriate under the circumstances.

Based upon the foregoing examination, I am of the opinion that:

1. The Issuer is a political subdivision or agency of the State of Texas with the requisite power and authority to incur obligations, the interest on which is exempt from taxation by virtue of Section 103(a) of the Internal Revenue Code of 1986, as amended;
2. The execution, delivery and performance by the Issuer of the Finance Contract have been duly authorized by all necessary action on the part of the Issuer; and
3. The Finance Contract constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

The opinion expressed above is solely for the benefit of the Issuer, GCC and/or its subsequent successors or assigns.

Sincerely,

Attorney at Law

**RESOLUTION**

**A RESOLUTION REGARDING A CONTRACT FOR THE PURPOSE OF FINANCING A "STREET SWEEPER".**

WHEREAS, City of Kingsville (the "Issuer") desires to enter into that certain Finance Contract No.8199, by and between the Issuer and Government Capital Corporation ("GCC") for the purpose of financing a "Street Sweeper". The Issuer desires to designate this Finance Contract as a "qualified tax exempt obligation" of the Issuer for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

NOW THEREFORE, BE IT RESOLVED BY CITY OF KINGSVILLE:

Section 1. That the Issuer will enter into a Finance Contract with GCC for the purpose of financing a "Street Sweeper".

Section 2. That the Finance Contract dated as of May 14, 2018, by and between the City of Kingsville and GCC is designated by the Issuer as a "qualified tax exempt obligation" for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

Section 3. That the Issuer appoints Jesus Garza, City Manager or his designee, as the authorized signer of the Finance Contract Number 8199 dated as of May 14, 2018, by and between the City of Kingsville and GCC as well as any other ancillary exhibit, certificate, or documentation needed for the Contract.

Section 4. That should the need arise, if applicable, the City will use loan proceeds for reimbursement of expenditures related to the Property, within the meaning of Treasury Regulation § 1.150-2, as promulgated under the Internal Revenue Code of 1986, as amended.

PASSED AND APPROVED by the Board of the City of Kingsville in a meeting held on the \_\_\_\_day of \_\_\_\_\_, 2018.

**Issuer:** City of Kingsville

Witness Signature

\_\_\_\_\_  
Sam Fugate, Mayor

\_\_\_\_\_  
Mary Valenzuela, City Secretary

## Request for Taxpayer Identification Number and Certification

Give Form to the  
 requester. Do not  
 send to the IRS.

▶ Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	<p><b>1</b> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</p>	
	<p><b>2</b> Business name/disregarded entity name, if different from above</p>	
	<p><b>3</b> Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.</p> <p><input type="checkbox"/> Individual/sole proprietor or single-member LLC     <input type="checkbox"/> C Corporation     <input type="checkbox"/> S Corporation     <input type="checkbox"/> Partnership     <input type="checkbox"/> Trust/estate</p> <p><input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____</p> <p><small>Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</small></p> <p><input type="checkbox"/> Other (see instructions) ▶ _____</p>	<p><b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from FATCA reporting code (if any) _____</p> <p><small>(Applies to accounts maintained outside the U.S.)</small></p>
	<p><b>5</b> Address (number, street, and apt. or suite no.) See instructions.</p>	Requester's name and address (optional)
	<p><b>6</b> City, state, and ZIP code</p>	
	<p><b>7</b> List account number(s) here (optional)</p>	

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 5%; border: 1px solid black; text-align: center;">-</td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 5%; border: 1px solid black; text-align: center;">-</td> <td style="width: 40%; border: 1px solid black; height: 20px;"></td> </tr> </table>		-		-	
	-		-		
or					
Employer identification number					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 5%; border: 1px solid black; text-align: center;">-</td> <td style="width: 70%; border: 1px solid black; height: 20px;"></td> </tr> </table>		-			
	-				

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

**Sign Here**

Signature of U.S. person ▶

Date ▶

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*

## **WIRE TRANSFER FORM**

\*\*\* FINANCIAL INSTITUTION INFORMATION \*\*\*

Bank's Name: \_\_\_\_\_

Bank's Address: \_\_\_\_\_

Bank's Phone#: \_\_\_\_\_

Bank's Fed Routing#: \_\_\_\_\_

(Please confirm with bank since it may be different from routing number on deposit slip)

Bank Account Name: \_\_\_\_\_

Bank Account #: \_\_\_\_\_

Ref (if needed): \_\_\_\_\_

\_\_\_\_\_

**Please note that while there will not be a charge for our outgoing wire, your Bank may charge a fee for the incoming wire**

I hereby authorize Government Capital Corporation to transfer any monies due via wire transfer directly to our bank.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_



**CONTRACT PRICING WORKSHEET**  
For MOTOR VEHICLES Only

Contract No.:

SW04-16

Date Prepared:

4/17/2018

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

Buying Agency:	City of Kingsville, Texas	Contractor:	Heil of Texas
Contact Person:	Mr. Sosa	Prepared By:	Terry Parsons
Phone:	361-595-8025	Phone:	832-948-8402
Fax:	361-595-8042	Fax:	713-923-5522
Email:	csosa@cityofkingsville.com	Email:	terryparsons@heiloftexas.com

Product Code:	BF06	Description:	Schwarze M6TE Avalanche Mechanical Street Sweeper.
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**A. Product Item Base Unit Price Per Contractor's H-GAC Contract:** 175,355

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

Description	Cost	Description	Cost
Tube Type Main Broom	0	Rear Mounted LED Strobe with Limb Guard	0
In-Cab Pneumatic Main Broom Downpressure Controls	0	Rear Mounted LED Traffic Guide Arrowboard	1390
In-Cab Main Broom Variable Speed Controls	0	In-Cab Electrical and Hydraulic Diagnostic System	0
Dual 49" Diameter Gutter Brooms	0	Schwarze Six Sense Controls with Single Button Operation	0
In-Cab Dual Hydraulic Gutter Broom Tilt Controls	1725	Standard White Dupon Imron 5000 White Paint	0
In-Cab Dual Gutter Broom Extension Override Controls	0	Freightliner M2 Chassis with Dual Steering & Gauges	84520
In-Cab Gutter Broom Pneumatic Downpressure Controls	0	Air Ride Seats	0
In-Cab Gutter Broom Variable Speed Controls	0	Heated Remote Control West Coast Mirrors	0
Belt Type Cleated Conveyor Belt	0	Bendix AD9 Heated Air Dryer	0
In-Cab Conveyor Variable Speed Controls	0	Air Conditioning and AM/FM Radio	0
Single LCD Rear Vision Camera System - Cab Mounted	0	<b>Subtotal From Additional Sheet(s):</b>	
5.0 Cubic Yard High Dump Debris Hopper	0	<b>Subtotal B:</b>	87635

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

Description	Cost	Description	Cost
Remote Grease Points for Conveyor & Main Broom	775	Allison Transmission 5 Year/Unlimited Warranty	625
12" Parabolic Fender Mounted Mirrors	380	<b>Subtotal From Additional Sheet(s):</b>	
5 Year/ 100K Miles Chassis Engine & Emission Warranty	1235	<b>Subtotal C:</b>	3015

**Check:** Total cost of Unpublished Options (C) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B). For this transaction the percentage is: 1%

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

Quantity Ordered:	1	X Subtotal of A + B + C:	266005	=	Subtotal D:	266005
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**E. H-GAC Order Processing Charge (Amount Per Current Policy):**

<b>Subtotal E:</b>	
--------------------	--

**F. Trade-Ins / Other Allowances / Special Discounts / Freight / Installation:**

Description	Cost	Description	Cost
Freight	3000		
Discount	-21,000		
<b>Subtotal F:</b>			-18000

**Delivery Date:** 30 to 60 ARO **G. Total Purchase Price (D+E+F):** 248005

# **AGENDA ITEM #12**

**City of Kingsville**  
**Finance Department**

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TO: Mayor and City Commissioners  
CC: Jesus A. Garza, City Manager  
FROM: Charlie Sosa, Purchasing Manager  
DATE: May 3, 2018  
SUBJECT: Purchase of One Commercial and Two Residential Garbage Trucks

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**Summary:**

This item authorizes the purchase of One Commercial and Two Residential Garbage Trucks from Houston Freightliner Inc. through HGAC Buy Purchasing Cooperative for the City of Kingsville Sanitation Department.

**Background:**

Three of the existing city garbage trucks are in dire need of repair/replacement. Most of the garbage trucks are at the end of their efficient lifespan thus increasing maintenance and operation expenses. The purchase of 1 (one) commercial and 2 (two) residential garbage trucks will replace three existing garbage trucks (Unit 338-R, Unit 336-R & Unit 329-C) that have had maintenance expenses of \$161,000 for the past three years. These existing garbage trucks to be replaced have exceeded their efficient lifespan and will continue to have high maintenance costs.

**Financial Impact:**

Funds are available through 087-5-1702-71200 Capital Lease, Year One of which \$96,777.02 are available this fiscal year. The amount of the three trucks will be \$667,637.53 over seven years at an annual amount of \$95,367.79.

**Recommendation:**

It is recommended the City Purchase the One Commercial and Two Residential Garbage Trucks with Houston Freightliner Inc. through HGAC Buy. HGAC Buy is a member of the Purchasing Cooperative which meets Local government code 271 Subchapter F allows for the use of a cooperative purchasing program, specifically 271.102 (c), states, "A local government that purchases good and service under this subchapter satisfies any state law requiring the local government to seek competitive bids for the purchase of goods and service." Therefore, competitive bidding statutes have been met.





**CONTRACT PRICING WORKSHEET**  
For Standard Equipment Purchases

Contract No.:

HT06-16

Date Prepared:

3/7/2018

*This Form must be prepared by Contractor, and provided to End User to attach to Purchase Order, with copy to H-GAC. The H-GAC administrative fee shall be calculated and shown as a separate line item. Please type or print legibly.*

Buying Agency:	City of Kingsville	Contractor:	Houston Freightliner Inc
Contact Person:	Pete Pina	Prepared By:	Michael McCarthy
Phone:	361-592-0092	Phone:	713-580-8122
Fax:	361-595-1793	Fax:	713-672-9449
Email:	ppina@cityofkingsville.com	Email:	mmccarthy@strhouston.com

Product Code:	D7	Description:	2018 Freightliner M2-106-80
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69353

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

Description	Cost	Description	Cost
Allison 3000 RDS Automatic Trans	6146	16,000 LB Front Axle	1400
Cummins ISL 350 HP	2030	16,000 LB Front Suspension	504
11/32x3.5x10 15/16 Frame	760	Hendrickson HN462 46k Rear Suspension	3906
252" Wheelbase	1028	1/4" Frame Liner	650
Air Conditoner	850	West Coast Mirrors with LH/RH Remote	324
AM /FM Radio	225	70 Gallon LH Fuel Tank	129
315/80R22.5 Front Tires	623	GS Products CD32 Comercial Side Loader	99780
315/80R22.5 Rear Tires	3258	Subtotal From Additional Sheet(s):	
Air Driver Seat	165	<b>Subtotal B:</b>	121778

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

Description	Cost	Description	Cost
Spare 315/80R22.5 Tire	550		0
			0
Cummins C Brake	2159	Subtotal From Additional Sheet(s):	0
22.5x9.0 Steel Wheels	530	<b>Subtotal C:</b>	3239

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

**D. Other Cost Items Not Itemized Above (e.g. Installation, Freight, Delivery, Etc.)**

Description	Cost	Description	Cost
		<b>Subtotal D:</b>	0

**E. Total Cost Before Any Applicable Trade-In / Other Allowances / Discounts (A+B+C+D)** 194370

Quantity Ordered:	1	X Subtotal of A + B + C + D:	194370	=	<b>Subtotal E:</b>	194370
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**F. H-GAC Fee Calculation (From Current Fee Tables)** **Subtotal F:** 1500

**G. Trade-Ins / Other Allowances / Special Discounts**

Description	Cost	Description	Cost
		<b>Subtotal G:</b>	0

**Delivery Date:** 60 Days ARC

**H. Total Purchase Price (E+F+G):** 195870



**CONTRACT PRICING WORKSHEET**  
For Standard Equipment Purchases

Contract No.:

HT06-16

Date Prepared:

3/8/2018

*This Form must be prepared by Contractor, and provided to End User to attach to Purchase Order, with copy to H-GAC.  
The H-GAC administrative fee shall be calculated and shown as a separate line item. Please type or print legibly.*

Buying Agency:	City of Kingsville	Contractor:	Houston Freightliner Inc
Contact Person:	Pete Pina	Prepared By:	Michael McCarthy
Phone:	361-592-0092	Phone:	713-580-8122
Fax:	361-595-1763	Fax:	713-955-6282
Email:	ppina@cityofkingsville.com	Email:	mike.mccarthy@strhouston.com

Product Code:	D7	Description:	2017 Freightliner M2-106-70	59658
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**B. Published Options - Itemize below - Attach additional sheet(s) if necessary - Include Option Code in description if applicable.**  
(Note: Published Options are options which were submitted and priced in Contractor's bid.)

Description	Cost	Description	Cost
Allison 3500 RDS Automatic Trans	7146		
Cummins ISL 300HP	7751		
7/16x3-9/16x11-1/8 Frame	560		
234" Wheelbase	1028		
Air Conditoner	850		
AM /FM Radio	225		
West Coast Mirrors with LH/RH Remote	324	GS Products CS9120XA 23 YD CollectStar Auto Side Loader	104793
LH/RH Convex Fender Mounted Mirrors	117	Subtotal From Additional Sheet(s):	
Air Driver Seat	165	<b>Subtotal B:</b>	122959

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

Description	Cost	Description	Cost
Reyco 102CC 23,000 LB Rear Suspension	2623		0
RH Sit Down Drive Conversin	8250		0
		Subtotal From Additional Sheet(s):	0
		<b>Subtotal C:</b>	10873

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

**D. Other Cost Items Not Itemized Above (e.g. Installation, Freight, Delivery, Etc.)**

Description	Cost	Description	Cost
		<b>Subtotal D:</b>	0

**E. Total Cost Before Any Applicable Trade-In / Other Allowances / Discounts (A+B+C+D)** 193490

Quantity Ordered:	2	X Subtotal of A + B + C + D:	193490	=	<b>Subtotal E:</b>	386980
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**F. H-GAC Fee Calculation (From Current Fee Tables)** **Subtotal F:** 1500

**G. Trade-Ins / Other Allowances / Special Discounts**

Description	Cost	Description	Cost
One Year Tow Warranty	400		
		<b>Subtotal G:</b>	400

**Delivery Date:** **H. Total Purchase Price (E+F+G):** 388880

**RESOLUTION #2018-\_\_\_\_\_**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A GOVERNMENTAL FINANCE CONTRACT (No.8204) BETWEEN GOVERNMENT CAPITAL CORPORATION AND THE CITY OF KINGSVILLE FOR GARBAGE TRUCKS; REPEALING ALL CONFLICTING RESOLUTIONS AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of Kingsville, Texas has need for three garbage trucks and staff has located some through a purchasing cooperative program in compliance with Texas procurement law;

**WHEREAS**, on May 14, 2018 the City Commission of the City of Kingsville, Texas ("Lessee") authorized the purchase of three garbage trucks to be paid for through a governmental finance contract, or capital lease, which staff has negotiated with Government Capital Corporation ("Lessor");

**WHEREAS**, the City of Kingsville, Texas ("Issuer") desires to enter into a certain Finance Contract No.8204, by and between the Issuer and Government Capital Corporation ("GCC") dated May 14, 2018 for the purpose of financing a "Garbage Trucks";

**WHEREAS**, the City desires to designate this Finance Contract as a "qualified tax exempt obligation" of the City for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended;

**WHEREAS**, the City has carefully reviewed its financing requirements for the current calendar year and reasonably expects that it will not issue more than TEN MILLION DOLLARS (\$10,000,000) of tax-exempt obligations during the calendar year;

**WHEREAS**, the City expects and anticipate adequate funds to be available for all future lease/purchase payments after the current fiscal year for the following reasons: the City is fiscally stable, has not defaulted on any prior debt obligations, and desires to keep the road equipment to be acquired through this Finance Contract for its capital improvement projects and sanitation collection services.

**NOW THEREFORE, BE IT RESOLVED** by the City Commission of the City of Kingsville, Texas:

**THAT**, the City Manager is hereby authorized to enter in the Finance Contract No. 8204 with Government Capital Corporation for a period of 7 years, with annual payments not to exceed \$95,376.79.

**THAT**, an official of the City be, and hereby is, authorized, empowered and directed to sign on its behalf the Finance Contract No. 8204 and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Finance Contract and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

**THAT**, pursuant to Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, this Finance Contract be and hereby is designated as a "qualified tax-exempt obligation" includable within the TEN MILLION DOLLARS (\$10,000,000) of the aggregate issues designated as "qualified tax-exempt obligations" for the calendar year within which this Finance Contract is entered into.

**THAT**, the City shall not designate more than TEN MILLION DOLLARS (\$10,000,000) of tax-exempt obligations during the current calendar year as qualified tax-exempt obligations and the City, together with its subordinate entities, does not reasonably expect to issue more than TEN MILLION DOLLARS (\$10,000,000) of tax-exempt obligations during the current calendar year.

**THAT**, the equipment as described in Exhibit "A": of such agreement is essential to the function of the undersigned or to the service we provide to our citizens. Further, we have an immediate need for, and expect to make immediate use of, substantially all of the equipment, which need is not temporary or expected to diminish in the foreseeable future. The equipment will be used by us only for the purpose of performing one or more of our governmental or proprietary functions consistent with the permissible scope of our authority. Specifically, the equipment was selected by us to be used as follows: Garbage Trucks.

**THAT** all resolutions or parts of resolutions in conflict with this resolution are repealed to the extent of such conflict only.

**THAT** this Resolution shall be and become effective on and after adoption.

**THAT** this resolution was considered, passed, and approved at a regular meeting of the City Commission of the City of Kingsville, Texas at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code.

**PASSED AND APPROVED** by a majority vote of the City Commission on the 14th day of May, 2018.

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Sam R. Fugate, Mayor

**ATTEST:**

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Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

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Courtney Alvarez, City Attorney

## PUBLIC PROPERTY FINANCE ACT CONTRACT

THIS Public Property Finance Act Contract **No.8204** (hereafter referred to as the "Finance Contract") is dated as of **May 14, 2018**, by and between **Government Capital Corporation**, a Texas corporation (herein referred to as "GCC"), and the **City of Kingsville**, a political sub-division or agency of the State of Texas (hereinafter referred to as the "Issuer").

WITNESSETH: In furtherance of the providing by GCC of financing to the Issuer in connection with the Issuer's acquisition from Houston Freightliner, Inc. that is more fully described on EXHIBIT A attached hereto (the "Property"), and in consideration of the mutual covenants and conditions hereinafter set forth, pursuant to the provisions of the Public Property Finance Act, Chapter 271, Subchapter A, Texas Local Government Code, as amended (the "Act"), the parties agree as follows:

**1. Term and Payments.** The Issuer hereby covenants and agrees to pay to the order of GCC and GCC's successors and assigns those principal and interest installment amounts in those sums set forth on EXHIBIT B attached hereto (the "Payments") on or before those dates per installment that are more fully set forth on EXHIBIT B (the "Payment Dates"). It is acknowledged and understood that GCC may assign its rights hereunder to a third party and that notice of said assignment shall be provided to the Issuer and that the Issuer, thereafter, shall look to and consider said assignee as the party to whom all of the Issuer's duties hereunder are owed. The obligation of the Issuer to make the Payments shall not be subject to set-off, counterclaim, or recoupment to the extent permitted by law. The interest rate of 3.15% is calculated on the basis of a 30/360-day year on the unpaid principal amounts from the Schedule Date of the Exhibit B. The total principal amount of \$596,445.00 has been set forth in Exhibit B hereto.

**2. Security, Levy of Taxes, Budgeting.**

(a) During the term of this Finance Contract, the Issuer covenants that prior to adopting a budget for any ensuing fiscal year it shall place in its proposed budget for such ensuing fiscal year an amount necessary to pay the Finance Contract Payments for such ensuing fiscal year, and that the final budget for each fiscal year shall set aside and appropriate out of Ad Valorem Taxes and other revenues and funds lawfully available therefore an amount sufficient to pay the Finance Contract Payments. The Issuer hereby agrees to assess and collect, a continuing direct annual Ad Valorem Tax on all taxable property within the boundaries of the Issuer, within the limitations prescribed by law, at a rate from year to year sufficient, together with such other revenues and funds lawfully available to the Issuer for the payment of the Payments, to provide funds each year to pay the Payments, full allowance being made for delinquencies and costs of collection. Such taxes and such revenues and funds in an amount sufficient to make the Payments are pledged to GCC and GCC's successors and assigns for such purpose as the same shall become due and payable under this Finance Contract.

(b) The Issuer waives all rights of set-off, recoupment, counterclaim and abatement against GCC and GCC's successors and assigns with respect to the amounts due under this Finance Contract, and the Issuer's obligation to pay amounts due under this Finance Contract is absolute and unconditional and not subject to set-off, recoupment, counterclaim or abatement for any reason whatsoever.

**3. Deposit into the Payment Fund.**

(a) Upon this Finance Contract taking effect the Issuer shall establish a Payment Fund, which shall be maintained by the Issuer as long as any Payments are unpaid. The Issuer hereby pledges the Payment Fund for the exclusive purpose of securing the Payments and shall apply the funds therein to the payment of Payments as such payments come due.

(b) Each year in which Payments come due, the Issuer shall, not later than the day preceding any such due date, deposit into the Payment Fund, from the Issuer's Ad Valorem taxes or other lawfully available funds (within the limits prescribed by law) an amount sufficient to make such payment. To the extent permitted by law, the Issuer hereby pledges its Ad Valorem tax as security for this obligation. To the extent required by the Texas Constitution, the Issuer agrees during each year of the term of this Finance Contract to assess and collect annually a sufficient sum to pay the greater of (1) interest on the debt created by this Finance Contract and a sinking fund of at least two percent of the principal amount of such debt, or (2) the payments required by Exhibit B attached hereto.

(c) The Payment Fund shall be depleted at least once a year except for a carryover amount not to exceed one twelfth (1/12) of the amount of the Payments expected to come due in the following year.

**4. Taxes.** The Issuer agrees to directly pay all taxes, insurance and other costs of every nature associated with its ownership of the Property.

**5. The Issuer's Covenants and Representations.** The Issuer covenants and represents as follows:

(a) The Issuer will provide an opinion of its counsel to the effect that, it has full power and authority to enter into this Finance Contract which has been duly authorized, executed, and delivered by the Issuer and is a valid and binding obligation enforceable in accordance with its terms, and all requirements for execution, delivery and performance of this Finance Contract have been, or will be, complied with in a timely manner;

(b) All Payments hereunder for the current fiscal period have been duly authorized and will be paid when due;

(c) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization of performance of, or expenditure of funds pursuant to this Finance Contract;

(d) The information supplied and statements made by the Issuer in any financial statement or current budget prior to or contemporaneously with this Finance Contract are true and correct;

(e) The Issuer has complied or will comply with all bidding/proposal laws applicable to this transaction and the purchase of the Property.

(f) No contract, rental agreement, lease-purchase agreement, payment agreement or contract for purchase under the Act to which the Issuer has been a party at any time during the past ten (10) years has been terminated by the Issuer as a result of insufficient funds being appropriated in any Fiscal Year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which the Issuer has issued during the past ten (10) years.

(g) The Issuer will pay the Payments due by check, wire transfer, or ACH only.



GOVERNMENT CAPITAL

Public Property Finance Act Contract for Cities & Counties

**6. Use and Licenses.** The Issuer shall pay and discharge all operating and other expenses of every nature associated with its use of the Property. The Issuer shall obtain, at its expense, all registrations, permits and licenses, if any, required by law for the installation and operation of the Property.

**7. Maintenance.** The Issuer agrees to be solely responsible for all maintenance and operating costs of every nature associated with its ownership of the Property and the Issuer acknowledges that GCC or GCC's successors or assigns shall have no responsibility for the payment of any such costs.

**8. Damage to or Destruction of Property.** The Issuer shall bear the entire risk of loss, damage, theft, or destruction of the Property from any and every cause whatsoever, and no loss, damage, destruction, or other event shall release the Issuer from the obligation to pay the full amount of the payments or from any other obligation under this Finance Contract.

**9. No Warranty.** EXCEPT FOR REPRESENTATIONS, WARRANTIES, AND SERVICE AGREEMENTS RELATING TO THE PROPERTY MADE OR ENTERED INTO BY THE MANUFACTURERS OR SUPPLIERS OF THE PROPERTY, IF ANY, ALL OF WHICH ARE HEREBY ASSIGNED TO THE ISSUER, GCC HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE, MERCHANTABILITY, CONDITION, QUALITY OR FITNESS OF THE PROPERTY DESCRIBED IN EXHIBIT A FOR ANY PARTICULAR PURPOSE OR THE CONFORMITY OF THE PROPERTY TO SPECIFICATION OR PURCHASE ORDER. All such risks shall be borne by the Issuer without in any way excusing it from its obligations under this Finance Contract, and GCC shall not be liable for any damages on account of such risks. All claims or actions on any warranty so assigned shall be made or prosecuted by the Issuer, at its sole expense, upon prior written notice to GCC. GCC or its assigns may, but shall have no obligation whatsoever to, participate in a claim on any warranty. Any recovery under such a warranty shall be made payable jointly to both parties.

**10. Evidence of Indebtedness and Security Agreement.**

**(a)** An executed copy of this Finance Contract shall evidence the indebtedness of the Issuer as provided herein and shall constitute a security agreement pursuant to applicable law, with GCC, its successors or assigns as the secured party. The grants, lien, pledge and security interest of GCC, its successors or assigns created herein shall become effective immediately upon and from the Delivery Date, and the same shall be continuously effective for so long as any Finance Contract Payments are outstanding.

**(b)** A fully executed copy of this Finance Contract and the proceedings authorizing same shall be kept at all times and shall be filed and recorded as a security agreement among the permanent records of the Issuer. Such records shall be open for inspection to any member of the general public and to any individual, firm, corporation, governmental entity or other person proposing to do or doing business with, or having or asserting claims against the Issuer, at all times during regular business hours.

**(c)** If, in the opinion of counsel to the Issuer or to GCC, its successors or assigns, applicable law ever requires filings additional to the filing pursuant to subsection (b) of this section in order to preserve and protect the priority of the grants, assignments, lien, pledge and security interest of GCC, its successors or assigns created herein as to all Payments, then the Issuer shall diligently and regularly make such filings to the extent required by law to accomplish such result.

**11. Default and Remedies.**

**(a)** Each of the following occurrences or events for the purpose of this Finance Contract is hereby declared to be an Event of Default:

**(1)** the failure to make payment of the Payment when the same becomes due and payable; or  
**(2)** default in the performance or observance of any other covenant agreement or obligation of the Issuer, which default materially, adversely affects the rights of GCC or its successors or assigns, including, but not limited to, its prospect or ability to be repaid in accordance with this Finance Contract, and the continuation thereof for a period of 20 days after notice of such default is given by GCC or any successors or assigns of GCC to the Issuer.

**(b) Remedies for Default.**

**(1)** Upon the happening of any Event of Default, then and in every case GCC or its successors or assigns, or an authorized representative thereof, including, but not limited to, an attorney or trustee therefore, may proceed against the Issuer for the purpose of protecting and enforcing the rights of GCC or its successors or assigns under this Finance Contract, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of GCC or its successors or assigns or any combination of such remedies; provided that none of such parties shall have any right to declare the balance of the Finance Contract Payments to be immediately due and payable as a remedy because of the occurrence of an Event of Default.

**(2)** The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy, and no delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or be construed to be a waiver thereof and all such rights and powers may be exercised as often as may be deemed expedient.

**(c) Remedies Not Exclusive.**

**(1)** No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under this Finance Contract or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Finance Contract, the right to accelerate the debt evidenced by this Finance Contract shall not be available as a remedy because of the occurrence of an Event of Default.

**12. Assignment.** Without GCC's prior written consent, the Issuer will not either **(a)** assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Finance Contract or the Property or any interest in this Finance Contract or the Property; or **(b)** sublet or lend the Property or permit it to be used by anyone other than the Issuer or the Issuer's employees and other authorized users. GCC may assign its rights, title and interest in and to this Finance Contract, and any other documents executed with respect to this Finance Contract and/or grant or assign a security interest in this Finance Contract, in whole or in part. Such successors and assigns of GCC shall have the right to further grant or assign a security interest in this Finance Contract, as well as the rights to Payments hereunder, in whole or in part, to any third party. No assignment or reassignment of GCC's rights, title or interest in this Finance Contract shall be effective with regard to the Issuer unless and until the Issuer shall have received a copy of the document by which the assignment or reassignment is made, disclosing the name and address of such assignee. The Issuer shall maintain written records of any assignments of the Finance Contract.

**13. Personal Property.** The Property is and shall at all times be and remain personal property, and will not be considered a fixture to any real property.

**14. GCC's Right to Perform for The Issuer.** If the Issuer fails to make any payment or perform or comply with any of its covenants or obligations hereunder, GCC or GCC's successors or assigns may, but shall not be required to, make such payment or perform or comply with such covenants and obligations on behalf of the Issuer, and the amount of any such payment and the expenses (including but not limited to reasonable attorneys' fees) incurred by GCC or GCC's successors or assigns in performing or complying with such covenants and obligations, as the case may be, together with interest thereon at the highest lawful rate under the State of Texas law, shall be payable by the Issuer upon demand.

**15. Interest on Default.** If the Issuer fails to pay any Payment specified herein within twenty (20) days after the due date thereof, the Issuer shall pay to GCC or any successor or assigns of GCC, interest on such delinquent payment at the highest rate allowed by Texas law.

**16. Notices.** Any notices to be given or to be served upon any party hereto in connection with this Finance Contract must be in writing and may be given by certified or registered mail, and shall be deemed to have been given and received forty-eight (48) hours after mailing. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Finance Contract or at such other address as either party may hereafter designate.

**17. Prepayment.**

**(a)** The Issuer shall have the right, at its option, to prepay the Finance Act Contract in whole, on any payment date which has an amount shown in the "Early Redemption Value" column of Exhibit B attached hereto. "N/A" shall mean not prepayable. The Issuer shall not have the right to prepay the Finance Contract in part at any time.

**(b)** As condition precedent to the Issuer's right to make, and GCC's obligation to accept, any such prepayment, GCC shall have actually received notice at least thirty (30) days in advance of the Issuer's intent to exercise its option to prepay.

**18. Continuing Disclosure.** Specifically and without limitation, the Issuer agrees to provide audited financial statements, prepared by a certified public accountant not later than six (6) months after and as of the end of each fiscal year. Periodic financial statements shall include a combined balance sheet as of the end of each such period, and a combined statement of revenues, expenditures and changes in fund balances, from the beginning of the then fiscal year to the end of such period. These reports must be certified as correct by one of the Issuer's authorized agents. If the Issuer has subsidiaries, the financial statements required will be provided on a consolidated and consolidation basis.

**19. Tax Exemption.**

**(a)** The Issuer certifies that it does not reasonably anticipate more than \$10,000,000 of "tax-exempt obligations", including this Finance Contract will be issued by it and any subordinate entities during the 2018 calendar year. Further, the Issuer designates this Finance Contract as "qualified tax exempt obligations" under Section 265 (b) 3 of the Internal Revenue Code of 1986, as amended (the "Code") eligible for the exception contained in Section 265 (b) 3 (D) of the Code allowing for an exception to the general rule of the Code which provides for a total disallowance of a deduction for interest expense allocable to the carrying of tax exempt obligations.

**(b)** The Issuer hereby represents and covenants that the proceeds of this Finance Contract are needed at this time to provide funds for the Issuer's purchase of the property for which this Finance Contract was executed and delivered, as specified in this Finance Contract; that (i) final disbursement of the proceeds of this Finance Contract will occur within three years from the Delivery Date, (ii) substantial binding obligations to expend at least five (5) percent of the net proceeds will be incurred within six months after the Delivery Date and (iii) the acquisition of such property will proceed with due diligence to completion; and that, except for the Escrow Agreement, if applicable, and the Payment Fund, no other funds or accounts have been or will be established or pledged to the payment of this Finance Contract.

**(c)** The Issuer will not directly or indirectly take any action or omit to take any action, which action or omission would cause the Finance Contract to constitute a "private activity bond" within the meaning of Section 141(a) of the Code.

**(d)** The Issuer will not take any action or fail to take any action with respect to the investment of the proceeds of this Finance Contract or any other funds of the Issuer, including amounts received from the investment of any of the foregoing, that would cause this Finance Contract to be an "arbitrage bond" within the meaning of such section 148 of the Code.

**(e)** There are no other obligations of the Issuer which are sold at substantially the same time as the Finance Contract, sold pursuant to the same plan of financing with the Finance Contract and are reasonably expected to be paid from substantially the same source of funds as the Finance Contract.

**(f)** The Issuer will not take any action, or as the case may be, knowingly omit to take any action within its control that, if taken or omitted, as the case may be, would cause the Finance Contract to be treated as "federally guaranteed" obligations for purposes of Section 149(b) of the Code.

**(g)** The Issuer will take all necessary steps to comply with the requirement that certain amounts earned by the Issuer on the investment of the "gross proceeds" of the Finance Contract (within the meaning of Section 148(f)(6)(B) of the Code), if any, be rebated to the federal government. Specifically, the Issuer will (i) maintain records regarding the investment of the gross proceeds of the Finance Contract as may be required to calculate and substantiate the amount earned on the investment of the gross proceeds of the Finance Contract and retain such records for at least six years after the day on which the last outstanding Finance Contract is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, including any specified method of accounting required by applicable regulations to be used for all or a portion of the gross proceeds, (iii) calculate, at such times as are required by applicable regulations, the amount earned from the investment of the gross proceeds of the Finance Contract and (iv) timely pay all amounts required to be rebated to the federal government. In addition, the Issuer will correct any errors within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, including interest thereon and penalty, if any, as may be necessary or appropriate to assure that interest on the Finance Contract is not includable in the gross income for federal income tax purposes.

**(h)** The Issuer will timely file with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Finance Contract on such form and in such place as the Secretary may prescribe. Notwithstanding any other provision of this Finance Contract, the Issuer's obligation under the covenants and provisions of this Section 19 shall survive the defeasance and discharge of this Finance Contract.

**20. Miscellaneous.**

(a) Time is of the essence. No covenant or obligations hereunder to be performed by the Issuer are waived, except by the written consent of GCC or its successors or assigns. GCC's or its successors or assigns' rights hereunder are cumulative and not alternative.

(b) This Finance Contract shall be construed in accordance with, and governed by the state of Texas laws.

(c) This Finance Contract constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, altered or changed in any respect except by a written document signed by both GCC and the Issuer.

(d) Any term or provision of this Finance Contract found to be prohibited by law or unenforceable shall not affect the legality the remainder of this Finance Contract.

(e) Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever appropriate.

(f) The captions set forth herein are for convenience of reference only, and shall not define or limit any of the terms or provisions hereof.

(g) Issuer agrees to equitably adjust the payments payable under this Finance Contract if there is a determination by the IRS that the interest payable pursuant to this Finance Contract (as incorporated within the schedule of payments) is not excludable from income in accordance with the Internal Revenue Code of 1986, as amended, such as to make GCC and its assigns whole.

(h) Except as otherwise provided, this Finance Contract shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, where permitted by this Finance Contract.

(i) GCC shall comply with the requirements of Chapter 2270 of the Texas Government Code as it pertains to this Contract.

(j) THIS CONTRACT IS EVIDENCE OF A PRIVATELY PLACED BANK LOAN, IS NOT IN REGISTERED FORM, AND MAY NOT BE TRANSFERRED TO BEARER. TRANSFERS OF THIS CONTRACT ARE NOT REGISTERED ON BOOKS MAINTAINED FOR THAT PURPOSE BY THE ISSUER.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Finance Contract as of the \_\_\_\_ day of \_\_\_\_\_ in the year 2018.

Government Capital Corporation

\_\_\_\_\_  
Authorized Signature  
345 Miron Dr.  
Southlake, TX 76092

Witness Signature \_\_\_\_\_

Print Name \_\_\_\_\_

Print Title \_\_\_\_\_

**The Issuer:** City of Kingsville

\_\_\_\_\_  
Jesus Garza, City Manager  
400 W. King Avenue  
Kingsville, TX 78363

Witness Signature \_\_\_\_\_

Print Name \_\_\_\_\_

Print Title \_\_\_\_\_



**EXHIBIT B**

**>> SCHEDULE OF PAYMENTS & EARLY REDEMPTION VALUE <<**

PUBLIC PROPERTY FINANCE ACT CONTRACT **NO.8204** (THE "FINANCE CONTRACT")

BY AND BETWEEN

Government Capital Corporation and the **Issuer**, City of Kingsville

Schedule Dated as of May 25, 2018

PMT NO.	PMT DATE MO. DAY YR	TOTAL PAYMENT	INTEREST PAID	PRINCIPAL PAID	EARLY REDEMPTION VALUE after pmt on this line
1	1/30/2019	\$95,376.79	\$13,047.23	\$82,329.56	N/A
2	1/30/2020	\$95,376.79	\$16,194.64	\$79,182.15	N/A
3	1/30/2021	\$95,376.79	\$13,700.40	\$81,676.39	\$356,654.62
4	1/30/2022	\$95,376.79	\$11,127.59	\$84,249.20	\$271,085.83
5	1/30/2023	\$95,376.79	\$8,473.74	\$86,903.05	\$183,163.90
6	1/30/2024	\$95,376.79	\$5,736.30	\$89,640.49	\$92,824.12
7	1/30/2025	\$95,376.79	\$2,912.63	\$92,464.16	\$0.00
Grand Totals		\$667,637.53	\$71,192.53	\$596,445.00	

Interest Rate: 3.15%

**INCUMBENCY CERTIFICATE**

Public Property Finance Act Contract **No.8204** (THE "FINANCE CONTRACT")

By And Between

Government Capital Corporation and **the Issuer**, City of Kingsville

Dated as of May 14, 2018

I, Mary Valenzuela, do hereby certify that I am the duly elected or appointed and acting City Secretary, of City of Kingsville, Issuer, a political subdivision or agency of the State of Texas, duly organized and existing under the laws of the State of Texas, that I or my designee have custody of the records of such entity, and that, as of the date hereof, the individual(s) named below are the duly elected or appointed officer(s) of such entity holding the office(s) set forth opposite their respective name(s). I further certify that (i) the signature(s) set opposite their respective name(s) and title(s) are their true and authentic signature(s), and (ii) such officers have the authority on behalf of such entity to enter into that certain Public Property Finance Act Contract No.8204, between City of Kingsville (the "Issuer") and Government Capital Corporation ("GCC").

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Jesus Garza	City Manager	_____

IN WITNESS WHEREOF, I have duly executed this certificate hereto this \_\_\_\_ day of \_\_\_\_\_, 2018.

By: \_\_\_\_\_  
Mary Valenzuela, City Secretary

***[to be retyped on letterhead of the Issuer counsel]***

Government Capital Corporation  
345 Miron Dr  
Southlake, TX 76092

RE: Public Property Finance Act Contract No.8204

I have examined the Public Property Finance Act Contract No.8204 (the "Finance Contract") between the City of Kingsville (the "Issuer") and Government Capital Corporation ("GCC"). The Finance Contract provides financing for the purchase by the City of Kingsville of certain Property as identified in the Finance Contract and provides that the Issuer shall finance the Property by making Payments as specified in the Public Property Finance Act Contract No.8204.

I have also examined other certificates and documents as I have deemed necessary and appropriate under the circumstances.

Based upon the foregoing examination, I am of the opinion that:

1. The Issuer is a political subdivision or agency of the State of Texas with the requisite power and authority to incur obligations, the interest on which is exempt from taxation by virtue of Section 103(a) of the Internal Revenue Code of 1986, as amended;
2. The execution, delivery and performance by the Issuer of the Finance Contract have been duly authorized by all necessary action on the part of the Issuer; and
3. The Finance Contract constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

The opinion expressed above is solely for the benefit of the Issuer, GCC and/or its subsequent successors or assigns.

Sincerely,

Attorney at Law

**RESOLUTION**

A RESOLUTION REGARDING A CONTRACT FOR THE PURPOSE OF FINANCING **"GARBAGE TRUCKS"**.

WHEREAS, City of Kingsville (the "Issuer") desires to enter into that certain Finance Contract No.8204, by and between the Issuer and Government Capital Corporation ("GCC") for the purpose of financing "Garbage Trucks". The Issuer desires to designate this Finance Contract as a "qualified tax exempt obligation" of the Issuer for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

NOW THEREFORE, BE IT RESOLVED BY CITY OF KINGSVILLE:

Section 1. That the Issuer will enter into a Finance Contract with GCC for the purpose of financing "Garbage Trucks".

Section 2. That the Finance Contract dated as of May 14, 2018, by and between the City of Kingsville and GCC is designated by the Issuer as a "qualified tax exempt obligation" for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

Section 3. That the Issuer appoints the City Manager or their designee, as the authorized signer of the Finance Contract Number 8204 dated as of May 14, 2018, by and between the City of Kingsville and GCC as well as any other ancillary exhibit, certificate, or documentation needed for the Contract.

Section 4. That should the need arise, if applicable, the City will use loan proceeds for reimbursement of expenditures related to the Property, within the meaning of Treasury Regulation § 1.150-2, as promulgated under the Internal Revenue Code of 1986, as amended.

PASSED AND APPROVED by the Board of the City of Kingsville in a meeting held on the \_\_\_\_day of \_\_\_\_\_, 2018.

**Issuer:** City of Kingsville

Witness Signature

\_\_\_\_\_  
Sam Fugate, Mayor

\_\_\_\_\_  
Mary Valenzuela, City Secretary

## **WIRE TRANSFER FORM**

\*\*\* FINANCIAL INSTITUTION INFORMATION \*\*\*

Bank's Name: \_\_\_\_\_

Bank's Address: \_\_\_\_\_

Bank's Phone#: \_\_\_\_\_

Bank's Fed Routing#: \_\_\_\_\_

(Please confirm with bank since it may be different from routing number on deposit slip)

Bank Account Name: \_\_\_\_\_

Bank Account #: \_\_\_\_\_

Ref (if needed): \_\_\_\_\_

\_\_\_\_\_

**Please note that while there will not be a charge for our outgoing wire, your Bank may charge a fee for the incoming wire**

I hereby authorize Government Capital Corporation to transfer any monies due via wire transfer directly to our bank.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

## **SIGNING INSTRUCTION SHEET**

---

***These documents have been prepared and are being provided with the intent of a smooth and timely funding; however, by providing these documents an irrevocable offer to provide funding for this transaction is not represented until such time as adequate financial information is provided and loan committee approval is granted.***

---

**IF YOU HAVE ANY QUESTIONS, PLEASE CALL THE DOCUMENTATION DEPARTMENT AT 817-421-5400.**

Enclosed or attached please find the documents for the financing of your current needs. Please sign in blue ink the following documents and witness as indicated.

***Closing Date currently scheduled for May 25, 2018***

- FINANCE CONTRACT, PROMISSORY NOTE, OR LEASE AGREEMENT**  
Please read and understand the document. The document requires the signature and date of an authorized individual with the signature witnessed.
  
- EXHIBIT "B"**  
Please review and verify that the information contained in this document is correct.
  
- INCUMBENCY CERTIFICATE**  
The authorized individual needs to sign this document, in front of a witness, who is either the "Keeper of the Records", Secretary of the Board, Clerk of the Board, City Secretary, or other Administrative Official.
  
- INSURANCE CERTIFICATE (if applicable)**  
Please provide current Insurance Information, such as, Company name, Phone Number, Policy Number, etc. If you are Self-Insured, please indicate and provide a Self Insurance Certificate.
  
- CERTIFICATE OF ACCEPTANCE (if applicable)**  
If equipment has been received please sign and date this Certificate. If equipment has not been received please do not sign, but complete the bottom portion of the Certificate.
  
- ATTORNEY'S OPINION**  
Provided in your doc package, is an Attorney's Opinion letter. This letter needs to be retyped on your attorney's letterhead paper. Urge your attorney to call us with any questions, or comments.
  
- RESOLUTION**  
The Resolution authorizes the actual financing and the Authorized Signer's authority to sign the documents. Please sign as indicated and date the day of Board or Council action.
  
- ESCROW AGREEMENT (if applicable)**  
Sign all three originals as indicated. An "Agent" will be determined upon our receipt of the documents.
  
- EXHIBIT A AND ATTACHMENT 1 /PAYMENT REQUEST/ ACCEPTANCE CERTIFICATE (if applicable)**  
When you are ready to pay your vendor, please complete and return this form to our Documentation Department along with the vendor invoice. If equipment has not been received, please keep this form, so we can proceed with the paperwork. Then send the Payment Request/Acceptance Certificate Form when equipment is received.
  
- 8038 FORM**  
An 8038 is required by the IRS. Please sign and date the form. We will file on your behalf.
  
- ADVANCE PAYMENT (if applicable)**  
If applicable, include any Advance Payment, "At Signing", or Fee as invoiced, and return your payment along with the signed documents.

**PLEASE RETURN ALL ORIGINAL DOCUMENTS AND ANY PAYMENTS DUE TO:**

GOVERNMENT CAPITAL CORPORATION  
Attn: Documentation Department  
345 Miron Drive  
Southlake, TX 76092  
Ph: 817-421-5400

# **AGENDA ITEM #13**

**City of Kingsville**  
**Engineering Department**

TO: Mayor and City Commissioners

CC: Jesus A. Garza, City Manager

FROM: Rutilio P. Mora Jr., P.E., City Engineer

DATE: Monday May 14, 2018

SUBJECT: Budget Amendment for the purchase of Surveying Equipment and Traffic Conditions Assessment Equipment for the Engineering Department

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**Summary:**

This budget amendment allocates funding to purchase land surveying equipment (R8 Rover system by Trimble) and Traffic Counters by the Engineering Department.

**Background:**

The Engineering Department currently uses a Total Station Surveying Instrument for building construction that is outdated and possibly uncalibrated. In the past recent years Staff has noticed that the level of accuracy for the Total Station has gone down significantly (anywhere from 1"-4") since it was purchased. The Trimble R8 Rover system is one of the building construction industry's top used instruments with an accuracy level of +/- 1/2". The Trimble R8 Rover System will be extremely useful for accurate and efficient street construction, site construction, utility construction, utility mapping and inventory and mapping of City Parks and Golf Course. The Trimble system costs approximately \$18,000. City staff looked at another similar system by Leica Geosystems. The cost for the Leica system was approximately \$27,000 and has an accuracy of approximately 1".

The purchase of Traffic Counters will help the Engineering Department conduct traffic condition assessments for proposed changes to the City's Manual on Uniform Traffic Control Devices ordinance. The Engineering Department frequently receives request from Citizens to conduct assessments for traffic control devices to diminish speeders and implement safer road conditions. The Traffic Counters will allow the Engineering Department to put together comprehensive reports to propose the necessary changes. We compared three prices from three different vendors and the average cost was \$9,000.

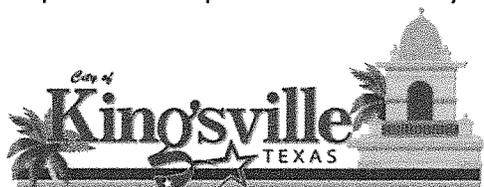
**Financial Impact:**

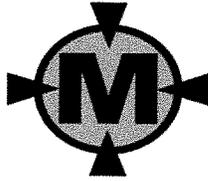
This budget amendment for the Engineering Department will reallocate funding of \$27,000.00 from CO 2013 Fund Balance to 067-5-3050-71200 for this necessary unforeseen purchase.

Proceeds from the sale of the Certificates will be used for the payment of contractual obligations to be incurred in connection with the design, planning and equipping of certain City- owned public property and the payment of contractual obligations for professional services in connection with such projects.

**Recommendation:**

Staff recommends approval of this budget amendment to purchase surveying equipment and traffic counters as needed to improve the departments efficiency.





**MARTIN INSTRUMENT**

12077 Starcrest Dr  
 San Antonio TX 78247  
 210-490-4604 Phone  
 210-490-4706 Fax  
[www.martininstrument.com](http://www.martininstrument.com)

**Quotation For:**

Rudy Mora  
 City of Kingsville Engineering  
 400 W King  
 Kingsville, TX 78363

**Date:**

4/23/2018

**NEW R8s ROVER SYSTEM - Coop Membership**

Revised

Item	Part No	Description	Qty	Unit Price	Total Price
1	R8S-201-60-01	Trimble R8s, Model 60, double receiver transport case, ROW	1	\$ 4,500.00	\$ 4,500.00
2	R8S-CFG-001-42	Trimble R8s Configuration Level - Rover / Network Rover mode	1	\$ 10,900.00	\$ 10,900.00
3	TSC3-01-1022	CU - TSC3, w/Trimble Access QWERTY keypad	1	\$ 5,495.00	\$ 5,495.00
4	82758-00	Trimble TSC3 Accessory - Range Pole Bracket	1	\$155.00	\$ 155.00
5	MI-RBPKG	Rod - 2m Snap-lock Range Pole with Bipod	1	\$350.00	\$ 350.00
6	63608-00	Trimble Business Center Base - Dongle License	1	\$449.00	\$ 449.00
7	TRAINING / DELVRY	Hand deliver equipment to your office and give up to 8hrs of training on the day of delivery.	1	\$1,500.00	\$0.00
8	DIR	DIR pricing discount			(\$3,455.00)
9	LESS	Trade in of Sokkia CX-105 Total Station and Getac Collector with all chargers, must be working.			(\$3,000.00)
10	TX/OK COOP	Trimble Co-op membership, 1st year membership and dues	1	\$2,000.00	\$2,000.00
<b>TOTAL</b>					<b>\$ 17,394.00</b>

All prices and discounts shown are good for 30 days and reflect standard DIR discounting. Martin Instrument is registered as a DIR contractor number DIR-TSO-3664. Please note that sales tax is not included in this proposal. Please contact me at (210) 596-4012 if you have any questions.

Sincerely,

Dan Riccardi  
 Territory Account Manager

Quote Request:

**Leica GS18/CS20 Rover Trade Pkg.**



**G4 SPATIAL  
TECHNOLOGIES**

PO#

To: City of Kingsville

106 W. Nakoma  
San Antonio, Texas 78216  
210-889-4292



- when it has to be right



[Rick.Walker@G4Spatial.com](mailto:Rick.Walker@G4Spatial.com)

March 25, 2018

Attn: Sharam Santillan

Item	Code	Description	Qty	Unit Price	Total Price
1	855304	GS18 T LTE&UHF Performance NAFTA	1	\$ 20,180.00	\$ 20,180.00
2	856074	LOP60, GS18 GLONASS option	1	\$ 1,280.00	\$ 1,280.00
3	856075	LOP61, GS18 Galileo option	1	\$ 1,280.00	\$ 1,280.00
4	799190	GEB331 Battery int Li-Ion 11.1V/2800mAh	2	\$ 190.00	\$ 380.00
5	799187	GKL341 Charger Prof 5000	1	\$ 750.00	\$ 750.00
6	767856	MSD1000, SD memory card 1GB	1	\$ 200.00	\$ 200.00
7	849256	GAT28, UHF Radio Antenna, 403-473MHz	1	\$ 150.00	\$ 150.00
8	834668	GAT27, Antenna for LTE / radio	1	\$ 70.00	\$ 70.00
9	855306	GVP734 Hard container for SmartAntenna, CS field controller and acc	1	\$ 130.00	\$ 130.00
10	752292	GLS30, GNSS telescopic pole, carbon-fibre	1	\$ 455.00	\$ 455.00
11	6003686	1 yr Viva GNSS (GS1X) Basic CCP	1	\$ 180.00	\$ 180.00
12	823167	CS20 3.75G CDMA Disto Field Controller	1	\$ 5,930.00	\$ 5,930.00
13	6012455	CS20 - Captivate Software Package (NAFTA)	1	\$ 2,500.00	\$ 2,500.00
14	767856	MSD1000, SD memory card 1GB	1	\$ 200.00	\$ 200.00
15	799190	GEB331 Battery int Li-Ion 11.1V/2800mAh	2	\$ 190.00	\$ 380.00
16	807157	GHT66 Holder plate for CS20 controller	1	\$ 100.00	\$ 100.00
17	767880	GHT63 Pole clamp for attaching GHT	1	\$ 100.00	\$ 100.00
18	6009619	1 yr CS20 Basic CCP	1	\$ 580.00	\$ 580.00
19	808788	Infinity Basic Licence FL	1	\$ 500.00	\$ 500.00
<b>Texas DIR Contract Number: DIR-TSO-3676</b>					

Notes:

- Prices do not include applicable delivery costs if any
- Delivery is 7-10 days ARO. Quotation valid until March 31, 2018
- Terms: Net 30 days with approved credit or C.O.D. \*\*\* 0% and Low Interest Leasing/Financing Also
- Quoted equipment has 12 month warranty and CCP \* Extended warranties/CCP's are available



Pkg Price: \$ 35,345.00  
Trade-In: \$ 8,500.00  
Sub-Total: \$ 26,845.00



# DIAMOND TRAFFIC PRODUCTS

## Quote

Division of High Leah Electronics, Inc.

76433 Alder Street

PO Box 1455

Oakridge, Oregon 97463

541-782-3903 Voice

541-782-2053 Fax

WWW.DIAMONDTRAFFIC.COM

Order Number: 0040386

Order Date: 04/25/18

Salesperson:

Customer Number 05-0007232

Sold To:	Ship To:
----------	----------

City of Kingsville  
400 W. King Avenue  
Kingsville, TX 78363  
USA

City of Kingsville  
400 W. King Avenue  
Kingsville, TX 78363  
United States

Voice: (361) 595-8007

Confirm To: Roel Tovar

Fax Number: (361) 595-8035

rtovar@cityofkingsville.com

Customer P.O.	Ship VIA	F.O.B.	Terms
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TOVAR OMEGA G

UPS GROUND

ORIGIN

PREPAID

Item Number	Unit	Ordered	Shipped	Back Order	Price	Amount
-------------	------	---------	---------	------------	-------	--------

**#OMEGA G 2RT**

Omega G 2 Road Tube

EACH

8.00

0.00

0.00

\$695.00

\$5,560.00

**#USB-A-B/M/06**

CBL USB A-B CON 10' 26/28 AWG

EACH

4.00

0.00

0.00

\$0.00

\$0.00

**#USB-4GIG**

USB Drive at 4 Gigabytes

EACH

4.00

0.00

0.00

\$0.00

\$0.00

**#CENT-CC**

Centurion City/County Software

EACH

1.00

0.00

0.00

\$795.00

\$795.00

*Download from diamondtraffic.com*

**#CENT-CC**

Centurion City/County Software

EACH

3.00

0.00

0.00

\$595.00

\$1,785.00

*Copies 2 -4 if needed*

**#RT KIT 1**

ROAD TUBE KIT #1

EACH

8.00

0.00

0.00

\$103.00

\$824.00

**#EP-312**

Set SCKt Screw - 5/16-18x5/8

EACH

32.00

0.00

0.00

COMPONENT

**#EPW-313**

Allen Head Wrench for EP 312

EACH

16.00

0.00

0.00

COMPONENT

Continued



# DIAMOND TRAFFIC PRODUCTS

## Quote

Division of High Leah Electronics, Inc.  
 76433 Alder Street  
 PO Box 1455  
 Oakridge, Oregon 97463  
 WWW.DIAMONDTRAFFIC.COM

Order Number: 0040386  
 Order Date: 04/25/18  
 Salesperson:  
 Customer Number 05-0007232

Sold To:	Ship To:
City of Kingsville 400 W. King Avenue Kingsville, TX 78363 USA	City of Kingsville 400 W. King Avenue Kingsville, TX 78363 United States

Voice: (361) 595-8007

Confirm To: Roel Tovar

Fax Number: (361) 595-8035

rtovar@cityofkingsville.com

Customer P.O.	Ship VIA	F.O.B.	Terms
TOVAR OMEGA G	UPS GROUND	ORIGIN	PREPAID

Item Number	Unit	Ordered	Shipped	Back Order	Price	Amount
<b>#RT-R-1/4-N-100</b> ROAD TUBE Round 1/4 X 9/16 NAT	FEET	800.00	0.00	0.00	COMPONENT	
<b>#RTA-8</b> Figure 8 for 1/4 Road Tube	EACH	64.00	0.00	0.00	COMPONENT	
<b>#RTA-GC 9/16</b> Galvanized C Clamp for 1/4 Roa	EACH	64.00	0.00	0.00	COMPONENT	
<b>#RTA-SN-25</b> Diamond Head Nails - 2 1/2"	EACH	160.00	0.00	0.00	COMPONENT	

Net Order:	\$8,964.00
Less Discount:	\$0.00
Freight:	\$232.00
Sales Tax:	\$0.00
<b>Order Total</b>	<b>\$9,196.00</b>

To: Mr Roel Tovar  
Kingsville City (TX)  
A: 200 E. Kleberg,  
Kingsville TX 78363,  
P: 361 595 8007  
E: rtovar@cityofkingsville.com

24 Apr 2018

## Traffic Monitoring Equipment

### Special Quotation

Dear Roel,

I am pleased to provide you with a Special Quotation for MetroCount traffic monitoring equipment.

This offer supersedes all previous offers.

To take up this offer, please return the attached form prior to the offer's expiry date.

To learn more about our traffic counters and their Signature System, the MTE<sup>®</sup> software or the remote access add-on, please visit our website or contact me.

Kind regards,

**Heather Krauss**  
Technical Sales Representative  
P: 800 576 5692  
E: hkrauss@metrocount.com  
W: www.metrocount.com

File name: KingsvCi-HK0032.doc

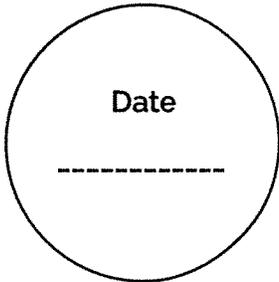
From: Mr Roel Tovar

Kingsville City (TX)

A: 200 E. Kleberg,  
Kingsville TX 78363,

P: 361 595 8007

E: rtovar@cityofkingsville.com



## Order Form

Order number \_\_\_\_\_

I would like to place an order, based on the following quotation, received on 24 Apr 2018:  
A minimum order value of \$50 applies to any orders placed.

ITEM	QTY.	PRICE	TOTAL
RoadPod VT 5900 Plus inc RC	8	\$1,345.00	\$10,760.00
Standard warranty (12 months)	8	\$0.00	\$0.00
Acc: MTE v5.0 Web Download **software and support are always free**	1	\$0.00	\$0.00
Acc: MetroCount USB Comms Cable (1.8m) **communications cable**	1	\$58.00	\$58.00
Field - Full Field Kit **includes 30m tubing, 12 nails, 10 pack figure 8 cleats, 2 centerline flaps**	8	\$195.00	\$1,560.00
Discount **volume discount**	8	-\$445.00	-\$3,560.00
Freight via UPS (MD)			\$165.00
Total excluding any tax (Prices in USD)			\$8,983.00

**NOTE:** All prices are in USD, exclude any Sales Tax and any other state Taxes and will remain valid for four weeks from 24 Apr 2018. Most items are available ex stock, but some may be back-ordered on a first come, first served basis. All goods remain the property of MetroCount (USA) Inc. (H.O. Sales) until paid in full. We reserve the right to charge interest on overdue accounts at 0.5% per week. Payments are to be made prior to shipment via Direct Transfer or Credit Card unless otherwise advised. Government Terms 15 days net. MetroCount reserves the right to include credit card merchant facility fees and any associated processing admin fees of up to 5%. Please confirm if you require the items to be insured against loss/damage (equipment and/or packaging) whilst in transit with the selected courier named above. This offer supersedes all previous offers.

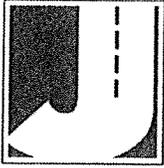
### PAYMENT METHOD

I will direct credit to MetroCount's bank account (EFT).

Account name: MetroCount USA  
Account number: 8059867967  
Routing number: 031207607  
Bank name: PNC Bank  
Bank address: 2465 Kuser Road, Hamilton Township NJ 08690

I will pay by check or cash.  
Please send me the invoice.

I will pay via my Visa/Amex/MasterCard.  
Please contact me by phone to receive my credit/debit card details.



# JAMAR Technologies, Inc.

TRAFFIC COUNTING EQUIPMENT AND SUPPLIES  
DISTANCE MEASURING EQUIPMENT AND SUPPLIES

1500 Industry Road, Suite C

Hatfield, PA 19440

Phone 215-361-2244 • Fax 215-361-2267

# QUOTATION

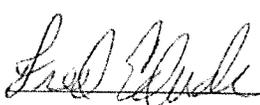
DATE: 4/24/2018

QUOTATION NO. 84095

P - (512) 595-8000 Ext. 0000  
F - (512) 595-8035 Ext. 0000

KINGSVILLE; CITY OF  
200 E. KLEBERG  
KINGSVILLE TX 78363

ATTN: ROEL TOBAR

		CUSTOMER ID	SALES PERSON	SHIPPING METHOD	PAYMENT TERMS	REQUIRED SHIP DATE	MASTER NUMBER
		4458	FRED EDWARDS	UPS	NET 30	5/24/2018	134,418
QUANTITY ORDERED	ITEM NUMBER	DESCRIPTION				UNIT PRICE	EXTENDED PRICE
8 EACH	JTAP-2RT-K	TRAX APOLLYON 2RT COUNTER W/LOCKS, CHAIN & BATTERIES LIST PRICE IS \$1395.00 EACH				\$875.0000	\$7,000.00
1 EACH	J-7712-K	TRAXPRO W/MANUAL & USB CABLE (5-SEAT SITE LICENSE) LIST PRICE IS \$1495.00				\$445.0000	\$445.00
1 EACH	K-1000-PC50	50' PRECISION CUT MINI ROAD TUBE INSTALLATION KIT THIS KIT INCLUDES:				\$525.0000	\$525.00
1 BOX	J-5507	HARDENED NAILS 2.5"				\$0.0000	\$0.00
12 EACH	J-5523	END PLUGS .187 ID (ALL JAMAR TUBE)				\$0.0000	\$0.00
6 EACH	J-7030	PRECISION CUT MINI TUBE 50' (1 PAIR)				\$0.0000	\$0.00
1 EACH	J-9902	MASTIC TAPE, SUMMER - 4" X 60' ROLL				\$0.0000	\$0.00
1 EACH	J-9906	MASTIC TAPE, SUMMER - 2" X 60' ROLL				\$0.0000	\$0.00
12 EACH	T-1145	CHINESE FINGER GRIP - MINI TUBE				\$0.0000	\$0.00
24 EACH	T-1174	GALVANIZED CLAMPS - MINI TUBE				\$0.0000	\$0.00
*PRICE QUOTE IS VALID FOR 30 DAYS UNLESS OTHERWISE NOTED*		By 				Subtotal	\$7,970.00
		FRED EDWARDS				Misc	\$0.00
						Tax	\$0.00
						Freight	\$184.00
						Total	\$8,154.00



# JAMAR Technologies, Inc.

TRAFFIC COUNTING EQUIPMENT AND SUPPLIES  
DISTANCE MEASURING EQUIPMENT AND SUPPLIES

1500 Industry Road, Suite C

Hatfield, PA 19440

Phone 215-361-2244 • Fax 215-361-2267

# QUOTATION

DATE: 4/24/2018

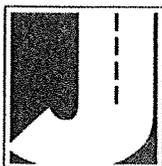
QUOTATION NO. 84094

P - (512) 595-8000 Ext. 0000  
F - (512) 595-8035 Ext. 0000

KINGSVILLE; CITY OF  
200 E. KLEBERG  
KINGSVILLE TX 78363

ATTN: ROEL TOBAR

		CUSTOMER ID	SALES PERSON	SHIPPING METHOD	PAYMENT TERMS	REQUIRED SHIP DATE	MASTER NUMBER
		4458	FRED EDWARDS	UPS	NET 30	5/24/2018	134,416
QUANTITY ORDERED	ITEM NUMBER	DESCRIPTION			UNIT PRICE	EXTENDED PRICE	
4 EACH	JTCP-2RT-GPS-K	TRAX CYCLES+ 2RT BICYCLE COUNTER/CLASSIFIER W/LOCKS & CHAI LIST PRICE IS \$1495.00 EACH			\$1,295.0000	\$5,180.00	
1 EACH	J-7712-K	TRAXPRO W/MANUAL & USB CABLE (5-SEAT SITE LICENSE) LIST PRICE IS \$1495.00			\$445.0000	\$445.00	
1 EACH	K-1000-PC50	50' PRECISION CUT MINI ROAD TUBE INSTALLATION KIT THIS KIT INCLUDES:			\$525.0000	\$525.00	
1 BOX	J-5507	HARDENED NAILS 2.5"			\$0.0000	\$0.00	
12 EACH	J-5523	END PLUGS .187 ID (ALL JAMAR TUBE)			\$0.0000	\$0.00	
6 EACH	J-7030	PRECISION CUT MINI TUBE 50' (1 PAIR)			\$0.0000	\$0.00	
1 EACH	J-9902	MASTIC TAPE, SUMMER - 4" X 60' ROLL			\$0.0000	\$0.00	
1 EACH	J-9906	MASTIC TAPE, SUMMER - 2" X 60' ROLL			\$0.0000	\$0.00	
12 EACH	T-1145	CHINESE FINGER GRIP - MINI TUBE			\$0.0000	\$0.00	
24 EACH	T-1174	GALVANIZED CLAMPS - MINI TUBE			\$0.0000	\$0.00	
*PRICE QUOTE IS VALID FOR 30 DAYS UNLESS OTHERWISE NOTED*		By 			Subtotal	\$6,150.00	
		FRED EDWARDS			Misc	\$0.00	
					Tax	\$0.00	
					Freight	\$128.00	
					Total	\$6,278.00	



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DISTANCE MEASURING EQUIPMENT AND SUPPLIES

1500 Industry Road, Suite C

Hatfield, PA 19440

Phone 215-361-2244 • Fax 215-361-2267

# QUOTATION

DATE: 4/24/2018

QUOTATION NO. 84093

P - (512) 595-8000 Ext. 0000

F - (512) 595-8035 Ext. 0000

KINGSVILLE; CITY OF  
200 E. KLEBERG  
KINGSVILLE TX 78363

ATTN: ROEL TOBAR

		CUSTOMER ID	SALES PERSON	SHIPPING METHOD	PAYMENT TERMS	REQUIRED SHIP DATE	MASTER NUMBER
		4458	FRED EDWARDS	UPS	NET 30	5/24/2018	134,415
QUANTITY ORDERED	ITEM NUMBER	DESCRIPTION				UNIT PRICE	EXTENDED PRICE
4 EACH	JTAP-2RT-K	TRAX APOLLYON 2RT COUNTER W/LOCKS, CHAIN & BATTERIES LIST PRICE IS \$1395.00 EACH				\$875.0000	\$3,500.00
1 EACH	J-7712-K	TRAXPRO W/MANUAL & USB CABLE (5-SEAT SITE LICENSE) LIST PRICE IS \$1495.00				\$445.0000	\$445.00
1 EACH	K-1000-PC50	50' PRECISION CUT MINI ROAD TUBE INSTALLATION KIT THIS KIT INCLUDES:				\$525.0000	\$525.00
1 BOX	J-5507	HARDENED NAILS 2.5"				\$0.0000	\$0.00
12 EACH	J-5523	END PLUGS .187 ID (ALL JAMAR TUBE)				\$0.0000	\$0.00
6 EACH	J-7030	PRECISION CUT MINI TUBE 50' (1 PAIR)				\$0.0000	\$0.00
1 EACH	J-9902	MASTIC TAPE, SUMMER - 4" X 60' ROLL				\$0.0000	\$0.00
1 EACH	J-9906	MASTIC TAPE, SUMMER - 2" X 60' ROLL				\$0.0000	\$0.00
12 EACH	T-1145	CHINESE FINGER GRIP - MINI TUBE				\$0.0000	\$0.00
24 EACH	T-1174	GALVANIZED CLAMPS - MINI TUBE				\$0.0000	\$0.00
*PRICE QUOTE IS VALID FOR 30 DAYS UNLESS OTHERWISE NOTED*		By 				Subtotal	\$4,470.00
		FRED EDWARDS				Misc	\$0.00
						Tax	\$0.00
						Freight	\$128.00
						Total	\$4,598.00

**ORDINANCE NO. 2018-\_\_\_\_\_**

**AN ORDINANCE AMENDING THE FISCAL YEAR 2017-18 BUDGET TO EXPEND FUNDS TO PURCHASE SURVEY & TRAFFIC CONDITION ASSESSMENT EQUIPMENT FOR THE ENGINEERING DEPARTMENT.**

**WHEREAS**, it was unforeseen when the budget was adopted that there would be a need for funding for these expenditures this fiscal year.

I.

**BE IT ORDAINED** by the City Commission of the City of Kingsville that the Fiscal Year 2017-2018 budget be amended as follows:

CITY OF KINGSVILLE  
DEPARTMENT EXPENSES  
BUDGET AMENDMENT

Dept No.	Dept Name	Account Name	Account Number	Budget Increase	Budget Decrease
<b>Fund 067 – CO Series 2013</b>					
<b>Equity</b>					
2		Equity	74002		\$27,000
<b>Expenses</b>					
5-3050		Machinery & Equipment	71200	\$ 27,000	

[To amend the City of Kingsville FY 17-18 budget to expend funds for the purchase of survey equipment as per the attached memo from the City Engineer.]

II.

**THAT** all Ordinances or parts of Ordinances in conflict with this Ordinance are repealed to the extent of such conflict only.

III.

**THAT** if for any reason any section, paragraph, subdivision, clause, phrase, word or provision of this ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this ordinance, for it is the definite intent of this City Commission that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

IV.

**THAT** this Ordinance shall not be codified but shall become effective on and after adoption and publication as required by law.

**INTRODUCED** on this the 14<sup>th</sup> day of May, 2018.

**PASSED AND APPROVED** on this the \_\_\_ day of \_\_\_\_\_, 2018.

**EFFECTIVE DATE:** \_\_\_\_\_

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

# **AGENDA ITEM #14**