



**City of Freeport**  
Meeting and/or Executive Session Agenda

This meeting will be live streamed via YouTube Live and may be accessed on the City of Freeport Facebook page: <https://www.facebook.com/freeporttexas> or by visiting <https://www.youtube.com/@cityoffreeporttx8375/streams>

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Monday, April 6, 2026, 6:00 PM | Council Chamber | 430 North Brazosport Blvd., Freeport, Texas 77541

In accordance with Section 551.043 of the Texas Government Code, this agenda has been posted at Freeport City Hall, and distributed to the appropriate news media within the required time frame. All meetings of the Freeport City Council are open to the public. Public participation and written comments are invited on all open session business items.

The Mayor and City Council request that cell phones be turned off or set to vibrate. Members of the audience are requested to step outside to conduct a phone conversation. The Council Chamber is wheelchair accessible and special parking is available outside the building. If special accommodation is required, please contact the City Secretary a minimum of 72 hours in advance at 979-233-3526.

**1: Call to Order:**

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- 1A. Call to Order - Jerry Cain, Mayor
- 1B. Invocation - Councilman
- 1C. Pledges - Pledge of Allegiance to the United States; Pledge of Allegiance to the State of Texas.
- 1D. Matters Subsequent to Posting.
- 1E. Audience Participation – Anyone who has registered to speak prior to the meeting being called to order and desires to address the City Council will be heard at this time, or during the discussion of an item listed on the agenda. These forms are located by the City Secretary. After completing the form, give it to the City Secretary. She will give it to the Mayor. The Mayor will call on you when that item is presented, once a motion has been made by Council then public participation will not be allowed. You will have four (4) minutes to make your comments regardless of the number of agenda items to be addressed.

**2: Proclamations - Presentations and Updates**

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- 2A. Proclamation Celebrating the Outstanding Achievement of the Brazosport High School Boys Basketball Team - Mayor Cain
- 2B. Proclamation of the City of Freeport declaring April 2026 as 'Fair Housing Month' - Mayor Cain
- 2C. Proclamation of the City of Freeport declaring April 11-17, 2026 as Animal Control Officer Appreciation Week - Mayor Cain

- 2D. Proclamation of the City of Freeport declaring April 12-18, 2026 as National Public Safety Telecommunicator Appreciation Week - Mayor Cain
- 2E. Presentation by BrooksWatson & Co. on the Audited Financial Report and Auditor's Opinion for the fiscal year ending September 30, 2025, followed by consideration to receive and file - Mike Brooks, Partner
- 2F. Upcoming Events -
  - City Transition to Hyper-Reach for Emergency Notifications
  - El Nacimiento de Selena, April 11, Freeport Museum, 11:00AM-3:00PM
  - Reimagining Main Street, April 18, Freeport Museum, 9:00AM-11:00AM
  - Community Clean-up, April 18, 431 West 4th St., 8:00AM-12:00PM
  - Senior Bingo, April 20, RiverPlace, 10:00AM-12:00PM
  - Riverfest, April 24-25
  - Glow Zumba, April 29, Freeport Rec Center, 8:30AM

### **3: Consent Agenda:**

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All items listed are part of the Consent Agenda. Public Hearing and review are held collectively unless opposition is presented, in which case the contested item will be heard separately.

- 3A. Action regarding Minutes, March 16, 2026 - Clarisa Fernandez, City Secretary
- 3B. Action approving the updated Resolution No. 2026-3040 regarding the Cybersecurity Grant - Jennifer Howell, Police Chief
- 3C. Action approving purchase of Motorola Radio Console equipment to be 100% reimbursed by grant funds - Jennifer Howell, Police Chief

### **4: Business**

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- 4A. Consideration and possible action approving the renewal of the Texas Main Street Program contract.(Maria Lopez)
- 4B. Consideration and possible action approving Resolution No. 2026-3041 for property to be declared surplus and to be authorized for disposal through destruction in accordance with City policy.(Chief Jennifer Howell)
- 4C. Consideration and possible action approving Resolution No. 2026-3042 for an EDC Settlement Agreement.(Dr. Danielle Kelly)
- 4D. Consideration and possible action approving IPO No. 2026-03 with Kimley-Horn and Associates to design and coordinate relocating a water line for the TxDOT Gulf Boulevard/FM 523 project.(Dr. Danielle Kelly)
- 4E. Consideration and possible action on the approval of a POD trailer Replacement Agreement between City of Freeport and the Brazoria County Health Department.(Christopher Motley)
- 4F. Consideration and possible action on the approval of Texas A&M Forest Service Personal Protective Equipment (PPE) Grant.(Christopher Motley)

- 4G. Consideration and possible action approving Freeport Fire & EMS department surplus equipment donation to College of the Mainland.(Christopher Motley)
- 4H. Discussion and Take Action on 2nd street property with TPWD restrictions(Councilman Matamoros )

**5: Work Session**

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The City Council may deliberate and make inquiry into any item specifically listed as a Subsection under the itemized Sections A-F below, an item appearing on the City Council agenda for this meeting, on matters related to community events, or on matters that are not within the jurisdiction of the City for consideration by City Council. The City Council may not deliberate on any City matters not specifically disclosed under this Work Session or on this posted City Council Meeting agenda. City Council members and the Mayor always reserve the right to request that a matter be placed on a future agenda for consideration.

- A. Councilman Pena Ward A announcements and comments.
- B. Councilman Davis Ward B announcements and comments.
- C. Councilman Matamoros Ward C announcements and comments.
- D. Councilman Rossow Ward D announcements and comments.
- E. Mayor Jerry Cain announcements and comments.
- F. City Manager announcements and comments.

**6: Executive Session**

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The City Council may take action on any Executive Session item posted. 551.071. Texas Government Code. Consultation with Attorney. The City Council may convene in executive session to conduct a private consultation with its attorney on any legal posted agenda item, when the City Council seeks advice of its attorney about pending or contemplated litigation, a settlement offer, or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the provisions of Chapter 551, including the following items:

- 6A. Executive Session regarding a.) Texas Government Code, Section 551.071 (Consultation with Attorney) 1.) DOW IDA negotiations update 2.) Surfside Utility Billing Counteroffer.

**7: Reconvene into Open Session:**

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- 7A. Take any action resulting from Executive Session.

**8: Adjournment**

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- 8A. Adjournment – Jerry Cain, Mayor

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

The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to consult with the city attorney or discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), but cannot vote or take action on any item unless it is set forth above in this agenda. 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

CERTIFICATE I certify the foregoing notice was posted in the official glass case at the front door of the City Hall, with 24 hours a day public access, 1201 North Avenue H., Freeport Texas, 3 business days prior to meeting. in accordance with Open Meetings Act.



Clarisa Fernandez,  
City Secretary, City of Freeport, Texas





## City Council Agenda Item #[2.A]

**Title:** Proclamation Celebrating the Outstanding Achievement of the Brazosport High School Boys Basketball Team - Mayor Cain

**Date:** April 6, 2026

**From:** Mayor Cain

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**Staff Recommendation:** Approve the proclamation recognizing the Brazosport High School Boys Basketball Team for their outstanding achievement during the 2025–2026 season.

**Item Summary:** The Brazosport High School Boys Basketball Team advanced to the 2026 UIL Class 4A State Semifinals, completing the season with an overall record of 29–10. The team’s performance reflects a high level of athletic achievement and brought positive recognition to the Freeport community.

**Background Information:**

Throughout the 2025–2026 season, the Brazosport Exporters demonstrated strong teamwork, discipline, and competitive success. The team advanced through district and regional play, securing key victories over Davenport High School and Austin LBJ High School to earn a place in the state semifinal round. The semifinal game was held on March 10, 2026, at the Leonard E. Merrell Center in Katy, Texas, where Brazosport competed against Almeta Crawford High School.

**Special Considerations:** N/A

**Financial Impact:** N/A

**Board or 3rd Party Recommendation:** N/A

**Supporting Documentation:**

1. Brazosport Basketball Team Proclamation 032326 (1)

# *Proclamation*

## **Celebrating the Outstanding Achievement of the Brazosport High School Boys Basketball Team**

*WHEREAS*, the Brazosport High School Boys Basketball Team, known as the Exporters, demonstrated exceptional dedication, teamwork, and perseverance throughout the 2025–2026 season; and

*WHEREAS*, the Exporters achieved an outstanding season record of 29–10 and advanced through district and regional competition, securing victories over strong opponents including Davenport High School and Austin LBJ High School; and

*WHEREAS*, the team earned a place in the 2026 UIL Class 4A State Semifinals, representing the City of Freeport and Brazosport Independent School District with pride and distinction; and

*WHEREAS*, the accomplishments of these student-athletes reflect not only athletic excellence, but also discipline, sportsmanship, and a commitment to representing their school and community at the highest level; and

*WHEREAS*, the success of the team reflects the leadership and dedication of Head Coach Jordan Rose, along with the coaching staff, families, and supporters who have contributed to a season that has inspired the Freeport community;

*NOW, THEREFORE, BE IT PROCLAIMED*, that the City Council of the City of Freeport, Texas, hereby recognizes and celebrates the Brazosport High School Boys Basketball Team for their outstanding achievement and advancement to the 2026 UIL Class 4A State Semifinals.

*BE IT FURTHER PROCLAIMED*, that the City extends its appreciation to the players, coaches, and Brazosport Independent School District for their commitment to excellence and for bringing pride and recognition to the Freeport community.

*IN WITNESS WHEREOF*, I have hereunto set my hand and caused the seal of the City of Freeport to be affixed this 6<sup>th</sup> day of April 2026.

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Jerry Cain, Mayor

# **Brazosport High School Boys Basketball Team**

## ***2025–2026 Season Summary***

### **Head Coach:**

Jordan Rose

### **Coaching Staff:**

Julian Sheppard

Darrel Johnson

Kameron Jackson

### **Overall Record:**

29–10

### **Season Highlights & Achievements:**

- District 29-4A Runner-Up
- Region 4 Division I 4A Champions
- UIL Class 4A State Semifinalists
- Best finish since 2017

### **Individual Honors:**

- Darrien Wilson (4A D1 All- state team, 4A D1 All-Region team, District offensive MVP)
- D’Erion Ramsey (4A D1 All Region, First Team all-district)
- Cameron Hinton
- Joshua Barclay  
(First Team all-district)
- Payton Harris
- Jeremiah Lopez,
- Nijel Perry  
(Second Team all-district)
- Darrien Wilson
- LaMarrio Hunter
- Legend Williams
- Deion Jackson
- Isaiah Leija (29-4A All Academic Team)



## City Council Agenda Item #[2.B]

**Title:** Proclamation of the City of Freeport declaring April 2026 as 'Fair Housing Month' - Mayor Cain

**Date:** April 6, 2026

**From:** Ashlee Hurst, Finance Director

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**Staff Recommendation:** Staff recommends proclaiming April as 'Fair Housing Month'

**Item Summary:** The City proclaims April as 'Fair Housing Month' every year.

**Background Information:** This proclamation also helps fulfill Fair Housing activity obligations as required for the Community Development Block Grant program that the City is a recipient of.

**Special Considerations:** N/A

**Financial Impact:** N/A

**Board or 3rd Party Recommendation:** N/A

**Supporting Documentation:**

1. Fair Housing Month Proclamation 2026 rev.

# PROCLAMATION

**WHEREAS**, Title VIII of the Civil Rights Act of 1968, as amended, prohibits discrimination in housing and declares it a national policy to provide, within constitutional limits, for fair housing in the United States; and

**WHEREAS**, the United States Department of Housing and Urban Development has initiated the sponsorship of activities during the month of April of each year designed to reinforce the Department's commitment to the law and concept of Fair Housing and Equal Opportunity; and

**WHEREAS**, The City of Freeport affirmatively supports the efforts of the Federal Government and the State of Texas to assure fair access to all Americans to rental housing and homeownership opportunities; and

**WHEREAS**, The City of Freeport welcomes this opportunity to reaffirm its commitment to provide access to housing to all residents without regard to race, color, religion, sex, disability, familial status, or national origin; and

**WHEREAS**, The City of Freeport affirmatively supports programs that will educate the public concerning their rights to access housing opportunities and to participate in efforts with other organizations to assure every person their right to fair housing; and

**WHEREAS**, The City of Freeport is honored to join the Federal Government, the State of Texas, Brazoria County, and local jurisdictions across America in celebrating the right of all citizens to live where they choose without fear of discrimination.

**NOW, THEREFORE**, be it resolved, the City of Freeport, hereby celebrate and honor all efforts which guarantee the right to live free of discriminatory housing practices and proclaim:

**“APRIL AS FAIR HOUSING MONTH”**

and urge all local officials and public and private organizations to join activities designed to further Fair Housing objectives.

**IN WITNESS WHEREOF**, I have hereunto set my hand and caused the Seal of the City of Freeport.

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Mayor



## City Council Agenda Item #[2.C]

**Title:** Proclamation of the City of Freeport declaring April 11-17, 2026 as Animal Control Officer Appreciation Week - Mayor Cain

**Date:** April 6, 2026

**From:** Chief Jennifer Howell, Police Chief

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**Staff Recommendation:** Staff recommends issuing proclamation to recognize the hard work and dedication of the Freeport Police Department's Animal Control Officer.

**Item Summary:** The National Animal Care and Control Association has designated April 11-17, 2026 as Animal Control Officer Appreciation Week.

**Background Information:**

**Special Considerations:**

**Financial Impact:**

**Board or 3rd Party Recommendation:**

**Supporting Documentation:**

1. ACO Week Proclamation (1)

# *Proclamation*

## *National Animal Control Officer Appreciation Week April 11-17, 2026*

**WHEREAS**, the National Animal Care and Control Association has designated April 11-17, 2026, as Animal Control Officer Appreciation Week; and,

**WHEREAS**, various federal, state, and local government officials throughout the country take this time to recognize, thank and commend all Animal Control Officers for the dedicated service they provide to the citizens, public safety, domestic animals, livestock and wildlife across the nation; and,

**WHEREAS**, every day, Animal Control Officers put themselves in potentially dangerous situations to protect the health and welfare of all kinds of animals and the public; and,

**WHEREAS**, the City of Freeport recognizes and commends the work done by the Animal Control Officers on a daily basis to the citizens of our community; and,

**WHEREAS**, the City of Freeport recognizes the Animal Control Officers who answer calls for assistance, capturing roaming and potentially dangerous animals, rescue animals in distress, investigate reports of animal cruelty and neglect, provide education for pet guardians about responsible pet care and mediate disputes between neighbors regarding conflicts involving animals;

**THEREFORE, BE IT RESOLVED**, that the City Council of Freeport declares the week of April 11-17, 2026, to be National Animal Control Officer Appreciation Week in Freeport, TX, in honor of the individuals and encourages all citizens to join us in expressing their sincere appreciation for the service of these individuals.

Signed this \_\_\_\_ day of \_\_\_\_\_, 2026

Governor/County Executive/Mayor \_\_\_\_\_

In the State of Texas, Brazoria County, City of Freeport.



## City Council Agenda Item #[2.D]

**Title:** Proclamation of the City of Freeport declaring April 12-18, 2026 as National Public Safety Telecommunicator Appreciation Week - Mayor Cain

**Date:** April 6, 2026

**From:** Chief Jennifer Howell, Police Chief

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**Staff Recommendation:** Staff recommends issuing proclamation to recognize the hard work and dedication of the Freeport Police Department's Telecommunicators.

**Item Summary:** Every year during the second week of April, the telecommunications personnel in the public safety community, are honored.

**Background Information:**

**Special Considerations:**

**Financial Impact:**

**Board or 3rd Party Recommendation:**

**Supporting Documentation:**

1. Telecommunicator Week Proc

# *Proclamation*

## *National Public Safety Telecommunicators Appreciation Week April 12-18, 2026*

**WHEREAS**, emergencies can occur at any time that require police, fire or emergency medical services; and,

**WHEREAS**, when an emergency occurs the prompt response of police officers, firefighters and paramedics is critical to the protection of life and preservation of property; and,

**WHEREAS**, the safety of our police officers and firefighters is dependent upon the quality and accuracy of information obtained from citizens who telephone the City of Freeport emergency communications center; and,

**WHEREAS**, Public Safety Telecommunicators are the first and most critical contact our citizens have with emergency services; and,

**WHEREAS**, Public Safety Telecommunicators are the single vital link for our police officers and firefighters by monitoring their activities by radio, providing them information and ensuring their safety; and,

**WHEREAS**, Public Safety Telecommunicators of the Freeport Police and Freeport Fire Department have contributed substantially to the apprehension of criminals, suppression of fires and treatment of patients; and,

**WHEREAS**, each dispatcher has exhibited compassion, understanding and professionalism during the performance of their job in the past year;

**THEREFORE, BE IT RESOLVED**, that the City Council of Freeport declares the week of April 12-18, 2026, to be National Public Safety Telecommunicators Appreciation Week in Freeport, TX, in honor of the individuals whose diligence and professionalism keep our city and citizens safe.

Signed this \_\_\_ day of \_\_\_\_\_, 2026.

Governor/County Executive/Mayor \_\_\_\_\_

In the State of Texas, Brazoria County, City of Freeport.



## City Council Agenda Item #[2.E]

**Title:** Presentation by BrooksWatson & Co. on the Audited Financial Report and Auditor’s Opinion for the fiscal year ending September 30, 2025, followed by consideration to receive and file - Mike Brooks, Partner

**Date:** April 6, 2026

**From:** Ashlee Hurst, Finance Director

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**Staff Recommendation:** Formally receive for filing the audited Annual Comprehensive Financial Report (ACFR) and Auditor's Opinion for the Fiscal Year ended September 30, 2025.

**Item Summary:** As required by Local Government Code 103.001, an independent audit has been completed by the certified public accounting firm of BrooksWatson & Co. for the year ended September 30, 2025. Annual financial statements have been prepared based on the audit, including the auditor’s opinion.

**Background Information:** The ACFR consists of a comprehensive summary of the City’s finances and other relevant information for the audit year, including economic overviews, financial analyses, financial statement note disclosures, budgetary and other compliance schedules, and other statistical data. The ACFR is prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America.

**Special Considerations:** N/A

**Financial Impact:** N/A

**Board or 3rd Party Recommendation:** N/A

**Supporting Documentation:**

1. Audit Power Point Presentation - Freeport 2025
2. Final Audit Report 9.30.25

# Freeport, Texas

## Audit Presentation

September 30, 2025

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Presented By: Mike Brooks, Audit Partner  
April 6, 2026



CERTIFIED PUBLIC ACCOUNTANTS



# OVERVIEW OF THE AUDIT PROCESS

## 3 Stage Process: Planning, Fieldwork, Conclusion & Reporting

**Audit Standards:** The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS).

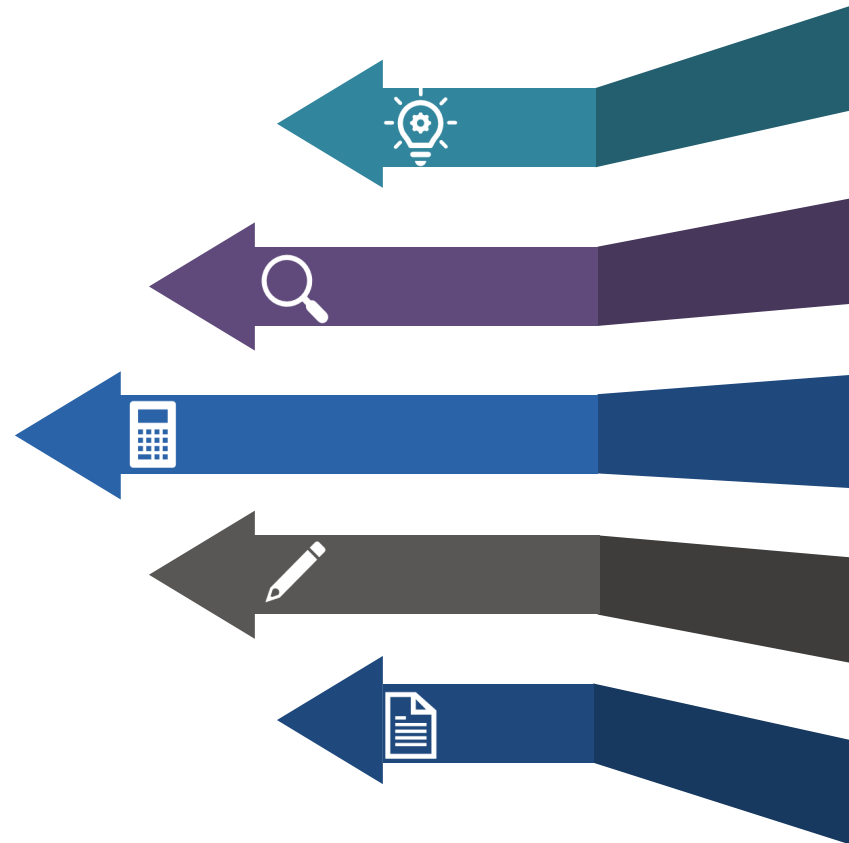
City processes and controls are evaluated and examined as part of audit assessment procedures.

We use a risk-based approach in which we identified potential areas of risk that could lead to material misstatement of the financial statements.

Performed testing over the City's compliance with provisions with laws, regulations, contracts and grant agreements, including items such as compliance with Public Funds Investment Act (PFIA).

Balances are agreed to underlying reports, and testing is performed to assure those balances are materially accurate.

The results of testing procedures are evaluated. The report is prepared, in addition to the required letters of communication.






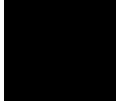
# COMPONENTS OF THE ANNUAL FINANCIAL REPORT

- ❖ Auditor's Opinion
- ❖ Management's Discussion and Analysis
- ❖ Basic Financial Statements
  - Government-Wide Statements
  - Fund Level Statements
  - Notes to the Financial Statements
- ❖ Required Supplementary Information
  - Budget to Actual – General Fund
  - TMRS Pension Information

# INDEPENDENT AUDITOR'S REPORT

REFERENCE AFR – PAGE 1

## ❖ Four possible outcomes

	<b>-Unmodified</b>
	<b>-Modified</b>
	<b>-Adverse</b>
	<b>-Disclaimed</b>

- ❖ The City received an unmodified opinion
- ❖ Highest level of assurance



# Financial Highlights

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## Governmental Revenues

- ❖ Total M&O property taxes were \$3,358,614, decrease of \$38,803.
  - ❖ M&O tax rate decreased from \$0.4683 in FY 24 to \$0.4504 in FY 25, values increased approximately 10%.
- ❖ Total I&S property taxes were \$528,596, increase of \$14,330
  - ❖ I&S tax rate went from \$0.0647 in FY 24 to \$0.0646 in FY 25
- ❖ Total sales taxes were \$2,749,139, increase of \$99,845.
- ❖ Total Industrial District revenues were \$10,556,052, increase of \$1,142,847.



# General Fund Budget Results & Fund Balance

- FY 2025 Budget Results:
  - There was a net positive budget variance of \$3,109,217.

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 19,532,500	\$ 22,183,718	\$ 2,651,218
Expenditures	\$ 18,793,310	\$ 18,725,320	\$ 67,990
Other Sources and (Uses)	\$ (41,665)	\$ 348,344	\$ 390,009
Net Change (Fund Balance)	\$ 697,525	\$ 3,806,742	\$ 3,109,217

*See ACFR pg 86/87*

- General Fund Balance increased \$3,806,742 from the prior year
- POLICY: City policy requires an unassigned general fund balance of no less than 90 days (25%) of operating expenditures.
  - Unassigned Fund Balance was \$12,131,230 as of year end
  - Fiscal Year 2025 – 65%, 8 months, 236 days



# Financial Highlights

## Proprietary Funds

9/30/2025	
	<b>Water and Sewer</b>
Net Operating Income (Loss)	\$ (1,452,172)
Nonoperating Revenues/Exp, net	\$ (117,988)
Grants and contributions	\$ 7,650,982
Transfes in	\$ 3,525,905
Transfer (out)	\$ (150,000)
Change in Net Position	\$ 9,456,727



# Financial Highlights

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## Major Capital Outlay

- ❖ Improvements to the fire station for \$202,683.
- ❖ Leased assets for the golf course in the amount of \$404,509.
- ❖ Made sewer improvements totaling \$1,189,962.
- ❖ Made lift station improvements for \$368,850.
- ❖ Made improvements to the WWTP totaling \$9,567,532.
- ❖ Smart water meter additions for \$3,194,467.



# TMRS Pension Liability

- City Retirement Contributions to TMRS totaled \$1,320,783 during the year.
- Employer Contribution Rates (2025-2023) were 16.11%, 15.33% & 14.13%
- Total Pension Funded % (2024-2022) was 86%, 84%, 80%.

	Total Pension Liability (a)	Plan Fiduciary Net Position	Total Net Pension Liability (a) –
<b>Balance at 12/31/23</b>	\$ 38,584,110	\$ 32,485,184	\$ 6,098,926
Changes for the year:			
Service cost	1,513,898	-	1,513,898
Interest	2,597,667	-	2,597,667
Change in benefit terms	-	-	-
Difference between expected and actual experience	717,889	-	717,889
Changes of assumptions	-	-	-
Contributions – employer	-	1,311,931	(1,311,931)
Contributions – employee	-	599,055	(599,055)
Net investment income (loss)	-	3,373,297	(3,373,297)
Benefit payments, including refunds of emp. contributions	(1,714,205)	(1,714,205)	-
Administrative expense	-	(21,647)	21,647
Other changes	-	(506)	506
Net changes	3,115,249	3,547,925	(432,676)
<b>Balance at 12/31/24</b>	<u>\$ 41,699,359</u>	<u>\$ 36,033,109</u>	<u>\$ 5,666,250</u>



# Public Funds Investment Act

PFIA COMPLIANCE – YEAR ENDING 9/30/2025

Chapter 2256 of the Texas Government Code, the Public Funds Investment Act (PFIA)

- Adopt a Written Investment Policy, review and approve annually.
  - An investment policy must emphasize safety and liquidity and be limited to authorized investments (government obligations, CD's, investment pools)
- Designated Investment Officers, Treasurer, and Finance Director must complete PFIA training every two years.
- Investment reports should be submitted to Council for approval, no less than quarterly.
- Audited annually by an independent auditor.
- **The City was in compliance with all requirements.**



# Communication Letters

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- **Communication with Those Charged with Governance**
  - Audit was conducted in compliance with all ethics requirements regarding independence
  - No difficulties were encountered in dealing with management
  - Audit Adjustments were identified and corrected by management.
  
- **Communication Regarding Internal Controls**

# Questions?

## Contact Info:

Mike Brooks, CPA, Audit Partner

Phone 281.907.9188 | Fax 888.875.0587

14450 John F Kennedy Blvd | Ste 240

Houston, TX 77032

[MBrooks@BrooksWatsonCPA.com](mailto:MBrooks@BrooksWatsonCPA.com)

# BW&C

CERTIFIED PUBLIC ACCOUNTANTS

We know your questions don't end when the audit does.

We remain available throughout the year.

CITY OF



# 2025 ANNUAL FINANCIAL REPORT

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FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2025

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*ANNUAL FINANCIAL REPORT*

of the

**City of Freeport, Texas**

**For the Year Ended  
September 30, 2025**

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# City of Freeport, Texas

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***INDEPENDENT AUDITOR'S REPORT***

To the Honorable Mayor and  
Members of the City Council  
City of Freeport, Texas:

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Freeport, Texas (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Freeport, Texas, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are required to be independent of City of Freeport, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the

preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Emphasis of Matter*

As discussed in Note V.G. to the financial statements, due to corrections to accounts payable, assets, intergovernmental payable, and the implementation of GASB 101 over compensated absences, the City restated beginning fund balance/net position for the general fund, governmental activities, water and sewer fund/business type-activities and the Freeport EDC. Our opinion is not modified with respect to these matters.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison information, the schedule of changes in net pension liability and related ratios, the schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

*Brooks Watson & Co.*

Brooks Watson & Co.  
Certified Public Accountants  
Houston, Texas  
March 24, 2026

***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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# City of Freeport, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### September 30, 2025

As management of the City of Freeport, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

#### **Financial Highlights**

- The City's total combined net position is \$57,333,700 at September 30, 2025.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$22,265,844, an increase of \$750,904.
- The City had an overall increase in net position of \$10,252,265.
- The City closed the year with a net pension liability of \$5,666,250.

#### **Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### **Government-Wide Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

# City of Freeport, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include water and sewer, and sanitation operations.

### FUND FINANCIAL STATEMENTS

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

#### **Governmental Funds**

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, city grants, and 2020 CO bond CIP fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, 2020 CO bond CIP, certain special revenue and water/sewer funds. A budgetary comparison statement has been provided for the general and debt service fund to demonstrate compliance with their respective budget.

**City of Freeport, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2025**

**Proprietary Funds**

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utility operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility fund, which is considered to be a major fund of the City.

**Component Units**

The City maintains the accounting and financial statements for two component units. The Freeport Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements.

The TIRZ fund is a special purpose fund that collects property taxes within its boundaries for the purpose of infrastructure development. The fund's board consists of the EDC Board and a representative from each additional participating jurisdiction and is reported as a blended component unit, as it functions similar to a department of the City.

**Notes to Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

**City of Freeport, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Freeport, assets and deferred outflows exceeded liabilities and deferred inflows by \$57,333,700 as of September 30, 2025, in the primary government.

The largest portion of the City's net position, \$37,421,393, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 28,645,177	\$ 3,831,527	\$ 32,476,704	\$ 24,875,650	\$ 7,065,472	\$ 31,941,122
Capital assets, net	23,610,390	31,103,868	54,714,258	23,641,250	16,512,576	40,153,826
<b>Total Assets</b>	<b>52,255,567</b>	<b>34,935,395</b>	<b>87,190,962</b>	<b>48,516,900</b>	<b>23,578,048</b>	<b>72,094,948</b>
<b>Deferred Outflows</b>	<b>1,487,074</b>	<b>25,124</b>	<b>1,512,198</b>	<b>2,039,969</b>	<b>30,291</b>	<b>2,070,260</b>
Other liabilities	5,135,138	1,921,822	7,056,960	1,804,238	3,171,577	4,975,815
Long-term liabilities	14,227,453	8,064,157	22,291,610	14,685,746	4,923,581	19,609,327
<b>Total Liabilities</b>	<b>19,362,591</b>	<b>9,985,979</b>	<b>29,348,570</b>	<b>16,489,984</b>	<b>8,095,158</b>	<b>24,585,142</b>
<b>Deferred Inflows</b>	<b>2,009,425</b>	<b>11,465</b>	<b>2,020,890</b>	<b>1,800,734</b>	<b>6,833</b>	<b>1,807,567</b>
Net Position:						
Net investment in capital assets	16,973,840	20,447,553	37,421,393	16,359,316	12,461,510	28,820,826
Restricted	5,355,863	-	5,355,863	7,970,539	-	7,970,539
Unrestricted	10,040,922	4,515,522	14,556,444	7,936,296	3,044,838	10,981,134
<b>Total Net Position</b>	<b>\$ 32,370,625</b>	<b>\$ 24,963,075</b>	<b>\$ 57,333,700</b>	<b>\$ 32,266,151</b>	<b>\$ 15,506,348</b>	<b>\$ 47,772,499</b>

**City of Freeport, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

Governmental activities current and other assets increased by \$3,769,527 when compared to the prior year primarily due to a general fund surplus. Total capital assets increased by \$14,560,432 due to new capital investments and infrastructure improvements throughout the year. Total other liabilities for business-type activities decreased by \$1,249,755 primarily due to greater vendor payables in the prior year. Total long-term liabilities increased by \$2,682,283 primarily due to the issuance of a new loan to fund the purchase of new water meters.

**Statement of Activities:**

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

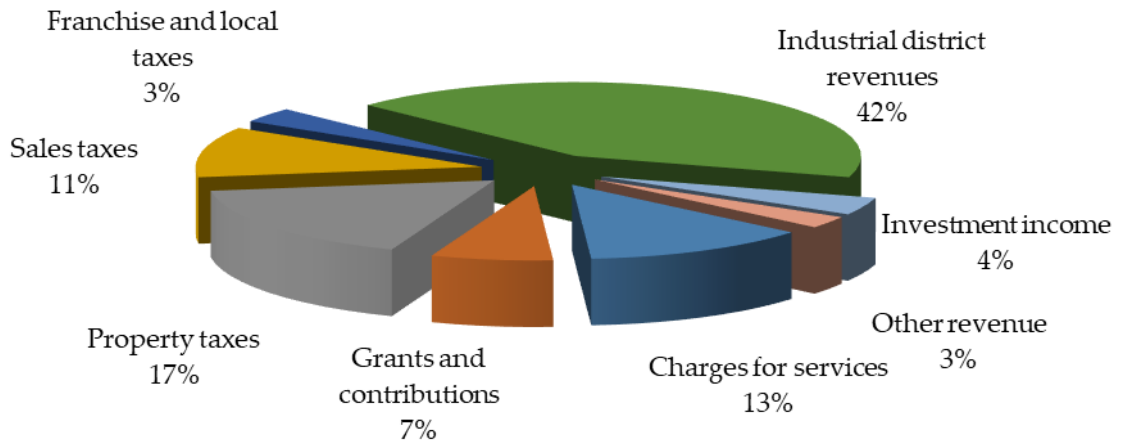
	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,181,037	\$ 6,987,274	\$ 10,168,311	\$ 3,173,384	\$ 7,855,889	\$ 11,029,273
Grants and contributions	1,705,568	7,650,982	9,356,550	445,282	3,199,175	3,644,457
General revenues:						
Property taxes	4,198,769	-	4,198,769	4,318,958	-	4,318,958
Sales taxes	2,749,139	-	2,749,139	2,649,294	-	2,649,294
Franchise and local taxes	811,967	-	811,967	780,370	-	780,370
Industrial district revenues	10,556,052	-	10,556,052	9,413,205	-	9,413,205
Investment income	956,138	149,629	1,105,767	1,266,509	190,405	1,456,914
Other revenue	652,719	-	652,719	445,872	-	445,872
<b>Total Revenues</b>	<b>24,811,389</b>	<b>14,787,885</b>	<b>39,599,274</b>	<b>22,492,874</b>	<b>11,245,469</b>	<b>33,738,343</b>
<b>Expenses</b>						
General government	3,546,333	-	3,546,333	3,260,635	-	3,260,635
Public safety	9,734,679	-	9,734,679	9,239,723	-	9,239,723
Culture and recreation	3,718,746	-	3,718,746	3,602,223	-	3,602,223
Streets and drainage	2,192,125	-	2,192,125	2,131,361	-	2,131,361
Sanitation	803,387	-	803,387	763,915	-	763,915
Service center	240,004	-	240,004	336,906	-	336,906
Disaster relief	253,155	-	253,155	1,437,304	-	1,437,304
Interest and fiscal charges	151,516	206,367	357,883	141,315	76,369	217,684
Water and sewer	-	8,500,696	8,500,696	-	7,429,192	7,429,192
<b>Total Expenses</b>	<b>20,639,946</b>	<b>8,707,063</b>	<b>29,347,009</b>	<b>20,913,382</b>	<b>7,505,561</b>	<b>28,418,943</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	4,171,443	6,080,822	10,252,265	1,579,492	3,739,908	5,319,400
Transfers	(3,375,905)	3,375,905	-	(387,024)	387,024	-
<b>Total</b>	<b>(3,375,905)</b>	<b>3,375,905</b>	<b>-</b>	<b>(387,024)</b>	<b>387,024</b>	<b>-</b>
<b>Change in Net Position</b>	<b>795,538</b>	<b>9,456,727</b>	<b>10,252,265</b>	<b>1,192,468</b>	<b>4,126,932</b>	<b>5,319,400</b>
Beginning Net Position	31,575,087 *	15,506,348	47,081,435	31,073,683	11,379,416	42,453,099
<b>Ending Net Position</b>	<b>\$ 32,370,625</b>	<b>\$ 24,963,075</b>	<b>\$ 57,333,700</b>	<b>\$ 32,266,151</b>	<b>\$ 15,506,348</b>	<b>\$ 47,772,499</b>

\*Beginning net position was restated due to the implementation of GASB 101.

**City of Freeport, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

**Governmental Activities - Revenues**

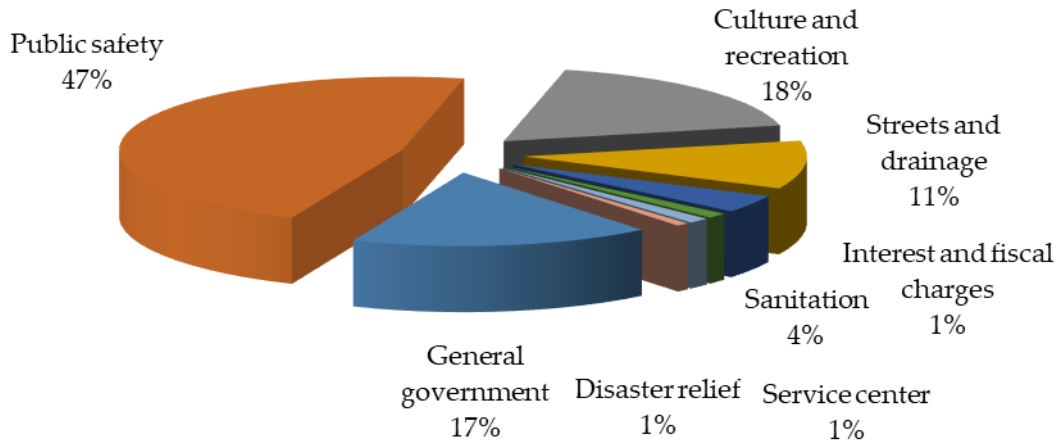


For the year ended September 30, 2025, revenues from governmental activities totaled \$24,811,389. Industrial district revenues are the City's largest revenue sources. Grants and contributions increased by \$1,260,286 or 283% primarily due to nonrecurring Hurricane Beryl and justice assistance grants in the year. Property tax revenues decreased by \$120,189 or 3% primarily due to a reduction in the M&O and I&S tax rates. Sales tax revenues increased by \$99,845 or 4% primarily due to economic growth in the current year. Franchise and local tax revenues increased by \$31,597 or 4% primarily due to greater hotel occupancy rates and utility/garage franchise fees received in the current year. Investment income decreased by \$310,371 or 25% due to the realization of higher interest rates in the prior year. Other revenues increased by \$206,847 or 46% due to the nonrecurring donations, insurance settlements and lease income. All other revenues remained relatively stable when compared to the previous year.

**City of Freeport, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**

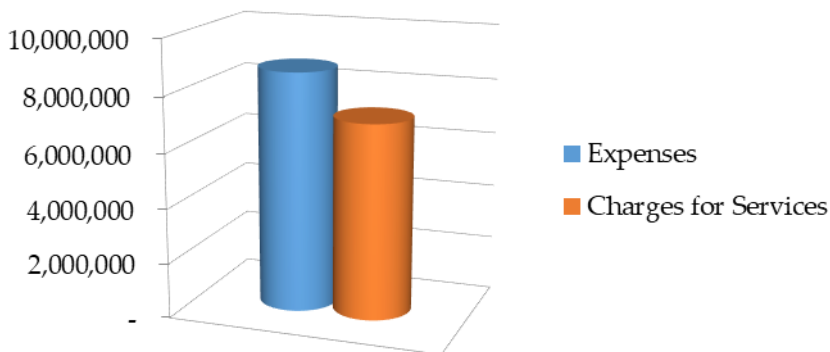


For the year ended September 30, 2025, expenses for governmental activities totaled \$20,639,946. This represents a decrease of \$273,436 or 1% from the prior year. General government expenses increased by \$285,699 or 9% due to an increase in the pension liability and software service contracts in the current year. Disaster relief expenses decreased by \$1,184,149 due to Hurricane Beryl related costs in the prior year. Public safety expenses increased \$494,956 or 5% due to an increase in the pension liability and salary and related expenses. All remaining expenses remained relatively consistent with the previous year.

**City of Freeport, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

Business-type activities are shown comparing operating costs to revenues generated by related services.

**Business-Type Activities - Revenues and Expenses**



For the year ended September 30, 2025, charges for services by business-type activities totaled \$6,987,274. This is a decrease of \$868,615 or 11% from the previous year. This decrease is directly related to the discontinuation of service to the Village of Surfside in March of the current year, and a reduction in consumption. Grants increased by \$4,451,807 due to nonrecurring GLO and TDEM grant activity in the current year.

Business-type activities expenses increased by \$1,071,504 or 14% primarily due to greater water costs from the Brazosport Water Authority as well as higher wastewater processing charges from Veolia. In addition, depreciation was increased in the current year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

As of the end of the year the general fund reflected a fund balance of \$15,093,592. The general fund had a net increase in fund balance for the year of \$3,806,742. This increase was primarily due to greater than anticipated revenues and less than expected expenditures. In addition, the fund received greater industrial district tax revenues when compared to the prior year.

**City of Freeport, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2025**

The capital projects fund reflected a fund balance of \$3,159,667, which represents a decrease of \$3,292,186. The decrease is related to transfers out of the fund and capital expenditures exceeding current year investment income.

There was an increase in the 2020 CO Bond CIP fund of \$41,002 during the year, leaving a year end fund balance of \$1,067,586. The increase in fund balance is directly related to transfers in and investment income exceeding capital outlay expenditures.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There was a total positive budget variance of \$3,109,217 in the general fund. This represents a combination of positive revenue, expenditure, and other financing sources variances of \$2,651,218, \$67,990, and \$390,009, respectively. The City amended the original general fund budget for fiscal year 2025 by increasing total revenues by \$30,270 and increasing total expenditures by \$30,270. The streets and drainage, sanitation, capital outlay, principal, and interest/fiscal charges expenditures exceeded appropriations at the legal level of budgetary control.

**CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$23,610,390 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$31,103,868 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- New roof for the recreation center for \$127,892
- Leased assets for the golf course in the amount of \$404,509.
- Improvements to the fire station for \$202,683.
- Made sewer improvements totaling \$1,189,962.
- Port lift station improvements in the amount of \$933,900.
- Smart water meter additions for \$3,194,467.
- Made improvements to the WWTP for \$9,567,532.
- Made lift station improvements for \$368,850.

**City of Freeport, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2025**

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds, notes payable, and leases outstanding (including premiums) of \$15,527,770. The City entered into a new note payable to finance the replacement of water meters in the amount of \$3,561,250 in the current year. The City also made principal repayments on outstanding debt totaling \$1,093,823. More detailed information about the City's long-term liabilities is presented in note IV. E to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Each year the budget is prepared on key objectives and assumptions. The property tax rate for fiscal year 2026 (tax year 2025) is \$0.514 per \$100 of assessed value, which is less than the tax rate for fiscal year 2025 (tax year 2024), which was \$0.515. The Maintenance and Operation rate decreased by \$0.015927 per \$100 of assessed values while the Interest and Sinking rate decreased by \$0.001676 per \$100 of assessed value. Property tax revenue for the City is budgeted \$79 thousand higher than the previous year which is a 1.9% increase. Of this revenue, the majority of the revenue was from changes in market value of property within the City of Freeport.

The City of Freeport has multiple industrial agreements that are based off property tax rates as well. In the fiscal year 2026 budget, these revenues were estimated to increase by 11.56% over the fiscal year 2025 budget.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Freeport's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Finance Director, 1201 North Avenue H, Freeport, TX 77541.

## ***FINANCIAL STATEMENTS***

**City of Freeport, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2025**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 23,259,346	\$ 2,765,297	\$ 26,024,643
Due from primary government	-	-	-
Receivables, net	1,522,627	3,170,355	4,692,982
Lease receivables, current	155,198	-	155,198
Internal balances	2,166,959	(2,166,959)	-
Prepays	265,207	62,834	328,041
<b>Total Current Assets</b>	<b>27,369,337</b>	<b>3,831,527</b>	<b>31,200,864</b>
Lease receivables, noncurrent	1,275,840	-	1,275,840
Capital assets:			
Non-depreciable	3,075,895	12,424,168	15,500,063
Net depreciable capital assets	20,534,495	18,679,700	39,214,195
<b>Total Noncurrent Assets</b>	<b>24,886,230</b>	<b>31,103,868</b>	<b>55,990,098</b>
<b>Total Assets</b>	<b>52,255,567</b>	<b>34,935,395</b>	<b>87,190,962</b>
<b>Deferred Outflows of Resources</b>			
Pension outflows	1,468,126	24,804	1,492,930
OPEB outflows - TMRS	8,111	137	8,248
OPEB outflows - Health	10,837	183	11,020
<b>Total Deferred Outflows of Resources</b>	<b>1,487,074</b>	<b>25,124</b>	<b>1,512,198</b>

See Notes to Financial Statements.

**Component Unit**

**Freeport**

**EDC**

\$	3,718,640
	67,370
	270,067
	-
	-
	-
	<u>4,056,077</u>

	-
	2,456,056
	234,085
	<u>2,690,141</u>
	<u>6,746,218</u>

	36,834
	204
	-
	<u>37,038</u>

**City of Freeport, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**September 30, 2025**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 4,477,944	\$ 912,194	\$ 5,390,138
Unearned revenue	24,230	-	24,230
Customer deposits	-	311,720	311,720
Accrued interest	70,819	182,601	253,420
Due to component unit	67,370	-	67,370
Compensated absences, current	494,775	2,496	497,271
Long-term debt due within one year	727,882	512,811	1,240,693
	<u>5,863,020</u>	<u>1,921,822</u>	<u>7,784,842</u>
Noncurrent liabilities:			
Net pension liability	5,437,943	91,872	5,529,815
OPEB liability - TMRS	372,870	6,300	379,170
OPEB liability - Health	191,822	3,245	195,067
Compensated absences, noncurrent	520,681	277	520,958
Long-term debt due in more than one year	6,976,255	7,962,463	14,938,718
<b>Total Noncurrent Liabilities</b>	<u>13,499,571</u>	<u>8,064,157</u>	<u>21,563,728</u>
<b>Total Liabilities</b>	<u>19,362,591</u>	<u>9,985,979</u>	<u>29,348,570</u>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	428,195	7,234	435,429
OPEB inflows - TMRS	71,070	1,201	72,271
OPEB inflows - Health	179,122	3,030	182,152
Leases	1,331,038	-	1,331,038
<b>Total Deferred Inflows of Resources</b>	<u>2,009,425</u>	<u>11,465</u>	<u>2,020,890</u>
<b><u>Net Position</u></b>			
Net investment in capital assets	16,973,840	20,447,553	37,421,393
Restricted for:			
Capital projects	3,159,667	-	3,159,667
Municipal court	352,378	-	352,378
Economic development	963,358	-	963,358
Debt service	488,219	-	488,219
Tourism	392,241	-	392,241
Unrestricted	10,040,922	4,515,522	14,556,444
<b>Total Net Position</b>	<u>\$ 32,370,625</u>	<u>\$ 24,963,075</u>	<u>\$ 57,333,700</u>

See Notes to Financial Statements.

**Component Unit**  
**Freeport**  
**EDC**

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\$		41,045
		-
		-
		-
		-
		12,438
		-
		<u>53,483</u>
		136,435
		9,355
		-
		13,495
		-
		<u>159,285</u>
		<u>212,768</u>
		10,743
		1,783
		-
		-
		<u>12,526</u>
		2,690,141
		-
		-
		3,867,821
		-
		-
		-
\$		<u><u>6,557,962</u></u>

# City of Freeport, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 3,546,333	\$ 388,081	\$ -	\$ -
Public safety	9,734,679	1,111,681	1,096,719	-
Streets and drainage	2,192,125	170,468	-	-
Culture and recreation	3,718,746	1,510,357	-	-
Sanitation	803,387	450	-	-
Service center	240,004	-	-	-
Disaster relief	253,155	-	608,849	-
Interest and fiscal charges	151,516	-	-	-
<b>Total Governmental Activities</b>	<b>20,639,946</b>	<b>3,181,037</b>	<b>1,705,568</b>	<b>-</b>
<b>Business-Type Activities</b>				
Water and sewer	8,707,063	6,987,274	-	7,650,982
<b>Total Business-Type Activities</b>	<b>8,707,063</b>	<b>6,987,274</b>	<b>-</b>	<b>7,650,982</b>
<b>Total Primary Government</b>	<b>\$ 29,347,009</b>	<b>\$ 10,168,311</b>	<b>\$ 1,705,568</b>	<b>\$ 7,650,982</b>
<b>Component Unit</b>				
Freeport EDC	873,853	-	-	-
<b>Total Component Unit</b>	<b>\$ 873,853</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

- Taxes
  - Property taxes
  - Sales taxes
  - Industrial district
  - Franchise and local taxes
- Investment income
- Other revenue

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beg. Net Position, as previously reported

Error correction

New accounting standard

Beg. Net Position, as adjusted

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>	<b>Freeport</b>
<b>Activities</b>	<b>Activities</b>		<b>EDC</b>
\$ (3,158,252)	\$ -	\$ (3,158,252)	\$ -
(7,526,279)	-	(7,526,279)	-
(2,021,657)	-	(2,021,657)	-
(2,208,389)	-	(2,208,389)	-
(802,937)	-	(802,937)	-
(240,004)	-	(240,004)	-
355,694	-	355,694	-
(151,516)	-	(151,516)	-
<u>(15,753,341)</u>	<u>-</u>	<u>(15,753,341)</u>	<u>-</u>
-	5,931,193	5,931,193	-
-	5,931,193	5,931,193	-
<u>(15,753,341)</u>	<u>5,931,193</u>	<u>(9,822,148)</u>	<u>-</u>
			(873,853)
			<u>(873,853)</u>
4,198,769	-	4,198,769	-
2,749,139	-	2,749,139	1,374,569
10,556,052	-	10,556,052	-
811,967	-	811,967	-
956,138	149,629	1,105,767	145,002
652,719	-	652,719	5,936
(3,375,905)	3,375,905	-	-
<u>16,548,879</u>	<u>3,525,534</u>	<u>20,074,413</u>	<u>1,525,507</u>
795,538	9,456,727	10,252,265	651,654
32,363,811	16,045,560	48,409,371	5,931,705
(97,660)	(539,212)	(636,872)	(13,582)
(691,064)	-	(691,064)	(11,815)
31,575,087	15,506,348	47,081,435	5,906,308
<u>\$ 32,370,625</u>	<u>\$ 24,963,075</u>	<u>\$ 57,333,700</u>	<u>\$ 6,557,962</u>

# City of Freeport, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2025

	General	Capital Projects	2020 CO Bond CIP Fund	City Grants
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 13,123,893	\$ 3,630,017	\$ 1,067,586	\$ 955,983
Receivables, net	2,627,563	-	-	25,714
Prepays	214,619	-	-	-
Due from other funds	1,845,441	-	-	2,166,959
<b>Total Assets</b>	<b>\$ 17,811,516</b>	<b>\$ 3,630,017</b>	<b>\$ 1,067,586</b>	<b>\$ 3,148,656</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 842,857	\$ 470,350	\$ -	\$ 3,148,656
Unearned revenues	24,230	-	-	-
Due to component unit	67,370	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>934,457</b>	<b>470,350</b>	<b>-</b>	<b>3,148,656</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue:				
Property tax	168,989	-	-	-
EMS	283,440	-	-	-
Leases	1,331,038	-	-	-
<b>Total Deferred Inflows</b>	<b>1,783,467</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable				
Prepays	214,619	-	-	-
Restricted for:				
Capital projects	-	3,159,667	1,067,586	-
Municipal court	-	-	-	-
Debt service	-	-	-	-
Tourism	-	-	-	-
Economic development	-	-	-	-
Assigned for:				
Facilities and grounds	-	-	-	-
Streets and drainage	2,747,743	-	-	-
IT equipment	-	-	-	-
Unassigned reported in:				
General fund	12,131,230	-	-	-
Nonmajor funds	-	-	-	-
<b>Total Fund Balances</b>	<b>15,093,592</b>	<b>3,159,667</b>	<b>1,067,586</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 17,811,516</b>	<b>\$ 3,630,017</b>	<b>\$ 1,067,586</b>	<b>\$ 3,148,656</b>

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,481,867	\$ 23,259,346
300,388	2,953,665
50,588	265,207
-	4,012,400
<u>\$ 4,832,843</u>	<u>\$ 30,490,618</u>
\$ 16,081	\$ 4,477,944
-	24,230
-	67,370
1,845,441	1,845,441
<u>1,861,522</u>	<u>6,414,985</u>
26,322	195,311
-	283,440
-	1,331,038
<u>26,322</u>	<u>1,809,789</u>
50,588	265,207
-	4,227,253
352,378	352,378
488,219	488,219
392,241	392,241
963,358	963,358
2,208,334	2,208,334
-	2,747,743
223,593	223,593
-	12,131,230
(1,733,712)	(1,733,712)
<u>2,944,999</u>	<u>22,265,844</u>
<u>\$ 4,832,843</u>	<u>\$ 30,490,618</u>

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# City of Freeport, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2025

<b>Fund Balances - Total Governmental Funds</b>	\$	22,265,844
<b>Adjustments for the Statement of Net Position:</b>		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		3,075,895
Capital assets - net depreciable		20,534,495
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax		195,311
EMS		283,440
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.		
Pension outflows		1,468,126
OPEB outflows - TMRS		8,111
OPEB outflows - Health		10,837
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.		
Pension inflows		(428,195)
OPEB inflows - TMRS		(71,070)
OPEB inflows - Health		(179,122)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(70,819)
Deferred (gains) charges:		
For bond premiums		(265,022)
Net pension liability		(5,437,943)
OPEB liability - TMRS		(372,870)
OPEB liability - Health		(191,822)
Compensated absences		(1,015,456)
Bonds, notes, & lease liabilities		(7,439,115)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>32,370,625</b>

See Notes to Financial Statements.

# City of Freeport, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	General	Capital Projects	2020 CO Bond CIP Fund	City Grants
<b>Revenues</b>				
Property tax	\$ 3,358,614	\$ -	\$ -	\$ -
Sales tax	2,749,139	-	-	-
Industrial district	10,556,052	-	-	-
Franchise and local taxes	686,770	-	-	-
License and permits	170,468	-	-	-
Intergovernmental	7,597	-	-	480,273
Fines and forfeitures	286,489	-	-	-
Charges for services	3,202,741	-	-	-
Investment income	511,848	238,620	41,002	-
Other revenue	654,000	-	-	-
<b>Total Revenues</b>	<b>22,183,718</b>	<b>238,620</b>	<b>41,002</b>	<b>480,273</b>
<b>Expenditures</b>				
Current:				
General government	2,573,528	-	-	77,935
Public safety	8,816,131	-	-	-
Streets and drainage	1,501,527	-	-	-
Sanitation	803,387	-	-	-
Culture and recreation	3,315,171	-	-	-
Service center	212,430	-	-	-
Disaster relief	-	-	-	-
Capital outlay	1,113,451	344,239	-	63,000
Debt Service:				
Principal	333,753	-	-	-
Interest and fiscal charges	55,942	-	-	-
<b>Total Expenditures</b>	<b>18,725,320</b>	<b>344,239</b>	<b>-</b>	<b>140,935</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,458,398</b>	<b>(105,619)</b>	<b>41,002</b>	<b>339,338</b>

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 889,497	\$ 4,248,111
-	2,749,139
-	10,556,052
162,741	849,511
-	170,468
608,849	1,096,719
101,592	388,081
-	3,202,741
164,668	956,138
-	654,000
1,927,347	24,870,960

22,000	2,673,463
25,314	8,841,445
-	1,501,527
-	803,387
-	3,315,171
-	212,430
253,155	253,155
1,148,628	2,669,318
365,000	698,753
129,569	185,511
1,943,666	21,154,160

(16,319)	3,716,800
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# City of Freeport, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	General	Capital Projects	2020 CO Bond CIP Fund	City Grants
<b><u>Other Financing Sources (Uses)</u></b>				
Lease issuance	\$ 404,509	\$ -	\$ -	\$ -
Sales of assets	5,500	-	-	-
Transfers in	150,000	-	-	-
Transfers (out)	(211,665)	(3,186,567)	-	(339,338)
<b>Total Other Financing Sources (Uses)</b>	<b>348,344</b>	<b>(3,186,567)</b>	<b>-</b>	<b>(339,338)</b>
<b>Net Change in Fund Balances</b>	<b>3,806,742</b>	<b>(3,292,186)</b>	<b>41,002</b>	<b>-</b>
Beg. fund balances, as previously reported	11,384,510	6,451,853	1,026,584	-
Error correction	(97,660)	-	-	-
Beg. fund balance, as adjusted	11,286,850	6,451,853	1,026,584	-
<b>Ending Fund Balances</b>	<b>\$ 15,093,592</b>	<b>\$ 3,159,667</b>	<b>\$ 1,067,586</b>	<b>\$ -</b>

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 404,509
-	5,500
211,665	361,665
-	(3,737,570)
<u>211,665</u>	<u>(2,965,896)</u>
195,346	750,904
2,749,653	21,612,600
-	(97,660)
<u>2,749,653</u>	<u>21,514,940</u>
<u>\$ 2,944,999</u>	<u>\$ 22,265,844</u>



# City of Freeport, Texas

## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

**For the Year Ended September 30, 2025**

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

Net changes in fund balances - total governmental funds	\$	750,904
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		2,361,018
Depreciation expense		(2,185,027)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property tax		(49,342)
EMS		28,596
Franchise taxes		(37,544)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(37,702)
Accrued interest		(2,140)
Pension expense		(370,451)
OPEB expense		13,628

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of deferred costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of premium		36,135
Lease issuance		(404,509)
Lease forgiven		200,070
Principal payments		698,753

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>795,538</b>
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See Notes to Financial Statements.

# City of Freeport, Texas

## STATEMENT OF NET POSITION

### PROPRIETARY FUND

September 30, 2025

	<u>Water &amp; Sewer</u>
<b><u>Assets</u></b>	
<b><u>Current Assets</u></b>	
Cash and cash equivalents	\$ 2,765,297
Receivables, net	3,170,355
Prepays	62,834.00
<b>Total Current Assets</b>	<b>5,998,486</b>
<b><u>Noncurrent Assets</u></b>	
Capital assets:	
Non-depreciable	12,424,168
Net depreciable capital assets	18,679,700
<b>Total Noncurrent Assets</b>	<b>31,103,868</b>
<b>Total Assets</b>	<b>37,102,354</b>
<b><u>Deferred Outflows of Resources</u></b>	
Pension outflows	24,804
OPEB outflows - TMRS	137
OPEB outflows - Health	183
<b>Total Deferred Outflows of Resources</b>	<b>25,124</b>

**City of Freeport, Texas**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND (Continued)**  
**September 30, 2025**

	<b>Water &amp; Sewer</b>
<b><u>Liabilities</u></b>	
<b><u>Current Liabilities</u></b>	
Accounts payable and accrued liabilities	\$ 912,194
Customer deposits	311,720
Due to other funds	2,166,959
Accrued interest	182,601
Compensated absences, current	2,496
Long-term debt due within one year	512,811
<b>Total Current Liabilities</b>	<b>4,088,781</b>
<b><u>Noncurrent Liabilities</u></b>	
Net pension liability	91,872
OPEB liability - TMRS	6,300
OPEB liability - Health	3,245
Compensated absences, noncurrent	277
Long-term debt due in more than one year	7,962,463
<b>Total Liabilities</b>	<b>12,152,938</b>
<b><u>Deferred Inflows of Resources</u></b>	
Pension inflows	7,234
OPEB inflows - TMRS	1,201
OPEB inflows - Health	3,030
<b>Total Deferred Inflows of Resources</b>	<b>11,465</b>
<b><u>Net Position</u></b>	
Net investment in capital assets	20,447,553
Unrestricted	4,515,522
<b>Total Net Position</b>	<b>\$ 24,963,075</b>

See Notes to Financial Statements.

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# City of Freeport, Texas

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

For the Year Ended September 30, 2025

	<b>Water &amp; Sewer</b>
<b><u>Operating Revenues</u></b>	
Charges for services	\$ 6,987,274
<b>Total Operating Revenues</b>	<b>6,987,274</b>
 <b><u>Operating Expenses</u></b>	
Personnel services	242,206
Materials and supplies	34,975
Water purchases	3,358,000
Contractual services	3,679,685
Other	420,171
Depreciation	704,409
<b>Total Operating Expenses</b>	<b>8,439,446</b>
<b>Operating Income (Loss)</b>	<b>(1,452,172)</b>
 <b><u>Nonoperating Revenues (Expenses)</u></b>	
Investment income	149,629
Interest expense	(206,367)
Debt issuance costs	(61,250)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(117,988)</b>
<b>Income (Loss) Before Transfers</b>	<b>(1,570,160)</b>
 <b><u>Transfers and Contributions</u></b>	
Capital grants and contributions	7,650,982
Transfers in	3,525,905
Transfers (out)	(150,000)
<b>Total Transfers and Contributions</b>	<b>11,026,887</b>
<b>Change in Net Position</b>	<b>9,456,727</b>
Beg. net position, as previously reported	16,045,560
Error correction	(539,212)
Beginning net position	15,506,348
<b>Ending Net Position</b>	<b>\$ 24,963,075</b>

See Notes to Financial Statements.

**City of Freeport, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND (Page 1 of 2)**  
**For the Year Ended September 30, 2025**

	<b>Water &amp; Sewer</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from customers	\$ 7,117,471
Payments to employees	(225,420)
Payments to suppliers and contractors	(9,177,514)
<b>Net Cash Used for Operating Activities</b>	<b>(359,229)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers in	3,525,905
Transfers (out)	(150,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>3,375,905</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital purchases	(15,295,701)
Capital contributions	7,650,982
Principal paid on debt	(195,000)
Interest paid on debt	(110,549)
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<b>(4,337,839)</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest on investments	149,629
<b>Net Cash Provided by Investing Activities</b>	<b>149,629</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(1,171,534)</b>
Beginning cash and cash equivalents	3,936,831
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 2,765,297</b>

See Notes to Financial Statements.

**City of Freeport, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND (Page 2 of 2)**  
**For the Year Ended September 30, 2025**

	<b>Water &amp; Sewer</b>
<b><u>Reconciliation of Operating Income</u></b>	
<b><u>to Net Cash Provided by Operating Activities</u></b>	
Operating Income	\$ (1,452,172)
Adjustments to reconcile operating income to net cash provided:	
Depreciation	704,409
<b>Changes in Operating Assets and Liabilities:</b>	
<b>(Increase) Decrease in:</b>	
Accounts receivable	132,277
Prepaid expenses	3,900
Deferred Outflows of Resources:	
Pension outflows	5,178
OPEB outflows	(11)
<b>Increase (Decrease) in:</b>	
Accounts payable and accrued liabilities	(1,688,583)
Customer deposits	(2,080)
Compensated absences	987
Net pension liability	4,660
OPEB liabilities	1,340
Deferred Inflows of Resources:	
Pension inflows	4,687
OPEB inflows	(55)
<b>Net Cash Used for Operating Activities</b>	<b>\$ (359,229)</b>

See Notes to Financial Statements.

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**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2025**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**B. Reporting Entity**

The City of Freeport (City) operates under a Home Rule Charter adopted in a special election on June 20, 1960. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public services, streets and drainage, sanitation, health and building inspections, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City is an independent political subdivision of the State of Texas governed by an elected council and is considered a primary government for financial reporting purposes as its activities are not considered a part of any other governmental or other type of reporting entity. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Freeport Economic Development Corporation ("FEDC") is legally separate and presented as a discretely presented component unit. The Tax Increment Reinvestment Zone No. 1 Fund ("TIRZ #1") is a blended component unit and presented as a nonmajor governmental fund. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Blended Component Unit**

Tax Increment Reinvestment Zone No. 1 Fund ("TIRZ")

On December 2, 2019, the City passed ordinance No. 2019-2590 designating a 345-acre tract of land to promote development along the Brazos River and the downtown area of the City. It creates dedicated funding for infrastructure within the district and an incentive for people to come and do business through the TIRZ from the additional property tax dollars generated in the district as a result of development. This district is set to collect 50% of the incremental new tax dollars generated to plug back into the district to foster additional development. The operations of the TIRZ are set to continue through December 31, 2049. The TIRZ can be dissolved at an earlier time if a subsequent ordinance is passed by the City and all subsequent issuances of tax increment bonds including interest, if any, along with project costs are paid in full.

**Discretely Presented Component Unit**

Freeport Economic Development Corporation

The City Council authorized the creation and approved the Articles of Incorporation and the Bylaws of the Freeport Economic Development Corporation (the Corporation). The Articles of Incorporation were filed with the Office of the Secretary of State of Texas on December 20, 1999. The Corporation, a nonprofit corporation, organized under Section 4B of the development Corporation Act of 1979 was created to act on behalf of the City in the promotion and financing of projects so as to promote public welfare.

The Corporation is governed by a seven-member board of directors appointed by the City Council. All projects must have prior approval of the City Council. The voters of Freeport approved collection of a one-half cent sales tax, effective November 2, 1999, to fund the cost of land, buildings, equipment, facilities, improvements and maintenance and operation costs for public park purposes, recreational facilities and infrastructure improvements for development of new or expanded business enterprises.

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

**C. Basis of Presentation Government-Wide and Fund Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

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

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

The government reports the following major governmental funds:

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

**General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, parks and recreation and public works.

**Capital Projects Fund**

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

**2020 CO Bond CIP Fund**

This fund accounts for the portion of the proceeds from the issuance of the 2020 certificates of obligation to be used for the purpose of repairing, improving, upgrading, and equipping City buildings, City streets and drainage, and City parks, including engineering and other related costs, and for the acquisition of equipment for general governmental purposes.

**City Grants Fund**

This fund accounts for the receipt and expenditure of various grants received by the City.

**Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise fund:

**Water and Sewer Fund**

This fund is used to account for the provision of water and sewer services to the residents of the City and the construction of related facilities. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), impact fees and other City funds. All costs are financed through charges to utility customers.

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

Additionally, the government reports the following fund types:

**Debt Service Fund**

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a nonmajor fund for reporting purposes.

**Special Revenue Funds**

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund.

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

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

**D. Measurement Focus and Basis of Accounting**

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

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

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

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

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

**E. Budgetary Information**

The original budget is adopted by the City Council prior to the beginning of the fiscal year for the General Fund and Debt Service Fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Transfers of appropriations between departments require the approval of the City Council.

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as LOGIC, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

**2. Fair Value**

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**3. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

**4. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

**5. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

**6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles and equipment	5-15 years
Utility plant	40 years
Right to use equipment	Shorter of lease term or 5-15 years
Buildings and improvements	10-20 years

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property tax and fines and fee revenue. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

**8. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**9. Other Postemployment Benefits**

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

Additionally, the City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees.

**10. Net Position Flow Assumption**

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

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

**11. Fund Balance Flow Assumptions**

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

**12. Fund Balance Policies**

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

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

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

**13. Compensated Absences**

Eligible City employees accrue vacation time monthly at various rates based on length of service with the City. Employees may elect to carry over a maximum of fifteen (15) days past his/her yearly anniversary date. It is possible for employees to have accrued vacation time at year end, which has not yet been lost. The City's sick leave policy provides fifteen paid sick

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

days per year for full-time employees. Unused sick leave can be accumulated to a maximum of ninety (90) days.

The City accounts for vacation and sick leave in accordance with the provisions of GASB Statement No. 101, Compensated Absences. Under GASB Statement No. 101, the City recognizes a liability for compensated absences for vacation leave that is attributable to services already rendered and for which the City has a present obligation to provide compensation through paid time off or cash settlement. Vacation leave is reported as a liability regardless of whether it is expected to be paid within one year.

Sick leave is considered a non-separation benefit and is recognized as a liability only to the extent it is probable that the leave will be used for qualifying absences and the amount can be reasonably estimated. Because unused sick leave is not paid upon separation from employment, the City does not record a liability for sick leave beyond amounts expected to be taken as paid absences in the future.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

**14. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable, bond premiums, leases payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

# City of Freeport, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

### 15. Leases

Lessee: The City is a lessee for noncancellable lease of vehicles and office equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of cell towers and golf course subsurfaces. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

# City of Freeport, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2025

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### **16. Subscription Based Information Technology Arrangements**

The City implemented the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (“SBITA”). Upon implementation, the City recorded right to use assets and subscription liabilities based on the present value of the payments for the related arrangements. The assets are included within capital assets, and amortized straight-line over the term of the arrangement. The liabilities accrue interest at the implied rate estimated by the City, and are relieved with payments over the term of the arrangements.

#### **17. Estimates**

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

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
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when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Expenditures in Excess of Appropriations

The original budget is adopted by the City Council prior to the beginning of the fiscal year for the general fund, debt service fund, 2020 CO bond CIP fund, the capital projects fund, the special revenue funds, and the water/sewer fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Transfers of appropriations between departments require the approval of the City Council.

Appropriations lapse at the end of the year. Several supplemental budget amendments were made during the year.

Expenditures exceeded appropriations at the legal level of control as follows:

General Fund:

Streets and drainage	\$	44,619
Sanitation		28,387
Capital outlay		1,028,451
Principal		333,753
Interest and fiscal charges		55,942

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2025, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Days)
External investment pools	\$ 17,862,373	44
Total fair value	\$ 17,862,373	
Portfolio weighted average maturity		44

As of September 30, 2025, the component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Days)
External investment pools	\$ 2,681,773	44
Total fair value	\$ 2,681,773	
Portfolio weighted average maturity		44

*Interest rate risk* – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity to 365 days or less; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* – The City’s investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than “A” or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City requires all deposits with financial institutions be collateralized in an

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
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amount equal to 102 percent of uninsured balances. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

**Texas CLASS**

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS Government seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Texas CLASS Government is rated 'AAAM' by S&P Global Ratings. There were no limitations or restrictions on withdrawals.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**B. Receivables**

1. The following comprise receivable balances of the primary government at year end:

	<u>General</u>	<u>City Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Utility</u>	<u>Total</u>
Property taxes	\$ 231,892	\$ -	\$ 72,824	\$ -	\$ 304,716
Sales tax	540,133	-	-	-	540,133
Franchise and local	21,671	-	50,077	-	71,748
EMS	1,457,636	-	-	-	1,457,636
Accounts	111,825	-	85,955	957,977	1,155,757
Grants	-	25,714	117,848	2,307,940	2,451,502
Lease receivables	1,431,038	-	-	-	1,431,038
Other	20,024	-	-	-	20,024
Allowance	(1,186,656)	-	(26,316)	(95,562)	(1,308,534)
<b>Total</b>	<u>\$ 2,627,563</u>	<u>\$ 25,714</u>	<u>\$ 300,388</u>	<u>\$ 3,170,355</u>	<u>\$ 6,124,020</u>

2. The discretely presented component unit's receivable balance consisted entirely of sales taxes.

3. The City is the lessor of two contracts in which the City receives lease payments from Verizon and Dow Chemical for the use of existing cell towers and golf course subsurfaces. The leases commenced in 2017 and 2022. Monthly lease payments of \$1,000 will be received from Verizon through March 2028. Annual lease payments of \$100,000 will be received from Dow Chemical through July 2036. The current year payment for Dow Chemical was received in October and was not paid as of year end. As of September 30, 2025, the lease receivable and offsetting deferred inflows amounted to \$1,431,038 and \$1,331,038, respectively.

The annual principal and interest payments to be received are as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest (4.28%)</u>
2026	\$ 155,198	\$ 56,801
2027	57,570	54,430
2028	53,990	52,010
Thereafter	1,164,280	334,610
	<u>\$ 1,431,038</u>	<u>\$ 497,851</u>

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**C. Capital Assets**

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,629,165	\$ -	\$ -	\$ 2,629,165
Construction in process	868,507	465,483	(887,260)	446,730
Total capital assets not being depreciated	<u>3,497,672</u>	<u>465,483</u>	<u>(887,260)</u>	<u>3,075,895</u>
Capital assets, being depreciated:				
Streets and improvements	31,856,639	35,860	287,725	32,180,224
Building and improvements	8,808,284	711,867	445,692	9,965,843
Furniture, equipment, and vehicles	18,907,240	743,299	(24,703)	19,625,836
Right-of-use assets	1,341,254	404,509	(349,594)	1,396,169
SBITA assets	51,545	-	-	51,545
Total capital assets being depreciated	<u>60,964,962</u>	<u>1,895,535</u>	<u>359,120</u>	<u>63,219,617</u>
Less accumulated depreciation				
Streets and improvements	19,292,472	768,055	(14,159)	20,046,368
Building and improvements	6,543,313	252,779	(56,520)	6,739,572
Furniture, equipment, and vehicles	14,553,994	862,180	(23,354)	15,392,820
Right-to-use assets	401,696	291,009	(227,256)	465,449
SBITA assets	29,909	11,004	-	40,913
Total accumulated depreciation	<u>40,821,384</u>	<u>2,185,027</u>	<u>(321,289)</u>	<u>42,685,122</u>
Net capital assets being depreciated	<u>20,143,578</u>	<u>(289,492)</u>	<u>680,409</u>	<u>20,534,495</u>
<b>Total Capital Assets</b>	<u>\$ 23,641,250</u>	<u>\$ 175,991</u>	<u>\$ (206,851)</u>	<u>\$ 23,610,390</u>

Depreciation was charged to governmental functions as follows:

General Administration	\$ 493,168
Public Safety	652,181
Service Center	27,574
Streets and Drainage	662,052
Parks and Recreation	350,052
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 2,185,027</u>

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 68,600	\$ -	\$ -	\$ 68,600
Construction in progress	7,060,794	14,974,290	(9,679,516)	12,355,568
Total capital assets not being depreciated	<u>7,129,394</u>	<u>14,974,290</u>	<u>(9,679,516)</u>	<u>12,424,168</u>
Capital assets, being depreciated:				
Water and sewer system	28,436,291	101,039	9,570,866	38,108,196
Furniture, equipment, and vehicles	800,392	220,372	108,650	1,129,414
Total capital assets being depreciated	<u>29,236,683</u>	<u>321,411</u>	<u>9,679,516</u>	<u>39,237,610</u>
Less accumulated depreciation				
Water and sewer system	19,451,742	610,501	-	20,062,243
Furniture, equipment, and vehicles	401,759	93,908	-	495,667
Total accumulated depreciation	<u>19,853,501</u>	<u>704,409</u>	<u>-</u>	<u>20,557,910</u>
Net capital assets being depreciated	<u>9,383,182</u>	<u>(382,998)</u>	<u>9,679,516</u>	<u>18,679,700</u>
<b>Total Capital Assets</b>	<u><u>\$ 16,512,576</u></u>	<u><u>\$ 14,591,292</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,103,868</u></u>

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

A summary of changes in component unit activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,456,056	\$ -	\$ -	\$ 2,456,056
Total capital assets not being	<u>2,456,056</u>	<u>-</u>	<u>-</u>	<u>2,456,056</u>
Capital assets, being depreciated:				
Streets and improvements	2,605,656	16,474	-	2,622,130
Total capital assets being depreciated	<u>2,605,656</u>	<u>16,474</u>	<u>-</u>	<u>2,622,130</u>
Less accumulated depreciation				
Streets and improvements	2,371,811	16,234	-	2,388,045
Total accumulated depreciation	<u>2,371,811</u>	<u>16,234</u>	<u>-</u>	<u>2,388,045</u>
Net capital assets being depreciated	<u>233,845</u>	<u>240</u>	<u>-</u>	<u>234,085</u>
<b>Total Capital Assets</b>	<u><u>\$ 2,689,901</u></u>	<u><u>\$ 240</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,690,141</u></u>

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**D. Other Long-term Liabilities**

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general fund and proprietary fund to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 977,754	\$ 37,702	\$ -	\$ 1,015,456	\$ 494,775
<b>Total Governmental Activities</b>	<u>\$ 977,754</u>	<u>\$ 37,702</u>	<u>\$ -</u>	<u>\$ 1,015,456</u>	<u>\$ 494,775</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 520,681</u>	
<b>Business-Type Activities:</b>					
Compensated absences	\$ 1,786	\$ 987	\$ -	\$ 2,773	\$ 2,496
<b>Total Business-Type Activities</b>	<u>\$ 1,786</u>	<u>\$ 987</u>	<u>\$ -</u>	<u>\$ 2,773</u>	<u>\$ 2,496</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 277</u>	
<b>Component Unit Activities:</b>					
Compensated absences	\$ 18,358	\$ 7,575	\$ -	\$ 25,933	\$ 12,438
<b>Total Component Unit Activities</b>	<u>\$ 18,358</u>	<u>\$ 7,575</u>	<u>\$ -</u>	<u>\$ 25,933</u>	<u>\$ 12,438</u>
				<u>\$ 13,495</u>	

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**E. Long-term Debt**

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service and general fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
Certificates of obligation	\$ 6,855,000	\$ -	\$ (365,000)	\$ 6,490,000	\$ 370,000
Premiums	301,157	-	(36,135)	265,022	-
Lease liabilities	1,061,786	404,509	(528,276)	938,019	352,335
Subscription liabilities	16,643	-	(5,547)	11,096	5,547
<b>Total Governmental Activities</b>	<u>\$ 8,234,586</u>	<u>\$ 404,509</u>	<u>\$ (934,958)</u>	<u>\$ 7,704,137</u>	<u>\$ 727,882</u>

**Long-term liabilities due in more than one year**

\$ 6,976,255

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Business-type Activities:</b>					
Bonds, notes and other payables:					
Certificates of obligation	\$ 4,265,000	\$ -	\$ (195,000)	\$ 4,070,000	\$ 205,000
Premium	218,773	-	(26,390)	192,383	-
Intergovernmental payable	539,212	112,429	-	651,641	200,000
Notes payable	-	3,561,250	-	3,561,250	107,811
<b>Total Business-type Activities</b>	<u>\$ 5,022,985</u>	<u>\$ 3,673,679</u>	<u>\$ (221,390)</u>	<u>\$ 8,475,274</u>	<u>\$ 512,811</u>

**Long-term liabilities due in more than one year**

\$ 7,962,463

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

Primary government long-term debt at year end was comprised of the following debt issues:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
<b>Certificates of Obligation:</b>		
\$7,735,000 Series 2020 Combined Tax & Revenue Cert. of Obligation, due in installments through Sept 2040, interest at 1.125% to 4.125%	\$ 6,490,000	\$ -
\$4,845,000 Series 2021 Combined Tax & Revenue Cert. of Obligation, due in annual installments through Sept 2041, interest at 1.25% to 2.84%	-	4,070,000
\$4,035,000 Series 2019A Combined Tax & Revenue Cert. of Obligation, due in annual installments through July 2038, interest at 3.125%-4%	-	-
<b>Total Certificates of Obligation</b>	<b>\$ 6,490,000</b>	<b>\$ 4,070,000</b>
<b>Notes Payable:</b>		
\$3,561,5250 note payable for Water Meter System due in installments through May 15, 2040, interest at 4.45%	\$ -	\$ 3,561,250
<b>Total Notes Payable</b>	<b>\$ -</b>	<b>\$ 3,561,250</b>
<b>Intergovernmental Payable:</b>		
\$651,641 overcharge for water services to Village of Surfside due in installments through Sep 2031, interest at 3.68%	\$ -	\$ 651,641
<b>Total Intergovernmental Payable</b>	<b>\$ -</b>	<b>\$ 651,641</b>
<b>Lease Liabilities:</b>		
\$404,509 lease agreement for 63 golf carts, one range picker due in installments through Jan 15, 2029, interest at 6.16%	\$ 364,320	\$ -
\$230,594 lease agreement for office equipment due in annual installments through Oct 2028, interest at various rates	130,920	-
\$761,068 lease agreement for property rental, due in annual installments through May 2027 interest at 4.28%	442,779	-
<b>Total Lease Liabilities</b>	<b>\$ 938,019</b>	<b>\$ -</b>
<b>Subscription Liabilities:</b>		
\$52,461 software subscriptions; terms 2 yr & 5 yr, due in installments through 2027, interest at 2.71% & 3.31%	\$ 11,096	\$ -
<b>Total Subscription Liabilities</b>	<b>\$ 11,096</b>	<b>\$ -</b>
<b>Bond Premiums:</b>	265,022	192,383
<b>Total Debt</b>	<b>\$ 7,704,137</b>	<b>\$ 8,475,274</b>

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

The annual requirements to amortize the primary government's debt issues outstanding at year ending were as follows:

Governmental Activities

Year Ending,	Certificates of Obligation	
	Principal	Interest
2026	\$ 370,000	\$ 127,994
2027	375,000	122,444
2028	380,000	117,288
2029	395,000	101,613
2030	410,000	85,319
2031	430,000	68,406
2032	435,000	63,569
2033	440,000	58,675
2034	445,000	53,725
2035	450,000	47,606
2036	455,000	41,419
2037	465,000	34,594
2038	470,000	27,038
2039	480,000	19,400
2040	490,000	9,800
<b>Total</b>	<b>\$ 6,490,000</b>	<b>\$ 978,888</b>

Governmental Activities

	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 352,335	\$ 41,106	\$ 5,548	\$ 183
2027	281,542	24,299	5,548	183
2028	86,129	15,444	-	-
2029	218,013	4,185	-	-
<b>Total</b>	<b>\$ 938,019</b>	<b>\$ 85,035</b>	<b>\$ 11,096</b>	<b>\$ 366</b>

The City has entered into lease agreements. The related governmental activities right to use assets had a carrying value of \$1,212,108 as of year end.

The City has entered into software subscription agreements. The related governmental activities right to use assets had a carrying value of \$16,180 as of yearend.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

Business-type Activities

Year Ending,	Certificates of Obligation		Note Payable		Intergovernmental Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 205,000	\$ 98,850	\$ 107,811	\$ 228,909	\$ 200,000	\$ -
2027	215,000	90,650	183,042	153,678	83,377	16,623
2028	220,000	82,050	191,187	145,533	86,446	13,554
2029	230,000	73,250	199,695	137,025	89,627	10,373
2030	235,000	66,350	208,582	128,138	92,926	7,074
2031	245,000	59,300	217,864	118,857	99,265	3,654
2032	250,000	54,400	227,558	109,162	-	-
2033	255,000	49,400	237,685	99,035	-	-
2034	260,000	44,300	248,262	88,458	-	-
2035	265,000	39,100	259,309	77,411	-	-
2036	270,000	33,800	270,849	65,871	-	-
2037	275,000	28,400	282,901	53,819	-	-
2038	280,000	22,900	295,491	41,229	-	-
2039	285,000	17,300	308,640	28,080	-	-
2040	290,000	11,600	322,374	14,346	-	-
2041	290,000	5,800	-	-	-	-
<b>Total</b>	<u>\$ 4,070,000</u>	<u>\$ 777,450</u>	<u>\$ 3,561,250</u>	<u>\$ 1,489,551</u>	<u>\$ 651,641</u>	<u>\$ 51,277</u>

**F. Restricted Net Position**

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was \$5,355,863. Of which, \$352,378 is restricted by enabling legislation.

**G. Interfund Transactions**

Transfers between the primary government funds during the 2025 year were as follows:

Transfers (Out):	Transfers In:			
	General	Nonmajor Govt.	Water & Sewer	Total
General	\$ -	\$ 211,665	\$ -	\$ 211,665
Capital projects	-	-	3,186,567	3,186,567
City grants	-	-	339,338	339,338
Water and sewer	150,000	-	-	150,000
	<u>\$ 150,000</u>	<u>\$ 211,665</u>	<u>\$ 3,525,905</u>	<u>\$ 3,887,570</u>

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

Amounts transferred between funds relate to amounts collected by the governmental and enterprise funds for various capital expenditures and principal and interest payments.

The compositions of interfund balances to/from as of the year ended September 30, 2025 were as follows:

<u>Due from (Receivable fund):</u>	<u>Due to (Payable fund):</u>		<u>Total</u>
	<u>Nonmajor Govt.</u>	<u>Water &amp; Sewer</u>	
General	\$ 1,845,441	\$ -	\$ 1,845,441
City Grants	-	2,166,959	2,166,959
	<u>\$ 1,845,441</u>	<u>\$ 2,166,959</u>	<u>\$ 4,012,400</u>

Amounts recorded as interfund receivables and payables are considered to be temporary loans and will be repaid during the following fiscal year.

**V. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League’s Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No such liabilities were recorded as of year end.

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

**C. Contracts/Agreements**

Industrial Contract Agreements

The City has three Industrial Development Agreements: Brazosport IDA (Interlocal with Lake Jackson and Clute), Freeport IDA, and Freeport LNG. Brazosport IDA and Freeport IDA, payments to the City are calculated based on property values or CPI, whichever is greater. Freeport LNG Industrial District payments are made in accordance to a payment schedule outlined in the agreement. The amount received under this contract and various other industrial district contracts during the year ended September 30, 2025 was \$10,556,052 and is reported in the General Fund.

Water Supply Contract

The City entered into a water supply contract with the Brazosport Water Authority on February 20, 1987. The contract term is forty years and may not be terminated as long as bonds are outstanding. The City agrees to take and pay for, whether used or not, 2 million gallons of water per day. The actual supply of water under this contract started in March, 1989.

Sewage Treatment Contract

The City is party to an agreement with the City of Oyster Creek to share costs associated with the operation of a sewer treatment plant. The plant went on-line during the fiscal year ended September 30, 1989. The percentage for sharing the operating expenses is determined based upon meter flow calibrations. For the year ended September 30, 2025, the City of Freeport's portion of these expenses is estimated to be \$187,046.

Animal Shelter

During the year ended September 30, 2003, the City began a joint venture with the City of Clute, City of Lake Jackson, and the Society for the Prevention of Cruelty to Animals ("SPCA") for an animal shelter. The shelter is located in Lake Jackson and provides programs for the claiming and adoption of lost or abandoned animals for the three cities. The original term of the agreement was from March 1, 2003 through February 28, 2023. The agreement is automatically renewed every subsequent year. The City and Clute contributed \$150,000 each and the SPCA contributed \$250,000 for a total of \$550,000 to Lake Jackson for the design, construction, and furnishing of the \$1,100,000 facility. The City pays each year for administrative operating costs and does not have an equity interest. For the year ended September 30, 2025, the City paid \$136,987 for their portion of the operating costs.

Port Freeport Settlement Agreement

The City Council approved a mediated settlement agreement with Port Freeport on May 15, 2023. According to the agreement, Port Freeport agrees to pay the City a total of \$8,900,000 in

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

full consideration of certain properties and easements in addition to a replacement lift station, water line relocation, and new wastewater lines. If the actual cost to install the new lift station exceeds \$1,200,000, Port Freeport will reimburse the City for 50% of the excess costs upon removal of the existing lift station by the City. The City will continue to maintain and repair the existing lift station until the replacement infrastructure is completed. As of September 30, 2025, the City has received \$7,100,000 from Port Freeport and \$3,530,806 was spent during the current year. The remaining \$1,800,000 will be held in escrow by Port Freeport and will be paid to the City within 10 days upon completion of the infrastructure project. Unspent proceeds, including accumulated investment earnings, was \$3,630,017 as of year end.

**D. Pension Plans**

**Texas Municipal Retirement System**

**1. Plan Description**

The City of Freeport, Texas participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**2. Benefits Provided**

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

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

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2024</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

**Employees covered by benefit terms**

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	102
Inactive employees entitled to but not yet receiving benefits	170
Active employees	<u>138</u>
<b>Total</b>	<b><u>410</u></b>

**3. Contributions**

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

Employees for the City of Freeport, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Freeport, Texas were 15.33% and 16.11% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$1,320,783 and equaled the required contributions.

**City of Freeport, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2025

**4. Net Pension Liability (Asset)**

The City's Net Pension Liability (Asset) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The Total Pension Liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period ending December 31, 2022. They were adopted in 2022 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

# City of Freeport, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

### Discount Rate

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

### Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 12,121,584	\$ 5,666,250	\$ 470,784

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**Changes in the Net Pension Liability (Asset)**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/23</b>	\$ 38,584,110	\$ 32,485,184	\$ 6,098,926
Changes for the year:			
Service cost	1,513,898	-	1,513,898
Interest	2,597,667	-	2,597,667
Difference between expected and actual experience	717,889	-	717,889
Changes of assumptions	-	-	-
Contributions – employer	-	1,311,931	(1,311,931)
Contributions – employee	-	599,055	(599,055)
Net investment income	-	3,373,297	(3,373,297)
Benefit payments, including refunds of emp. contributions	(1,714,205)	(1,714,205)	-
Administrative expense	-	(21,647)	21,647
Other changes	-	(506)	506
Net changes	3,115,249	3,547,925	(432,676)
<b>Balance at 12/31/24</b>	<b>\$ 41,699,359</b>	<b>\$ 36,033,109</b>	<b>\$ 5,666,250</b>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

**5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2025, the City recognized pension expense of \$1,723,196.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between projected and actual investment earnings	\$ 557,134	\$ -
Differences between expected and actual economic experience	-	(369,825)
Changes in assumptions	-	(76,347)
Contributions subsequent to the measurement date	972,630	-
<b>Total</b>	<b>\$ 1,529,764</b>	<b>\$ (446,172)</b>

The primary government and EDC reported \$949,211 and \$23,419, respectively, deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	
2025	\$ 302,563
2026	560,435
2027	(515,929)
2028	(236,107)
2029	-
Thereafter	-
	<b>\$ 110,962</b>

**Other Postemployment Benefits**

**1. TMRS Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

**Employees covered by benefit terms**

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	31
Active employees	138
<b>Total</b>	<b>234</b>

The City’s retiree contribution rates to the TMRS SDBF for the years ended 2023, 2024, and 2025 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2023	0.12%	0.12%	100.0%
2024	0.14%	0.14%	100.0%
2025	0.14%	0.14%	100.0%

The Retiree’s contributions to the TMRS SDBF for the years ended 2025 and 2024 were \$11,632, \$11,445, \$8,653 respectively, which equaled the required contributions each year.

**Total OPEB Liability**

The City’s Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85%, including inflation per year
Discount rate	4.08%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.08%) or 1-percentage-point higher (5.08%) than the current rate:

1% Decrease 2.08%	Current Single Rate Assumption 4.08%	1% Increase 5.08%
\$ 463,670	\$ 388,525	\$ 330,326

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/23</b>	\$ 390,105
Changes for the year:	
Service Cost	17,972
Interest	14,820
Difference between expected and actual experience	(1,191)
Changes of assumptions	(21,500)
Benefit payments	(11,981)
Net changes	(1,880)
<b>Balance at 12/31/24</b>	<b>\$ 388,225</b>

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$15,072.

At September 30, 2025, the City reported deferred outflows and inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
<b>Primary Government:</b>		
Difference between expected and actual experience	\$ -	\$ (116)
Changes in assumptions	-	(73,938)
Contributions subsequent to measurement date	8,452	-
<b>Total</b>	<b>\$ 8,452</b>	<b>\$ (74,054)</b>

The primary government and EDC reported \$8,249 and \$203, respectively, as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>	
2025	\$ (32,469)
2026	(35,326)
2027	(2,804)
2028	(3,455)
2029	-
Thereafter	-
	\$ (74,054)

**2. Retiree Healthcare Plan**

**Plan Description**

The City of Freeport maintains a Retiree Health Care Plan (“RHCP”) through Cigna Healthcare Insurance to provide health care benefits coverage for employees and retirees and dependents of employees and retirees. The City is currently offering health care benefits coverage through the RHCP which allows the extension of the benefits to retirees of the City. The City provides health benefits coverage to its retirees through RHCP and the cost of such coverage is paid entirely by the retiree. An employee who is under the 60 years of age and has been covered by TMRS (Texas Municipal Retirement Systems) for at least 20 years, or an employee who is 60 years or older and has been covered by TMRS for at least 5 years. The employee must also work for the City for a period of fifteen (15) continuous years and meet the definition of retiree for the purposes of the ordinance.

**Benefit Provided**

The RHCP provides pre sixty-five benefit coverages which will continue until the end of the month for the covered retiree’s 65th birthday. Coverage for early retirees under these plans will require that early retiree enroll in the Cigna Healthcare Insurance within 31 days of commencement of their pre 65 retirement, meet the plans definition of retiree, and that retiree receive all other applicable benefits provided to the retiree population. The pre sixty-five plan offer the retirees a choice of one of three plan options which consist of a base, buy-up and high deductible. Each plan has a specified rate that varies year over year.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

Employees covered by benefit terms

At the September 30, 2024 valuation date, the following employees were covered by the benefit terms:

<b>Status</b>	<b>Amount</b>
Inactive employees or beneficiaries currently receiving benefits	1
Active employees	123
<b>Total</b>	<b>124</b>

**Actuarial Assumptions and Methods:**

The Total OPEB Liability, measured as of September 30, 2025, was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	4.06% (decreased from 4.63%)
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted by TMRS.
Mortality	Mortality for healthy retirees, the gender-distinct 2021 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Participate Rates	30% retirees age 55 or older at retirement; 10% for retirees under age 55 at retirement

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.06%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2024, date of the actuarial valuation.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.06%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

<b>1% Decrease (3.06%)</b>	<b>Current Single Rate Assumption 4.06%</b>	<b>1% Increase (5.06%)</b>
\$ 169,996	\$ 195,067	\$ 225,228

Healthcare Cost Trend

<b>1% Decrease (3.50%)</b>	<b>Current Healthcare Cost Trend (4.50%)</b>	<b>1% Increase (5.50%)</b>
\$ 173,961	\$ 195,067	\$ 219,315

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/2023</b>	\$ 174,975
Changes for the year:	
Service Cost	13,165
Interest	7,624
Change in benefit terms	-
Changes of assumptions	-
Benefit payments	(697)
Net changes	20,092
<b>Balance at 12/31/2024</b>	\$ 195,067

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$14,280.

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between expected and actual experience	\$ -	\$ (182,152)
Change in assumptions	11,020	-
<b>Total</b>	<b>\$ 11,020</b>	<b>\$ (182,152)</b>

Amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended September 30:</b>	
2026	\$ (35,069)
2027	(35,069)
2028	(35,069)
2029	(35,069)
2030	(30,856)
Thereafter	-
	<b>\$ (171,132)</b>

**E. Deferred Compensation Plan**

The City offers its employees the opportunity to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is an additional retirement savings option for the City employees; however, no contributions will be made by the City. The retirement plan is offered to public service personnel only.

**F. New Accounting Pronouncements**

The City adopted GASB 101, *Compensated Absences* during the year. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.

The new guidance introduces three criteria for recording a liability in financial statements prepared using the economic resources measurement focus (often referred to as a “full accrual” basis). A liability should be recognized for leave that has not been used if all of the following are true:

**City of Freeport, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (likelihood of more than 50 percent).

This standard was applied retroactively and resulted in a sick leave liability of \$702,879 as of September 30, 2024.

**G. Restatement**

Due to corrections to accounts payable, long-term liabilities, assets and the implementation of GASB 101 over compensated absences, the City restated beginning fund balance/net position for the general fund, governmental activities, the water and sewer fund/business type-activities, and the Freeport EDC. The restatement of beginning fund balance/net position is as follows:

	<b>General Fund</b>	<b>Governmental Activities</b>	<b>Water &amp; Sewer Fund</b>	<b>Business-type Activities</b>
Prior year ending net position/fund balance, as reported	\$ 11,384,510	\$ 32,363,811	\$ 16,045,560	\$ 16,045,560
Correction of accounts payable	(97,660)	(97,660)	-	-
Implementation of GASB 101	-	(691,064)	-	-
Village of Surfside payable	-	-	(539,212)	(539,212)
Restated beginning net position/fund balance	\$ 11,286,850	\$ 31,575,087	\$ 15,506,348	\$ 15,506,348

	<b>Freeport EDC</b>
Prior year ending net position/fund balance, as reported	\$ 5,931,705
Correction of assets	(13,582)
Implementation of GASB 101	(11,815)
Restated beginning net position/fund balance	\$ 5,906,308

**H. Subsequent Events**

There were no material subsequent events through March 24, 2026, the date the financial statements were issued.

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***REQUIRED SUPPLEMENTARY INFORMATION***

# City of Freeport, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2) GENERAL FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property tax	\$ 3,370,000	\$ 3,370,000	\$ 3,358,614	\$ (11,386)
Sales tax	2,450,000	2,450,000	2,749,139	299,139
Industrial district	9,389,300	9,389,300	10,556,052	1,166,752
Franchise and local taxes	715,000	715,000	686,770	(28,230)
License and permits	277,800	277,800	170,468	(107,332)
Intergovernmental	22,000	22,000	7,597	(14,403)
Fines and forfeitures	222,600	222,600	286,489	63,889
Charges for services	2,363,100	2,363,100	3,202,741	839,641
Investment income	320,000	320,000	511,848	191,848
Other revenue	372,430	402,700	654,000	251,300
<b>Total Revenues</b>	19,502,230	19,532,500	22,183,718	2,651,218
<b><u>Expenditures</u></b>				
Current:				
General government	2,846,447	2,876,447	2,573,528	302,919
Public safety	9,711,201	9,711,471	8,816,131	895,340
Streets and drainage	1,456,908	1,456,908	1,501,527	(44,619) *
Sanitation	775,000	775,000	803,387	(28,387) *
Culture and recreation	3,673,818	3,673,818	3,315,171	358,647
Service center	214,666	214,666	212,430	2,236
Capital outlay	85,000	85,000	1,113,451	(1,028,451) *
Debt service:				
Principal	-	-	333,753	(333,753) *
Interest and fiscal charges	-	-	55,942	(55,942) *
<b>Total Expenditures</b>	18,763,040	18,793,310	18,725,320	67,990
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	739,190	739,190	3,458,398	2,719,208

# City of Freeport, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2) GENERAL FUND

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Transfers (out)	(211,665)	(211,665)	(211,665)	-
Lease issuance	-	-	404,509	404,509
Sale of assets	20,000	20,000	5,500	(14,500)
<b>Total Other Financing Sources (Uses)</b>	<u>(41,665)</u>	<u>(41,665)</u>	<u>348,344</u>	<u>390,009</u>
<b>Net Change in Fund Balance</b>	<u>\$ 697,525</u>	<u>\$ 697,525</u>	3,806,742	<u>\$ 3,109,217</u>
Beg. fund balance, as previously reported			11,384,510	
Error correction			(97,660)	
Beg. fund balance, as adjusted			<u>11,286,850</u>	
<b>Ending Fund Balance</b>			<u>\$ 15,093,592</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

\* Expenditures exceeded appropriations at the legal level of control.

# City of Freeport, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Total pension liability				
Service cost	\$ 1,513,898	\$ 1,330,606	\$ 1,188,602	\$ 1,227,173
Interest	2,597,667	2,443,269	2,284,689	2,145,373
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	717,889	326,848	345,806	199,603
Changes of assumptions	-	(279,941)	-	-
Benefit payments, including refunds of participant contributions	(1,714,205)	(1,535,890)	(1,545,644)	(1,432,204)
<b>Net change in total pension liability</b>	<u>3,115,249</u>	<u>2,284,892</u>	<u>2,273,453</u>	<u>2,139,945</u>
<b>Total pension liability - beginning</b>	<u>38,584,110</u>	<u>36,299,218</u>	<u>34,025,765</u>	<u>31,885,820</u>
<b>Total pension liability - ending (a)</b>	<u>41,699,359</u>	<u>38,584,110</u>	<u>36,299,218</u>	<u>34,025,765</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,311,931	\$ 1,104,669	\$ 1,013,241	\$ 1,057,969
Contributions - members	599,055	547,253	503,340	521,251
Net investment income	3,373,297	3,358,750	(2,287,152)	3,599,409
Benefit payments, including refunds of participant contributions	(1,714,205)	(1,535,890)	(1,545,644)	(1,432,204)
Administrative expenses	(21,647)	(21,376)	(19,799)	(16,657)
Other	(506)	(149)	23,627	114
<b>Net change in plan fiduciary net position</b>	<u>3,547,925</u>	<u>3,453,257</u>	<u>(2,312,387)</u>	<u>3,729,882</u>
<b>Plan fiduciary net position - beginning</b>	<u>32,485,184</u>	<u>29,031,927</u>	<u>31,344,314</u>	<u>27,614,432</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 36,033,109</u>	<u>\$ 32,485,184</u>	<u>\$ 29,031,927</u>	<u>\$ 31,344,314</u>
<b>Fund's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 5,666,250</u>	<u>\$ 6,098,926</u>	<u>\$ 7,267,291</u>	<u>\$ 2,681,451</u>
<b>percentage of the total pension liability</b>	86.41%	84.19%	79.98%	92.12%
<b>Covered payroll</b>	\$ 8,557,930	\$ 7,817,899	\$ 7,190,577	\$ 7,446,438
<b>Fund's net position as a percentage of covered payroll</b>	66.21%	78.01%	101.07%	36.01%

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
\$	1,210,072	\$ 1,020,294	\$ 972,644	\$ 1,069,778	\$ 941,887	\$ 867,502
	2,021,037	1,923,902	1,828,285	1,693,736	1,586,800	1,511,254
	-	-	-	-	-	-
	(61,634)	(459,710)	(84,705)	462,205	(31,659)	276,833
	-	142,572	-	-	-	116,881
	<u>(1,239,813)</u>	<u>(1,326,009)</u>	<u>(1,321,000)</u>	<u>(1,046,653)</u>	<u>(906,817)</u>	<u>(874,894)</u>
	<u>1,929,662</u>	<u>1,301,049</u>	<u>1,395,224</u>	<u>2,179,066</u>	<u>1,590,211</u>	<u>1,897,576</u>
	<u>29,956,158</u>	<u>28,655,109</u>	<u>27,259,885</u>	<u>25,080,819</u>	<u>23,490,608</u>	<u>21,593,032</u>
	<u>31,885,820</u>	<u>29,956,158</u>	<u>28,655,109</u>	<u>27,259,885</u>	<u>25,080,819</u>	<u>23,490,608</u>
\$	1,072,524	\$ 904,482	\$ 896,313	\$ 944,578	\$ 773,757	\$ 699,079
	524,814	444,711	440,294	464,589	409,932	385,600
	1,923,014	3,392,674	(677,553)	2,709,724	1,221,694	26,362
	(1,239,813)	(1,326,009)	(1,321,000)	(1,046,653)	(906,817)	(874,894)
	(12,450)	(19,175)	(13,099)	(14,056)	(13,803)	(16,057)
	(486)	(576)	(684)	(712)	(744)	(792)
	<u>2,267,603</u>	<u>3,396,107</u>	<u>(675,729)</u>	<u>3,057,470</u>	<u>1,484,019</u>	<u>219,298</u>
	<u>25,346,829</u>	<u>21,950,722</u>	<u>22,626,451</u>	<u>19,568,981</u>	<u>18,084,962</u>	<u>17,865,664</u>
\$	<u>27,614,432</u>	<u>\$ 25,346,829</u>	<u>\$ 21,950,722</u>	<u>\$ 22,626,451</u>	<u>\$ 19,568,981</u>	<u>\$ 18,084,962</u>
\$	<u>4,271,388</u>	<u>\$ 4,609,329</u>	<u>\$ 6,704,387</u>	<u>\$ 4,633,434</u>	<u>\$ 5,511,838</u>	<u>\$ 5,405,646</u>
	86.60%	84.61%	76.60%	83.00%	78.02%	76.99%
\$	7,497,348	\$ 6,353,014	\$ 6,275,121	\$ 6,636,342	\$ 5,846,596	\$ 5,501,315
	56.97%	72.55%	106.84%	69.82%	94.27%	98.26%

# City of Freeport, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Fiscal Years Ended:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer contributions	\$ 1,320,783	\$ 1,275,234	\$ 1,063,502	\$ 1,038,883
Contributions in relation to the actuarially determined contribution	\$ 1,320,783	\$ 1,275,534	\$ 1,063,502	\$ 1,038,883
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 8,308,487	\$ 8,491,786	\$ 7,532,012	\$ 7,257,170
Employer contributions as a percentage of covered payroll	15.90%	15.02%	14.12%	14.32%

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational

**Other Information:**

Notes There were no benefit changes during the year.

<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
\$ 1,095,630	\$ 1,004,021	\$ 892,025	\$ 912,207	\$ 773,757	\$ 699,079
<u>\$ 1,095,630</u>	<u>\$ 1,004,021</u>	<u>\$ 892,025</u>	<u>\$ 912,207</u>	<u>\$ 773,757</u>	<u>\$ 699,079</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,593,889	\$ 7,028,033	\$ 6,444,398	\$ 6,461,534	\$ 5,846,596	\$ 5,501,315
14.43%	14.29%	13.84%	14.12%	13.23%	12.71%

# City of Freeport, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Total OPEB liability				
Service cost	\$ 17,972	\$ 14,072	\$ 23,729	\$ 24,573
Interest	14,820	14,372	9,360	9,611
Differences between expected and actual experience	(1,191)	(1,532)	12,121	(14,258)
Changes of assumptions	(21,200)	20,050	(185,826)	16,220
Benefit payments, including refunds of participant contributions	(11,981)	(9,382)	(7,191)	(8,191)
<b>Net change in total OPEB liability</b>	<u>(1,580)</u>	<u>37,580</u>	<u>(147,807)</u>	<u>27,955</u>
<b>Total OPEB liability - beginning</b>	<u>\$ 390,105</u>	<u>\$ 352,525</u>	<u>\$ 500,332</u>	<u>\$ 472,377</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 388,525</u></u>	<u><u>\$ 390,105</u></u>	<u><u>\$ 352,525</u></u>	<u><u>\$ 500,332</u></u>
<b>Covered-employee payroll</b>	\$ 8,557,930	\$ 7,817,899	\$ 7,190,577	\$ 7,446,438
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	4.54%	4.99%	4.90%	6.72%

**Notes to schedule:**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<sup>2</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u> <sup>1</sup>
\$ 22,492	\$ 12,706	\$ 11,923	\$ 10,618
10,633	11,579	10,724	10,509
(397)	(15,039)	(9,540)	-
65,740	63,192	(23,177)	26,796
(2,999)	(2,541)	(1,883)	(3,318)
<u>95,469</u>	<u>69,897</u>	<u>(11,953)</u>	<u>44,605</u>
\$ 376,908	\$ 307,011	\$ 318,964	\$ 274,359
<u>472,377</u>	<u>376,908</u>	<u>307,011</u>	<u>318,964</u> <sup>2</sup>
\$ 7,497,348	\$ 6,353,014	\$ 6,275,121	\$ 6,636,342
6.30%	5.93%	4.89%	4.81%

# City of Freeport, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS RETIREE HEALTH CARE PLAN

Years Ended:

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Total OPEB liability				
Service cost	\$ 13,165	\$ 31,270	\$ 57,496	\$ 24,748
Interest	7,624	19,346	11,311	9,124
Changes in benefit terms	-	(256,806)	-	(21,529)
Differences between expected and actual experience	-	-	-	(27,506)
Changes of assumptions	-	15,536	(258,557)	142,157
Benefit payments, including refunds of participant contributions	(697)	(697)	(2,343)	-
<b>Net change in total OPEB liability</b>	<u>20,092</u>	<u>(191,351)</u>	<u>(192,093)</u>	<u>126,994</u>
<b>Total OPEB liability - beginning</b>	<u>\$ 174,975</u>	<u>\$ 366,326</u>	<u>\$ 558,419</u>	<u>\$ 431,425</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 195,067</u></u>	<u><u>\$ 174,975</u></u>	<u><u>\$ 366,326</u></u>	<u><u>\$ 558,419</u></u>
<b>Covered-employee payroll</b>	\$ 7,324,133	\$ 7,663,432	\$ 7,663,432	\$ 7,257,170
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	2.66%	2.28%	4.78%	7.69%

**Notes to schedule:**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<sup>2</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u> <sup>1</sup>
\$ 24,263	\$ 26,027	\$ 27,301	\$ 24,443
10,346	16,948	16,533	17,182
-	(106,501)	-	-
231	(99,594)	(715)	-
34,141	33,523	(16,480)	20,081
(3,252)	(7,424)	(19,500)	(9,750)
<u>65,729</u>	<u>(137,021)</u>	<u>7,139</u>	<u>51,956</u>
\$ 365,696	\$ 502,717	\$ 495,578	\$ 443,622
\$ 431,425	\$ 365,696	\$ 502,717	\$ 495,578 <sup>2</sup>
<u><u>\$ 6,234,975</u></u>	<u><u>\$ 6,353,014</u></u>	<u><u>\$ 6,275,121</u></u>	<u><u>\$ 6,636,342</u></u>
6.92%	5.76%	8.01%	7.47%

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***COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES***

**City of Freeport, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2025**

	<u>Debt Service</u>	<u>Hotel/Motel Tax</u>	<u>TIRZ</u>	<u>Court Revenue</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 487,560	\$ 354,783	\$ 931,212	\$ 266,423
Receivables, net	26,981	37,458	32,146	85,955
Prepays	50,588	-	-	-
<b>Total Assets</b>	<b>\$ 565,129</b>	<b>\$ 392,241</b>	<b>\$ 963,358</b>	<b>\$ 352,378</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenues	26,322	-	-	-
<b><u>Fund Balances</u></b>				
Nonspendable	50,588	-	-	-
Restricted for:				
Debt service	488,219	-	-	-
Tourism	-	392,241	-	-
Economic development	-	-	963,358	-
Municipal court	-	-	-	352,378
Assigned:				
Facilities and grounds	-	-	-	-
IT equipment	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>538,807</b>	<b>392,241</b>	<b>963,358</b>	<b>352,378</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 565,129</b>	<b>\$ 392,241</b>	<b>\$ 963,358</b>	<b>\$ 352,378</b>

<u>Facilities &amp; Grounds CIP</u>	<u>Vehicles &amp; Equipment</u>	<u>IT Fund</u>	<u>Hurricane Beryl</u>	<u>Marina Operations</u>	<u>Total</u>
\$ 2,208,334	\$ 8,848	\$ 223,593	\$ -	\$ 1,114	\$ 4,481,867
-	-	-	117,848	-	300,388
-	-	-	-	-	50,588
<u>\$ 2,208,334</u>	<u>\$ 8,848</u>	<u>\$ 223,593</u>	<u>\$ 117,848</u>	<u>\$ 1,114</u>	<u>\$ 4,832,843</u>
\$ -	\$ 1,922	\$ -	\$ 14,159	\$ -	\$ 16,081
-	-	-	1,845,441	-	1,845,441
-	<u>1,922</u>	-	<u>1,859,600</u>	-	<u>1,861,522</u>
-	-	-	-	-	26,322
-	-	-	-	-	50,588
-	-	-	-	-	488,219
-	-	-	-	-	392,241
-	-	-	-	-	963,358
-	-	-	-	-	352,378
2,208,334	-	-	-	-	2,208,334
-	-	223,593	-	-	223,593
-	6,926	-	(1,741,752)	1,114	(1,733,712)
<u>2,208,334</u>	<u>6,926</u>	<u>223,593</u>	<u>(1,741,752)</u>	<u>1,114</u>	<u>2,944,999</u>
<u>\$ 2,208,334</u>	<u>\$ 8,848</u>	<u>\$ 223,593</u>	<u>\$ 117,848</u>	<u>\$ 1,114</u>	<u>\$ 4,832,843</u>

# City of Freeport, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	Debt Service	Hotel/Motel Tax	TIRZ	Court Revenue
<b><u>Revenues</u></b>				
Property tax	\$ 528,596	\$ -	\$ 360,901	\$ -
Other taxes	-	162,741	-	-
Intergovernmental	-	-	-	-
Fines and fees	-	-	-	101,592
Investment income	10,819	9,678	31,870	10,459
<b>Total Revenues</b>	539,415	172,419	392,771	112,051
<b><u>Expenditures</u></b>				
General government	-	22,000	-	-
Public safety	-	-	-	25,314
Disaster relief	-	-	-	-
Debt service:				
Principal	365,000	-	-	-
Interest	129,569	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	494,569	22,000	-	25,314
<b>Revenues Over (Under) Expenditures</b>	44,846	150,419	392,771	86,737
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	44,846	150,419	392,771	86,737
Beginning fund balances	493,961	241,822	570,587	265,641
<b>Ending Fund Balances</b>	\$ 538,807	\$ 392,241	\$ 963,358	\$ 352,378

<u>Facilities &amp; Grounds CIP</u>	<u>Vehicles &amp; Equipment</u>	<u>IT Fund</u>	<u>Hurricane Beryl</u>	<u>Marina Operations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 889,497
-	-	-	-	-	162,741
-	-	-	608,849	-	608,849
-	-	-	-	-	101,592
91,120	1,882	8,588	-	252	164,668
<u>91,120</u>	<u>1,882</u>	<u>8,588</u>	<u>608,849</u>	<u>252</u>	<u>1,927,347</u>
-	-	-	-	-	22,000
-	-	-	-	-	25,314
-	-	-	253,155	-	253,155
-	-	-	-	-	365,000
-	-	-	-	-	129,569
284,121	204,365	-	660,142	-	1,148,628
<u>284,121</u>	<u>204,365</u>	<u>-</u>	<u>913,297</u>	<u>-</u>	<u>1,943,666</u>
<u>(193,001)</u>	<u>(202,483)</u>	<u>8,588</u>	<u>(304,448)</u>	<u>252</u>	<u>(16,319)</u>
-	211,665	-	-	-	211,665
-	211,665	-	-	-	211,665
(193,001)	9,182	8,588	(304,448)	252	195,346
2,401,335	(2,256)	215,005	(1,437,304)	862	2,749,653
<u>\$ 2,208,334</u>	<u>\$ 6,926</u>	<u>\$ 223,593</u>	<u>\$ (1,741,752)</u>	<u>\$ 1,114</u>	<u>\$ 2,944,999</u>

**City of Freeport, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Year Ended September 30, 2025**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Property tax	\$ 526,250	\$ 528,596	\$ 2,346
Investment income	400	10,819	10,419
<b>Total Revenues</b>	526,650	539,415	12,765
<b><u>Expenditures</u></b>			
Debt Service:			
Principal	560,000	365,000	195,000
Interest and fiscal charges	241,619	129,569	112,050
<b>Total Expenditures</b>	801,619	494,569	307,050
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	301,650	-	(301,650)
<b>Total Other Financing Sources (Uses)</b>	301,650	-	(301,650)
<b>Net Change in Fund Balance</b>	\$ 26,681	44,846	\$ 18,165
Beginning fund balance		493,961	
<b>Ending Fund Balance</b>		\$ 538,807	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, March 16, 2026 at 6:00 PM at the Freeport Council Chamber located at 430 North Brazosport Blvd. , Freeport Texas for the purpose of considering the following agenda items:

City Council: Mayor Jerry Cain  
Councilman Jeff Pena  
Councilman Jarvis Davis  
Councilman George Matamoros  
Councilman Winston Rossow

Staff: Danielle M Kelly, DPA, City Manager  
Clarisa Fernandez, City Secretary  
Ashlee Hurst, Finance Director  
Toby Cohen, IT Director  
Corey Brinkman, Police Captain  
Chris Motley, Fire Chief  
Maria Lopez, Main Street Coordinator  
Loretta Cady, Interim Museum Director  
Craig Graham, Police Lieutenant

Visitors:	David McGinty	Esmeralda Castillo
	Melanie Oldham	Matthew Castillo
	Nicole Mireles	Kelly Axtman
	Sam Reyna	Thomas Koole
	Linda Marshall	Ron Bachman
	Manning Rollerson	Margaret Bachman

**Call to Order:**

Call to Order - Jerry Cain, Mayor

Mayor Cain called the regularly scheduled meeting of the Freeport City Council to order at 6:01P.M. on March 16, 2026, declaring a quorum was present.

Invocation - Councilman

Councilman Rossow led the Invocation.

Pledges - Pledge of Allegiance to the United States; Pledge of Allegiance to the State of Texas.

Councilman Rossow led the Pledge of Allegiance to the United States and the Pledge of Allegiance to the State of Texas.

Matters Subsequent to Posting.

City Manager Dr. Danielle Kelly stated that there were no matters subsequent to posting.

Audience Participation – Anyone who has registered to speak prior to the meeting being called to order and desires to address the City Council will be heard at this time, or during the discussion of an item listed on the agenda. These forms are located by the City Secretary. After completing the form, give it to the City

Secretary. She will give it to the Mayor. The Mayor will call on you when that item is presented, once a motion has been made by Council then public participation will not be allowed. You will have four (4) minutes to make your comments regardless of the number of agenda items to be addressed.

Carmen Caballete addressed the council regarding the sudden cancellation of Zumba classes at the Freeport Recreation Center, expressing frustration and concern on behalf of the members who regularly attend these sessions. She explained that the cancellation of these four classes was communicated without early notice, attributing it to financial issues that the recreation center was facing. This abrupt decision left many participants, who had already paid for their monthly membership, feeling unsettled and unfairly treated. Ms. Caballete highlighted the significance of these Zumba classes to the community, emphasizing that approximately 40 members, including many elderly individuals, partake in these sessions. She noted that the classes offer valuable health benefits and serve as an outlet for stress relief, as well as an opportunity for social interaction and exercise. Ms. Caballete expressed frustration regarding the lack of communication from the office personnel regarding this matter. She expressed disappointment that no official notice was provided, either physically at the gym or on public platforms like Facebook, resulting in confusion among the members, some of whom remained unaware of the class cancellations. Stressing the importance of these classes for maintaining both physical health and community bonds, Ms. Caballete earnestly requested that the council reconsider their decision and take action to reinstate the classes.

Manning Rollerson addressed the council, focusing on the recent 14th Court of Appeals decision which ruled in favor of the Tilly and Marshall families against the Port of Freeport, citing there was no justifiable public path for the seizure of property. Mr. Rollerson talked about the city's handling of the East End historical district, stating that the area was improperly given away without clear and legitimate public pathways. He emphasized the need for the city to take accountability and rectify the situation by either recovering the land or providing appropriate compensation to the affected residents. Mr. Rollerson highlighted the significance of the court's ruling, stating it determined a crime had been committed against Freeport residents. He reported that the families involved are seeking to launch a class action lawsuit, aimed not only at the Port of Freeport but also potentially implicating the city. Mr. Rollerson appealed to the city to advocate for the residents' rights, suggesting that failure to do so could result in him personally suing the city, noting the city's inability to withstand such a lawsuit. He concluded by urging the council to align themselves with the citizens of Freeport, especially those from the impacted black historical district, and declared that accountability must prevail if justice is to be served.

Esmeralda Castillo spoke in support of reinstating the Zumba classes. She explained that her son, who was previously on medication, experienced significant health improvements after starting the Zumba program, leading to the removal of his medication. Ms. Castillo also mentioned that her own health had benefited from participating in the classes, with favorable outcomes in her medical evaluations, making her doctor very happy with her progress. She underscored the importance of the Zumba classes for both her and her son's health, suggesting that reinstating the program would continue to provide these valuable benefits to participants.

Sam Reyna addressed the council regarding the security measures implemented in the council chamber. Mr. Reyna labeled the measures as excessive and financially burdensome, alleging that they stemmed from what he described as Councilman Pena's imagined threats to his safety. He argued that the current setup makes the council chamber resemble a courtroom both in appearance and atmosphere. He suggested that if such measures align the space with courtroom standards, then rules like the removal of hats should be enforced, pointing out that Councilman Pena consistently wears his hat during city council meetings. Mr. Reyna noted that Councilman Pena removes his hat in actual courtrooms, underscoring his call for consistent decorum. In addition, Mr. Reyna directed his comments towards agenda items 4D and 4C. He highlighted the past interest expressed by the Hispanic Chamber of Commerce in acquiring city property for a new

administration building. His remarks indicated skepticism about the motivations behind the proposals, recalling previous instances where the Chamber sought property donations. Mr. Reyna further commented on Vernor Materials & Equipment Company's petition for release from the city's extraterritorial jurisdiction, expressing surprise that such a move, which seemed unfavorable for city integration, had taken so long to materialize. His commentary implied a critique of past city decisions and a call for accountability and transparency in current proceedings.

Finance Director Ashlee Hurst addressed the council, providing an update on an innovative initiative to engage the community in the upcoming fiscal year 2026-27 budget process. She announced the launch of a new community engagement tool available on the city's website, underscoring its role in facilitating easier communication between residents and city officials. Ms. Hurst described the tool as part of a broader effort to bring fresh perspectives and ideas into the city's financial planning by actively involving residents, business owners, and community stakeholders. This platform is part of the new OpenGov budget software previously approved by the council, enabling the city to collect diverse feedback and input from the public effectively. Ms. Hurst highlighted that the tool allows residents to participate in community feedback surveys, voting on ideas, and share their priorities for the city's future projects, which can cover a wide range of topics impacting Freeport. Residents can choose to remain anonymous or make their responses public, fostering an inclusive dialogue about the city's financial and strategic planning. She emphasized the administration's commitment to transitioning Freeport towards a more transparent and responsive government. Ms. Hurst stated this budget planning approach represents a significant departure from previous methods and underscores a new era of collaboration between city officials and residents. She encouraged all members of the community to take advantage of this opportunity to ensure their voices are heard in shaping the fiscal policies and priorities of the city for the next budget year.

### **Proclamations - Presentations and Updates**

Employee Recognitions – Employee of the Month, Kelli Yates, Court Supervisor, Municipal Court- Dr. Danielle Kelly, City Manager

City Manager Dr. Danielle Kelly presented the employee of the month to Kelli Yates, Court Supervisor, Municipal Court.

Upcoming Events -

Move & Groove, Freeport Downtown, March 21, 7:30A.M.

Blue Santa Annual Golf Fundraiser, Freeport Golf Course, March 27, 7:00A.M.-4:00P.M.

Easter Eggstravaganza, Freeport Municipal Park, March 28, 9:00A.M.

Community Cleanup, 431 West 4th Street, April 18, 8:00A.M.

City Manager Dr. Danielle Kelly gave updates on upcoming events.

### **Consent Agenda:**

Action regarding Minutes, March 2, 2026 - Clarisa Fernandez, City Secretary

Action approving the Monthly Financial Report through February 28, 2026 - Ashlee Hurst, Finance Director

A motion was made by Councilman Matamoros to approve the Consent Agenda as presented, seconded by Councilman Rossow with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

### **Business**

Consideration and possible action awarding RFQ# 2026-01 - Heritage House Architectural & Design Services to Slate Architecture.

Finance Director Ashlee Hurst explained that Slate Architecture was the only respondent to the RFQ for Heritage House (Pixie House) architectural services. The proposal was thoroughly reviewed by city staff, including the City Engineer, City Manager, Building Official, Main Street coordinator, and herself, and deemed well-qualified. Slate Architecture's proposal was strong, and the firm would coordinate with the Texas Historical Commission to ensure historical preservation standards are met.

A motion was made by Councilman Davis to award RFQ# 2026-01-Heritage House Architectural & Design Services to Slate Architecture, seconded by Mayor Cain with discussion that followed.

Councilman Pena questioned why an RFQ was issued when he believed general contractors could provide scope assessments for free. He recalled that previous estimates for repairs came in around substantially less than the \$375,000 allocated from bond funds. Councilman Pena expressed concern that this approach might not utilize funds efficiently, suggesting that contractors might have already identified the necessary work. He stated that the project could perhaps proceed by gathering bids from general contractors instead to save on design costs.

Kelly Axtman from Slate Architecture presented their 30-year history and experience with historic buildings, explaining their qualifications. He outlined several building issues: foundation concerns, envelope problems such as windows and weather sealing, structural floor and stair issues, and needed mechanical/electrical/plumbing upgrades. Mr. Axtman emphasized the importance of a thorough assessment before construction, including a potential second egress requirement and ADA compliance review. He reported that they had a strong team, including a structural engineer and mechanical/plumbing experts, ready to take a detailed look at the building and suggested a multi-phased approach to renovation, prioritizing immediate needs like preventing water intrusion.

Councilman Davis supported moving forward with the proposal, noting the building's deterioration and the importance of doing the renovation correctly. He appreciated Mr. Axtman's identification of the second stairway safety issue, as it pointed to life safety improvements needed for future public use. Councilman Davis advocated starting the process to ensure the building did not continue to degrade further.

Councilman Matamoros sought specific reassurance about whether Slate Architecture had experience with non-residential historic buildings, and he raised concerns about the potential for project costs to exceed the \$375,000 bond allocation. He stated that there are several priorities within the city that also required attention.

Councilman Rossow focused on the immediate need to stop water damage, asking if the current budget could address at least the envelope issues to prevent further deterioration. He was interested in a

phased approach that would first protect the building from ongoing weather damage. Councilman Rossow acknowledged the need for a strategic plan to make the building usable but was primarily concerned about halting deterioration to protect prior investments in the property.

Mayor Cain stated the importance of balancing historic preservation, safety standards, and financial responsibility. He acknowledged the immediate need to protect the building from weather impacts while maintaining budget discipline.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Discussion and Direction: Development of 2026 City Council Strategic Priorities.

City Manager Dr. Danielle Kelly presented the attached presentation titled "Exhibit A". She explained that the council members had each submitted their priorities, which had been organized into six overarching themes: infrastructure and utilities, public safety assets, youth recreation, economic development and tourism, municipal service delivery, and city facilities and public assets. Dr. Kelly outlined the detailed steps that are intended to follow this thematic organization. She clarified the purpose of the current meeting was not to finalize decisions but to begin shaping the council's direction. This initial framework will be taken to the community for broader input. The results of this engagement process, along with refined analyses and feedback, will then be returned to the council in a subsequent session on April 20th. This will allow the council to select top priorities that will guide the development of the 2026-2027 budget.

Consideration and possible action adopting Resolution No. 2026-3038 Granting a Petition for Release from Extraterritorial Jurisdiction by Vernor Materials & Equipment Co, Inc.

City Manager Dr. Danielle Kelly provided an explanation regarding the request from Vernor Materials & Equipment Co., Inc. to be released from the city's extraterritorial jurisdiction (ETJ). She noted that according to recent changes in state legislation, property owners now have an unconditional right to be released from a city's ETJ. Under Chapter 42 of the Texas Local Government Code, the city is legally obligated to grant such a release, and if the city does not act within the specified 45-day period, the release becomes effective automatically.

A motion was made by Councilman Matamoros to approve Resolution No. 2026-3038 as presented, seconded by Councilman Davis with discussion that followed.

Councilman Pena raised concerns about whether Freeport benefits from any ad valorem tax revenues from properties within the ETJ and inquired about the financial impact of the release. In response, Finance Director Ashlee Hurst clarified that taxes collected from ETJ properties are directed to the county rather than the city, indicating that Freeport would not experience a direct financial loss from the release of this particular property.

Mayor Cain called the motion to a vote with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Pena voted "Nay".

Consider and take possible action to select alternate property substitution options and authorize all necessary actions to remove Open Space Program restrictions on the City-owned 25-acre tract located on Second Street.

Councilman Pena requested to discuss this item in executive session.

Melanie Oldham resides at 531 West Brazos Street. She addressed the council concerning the removal of open space restrictions from the specified parcel. Ms. Oldham, who has been attending city meetings for 18 years, conveyed apprehensions about the potential implications of such a move. She was particularly concerned by the possibility of losing public access along the river. Over the years, various proposals had emerged, such as the Hispanic Chamber's interest in developing a cultural event center and potential hotel developments, all of which sought river access, thus potentially restricting public usage. She highlighted the city's existing parkland deficits, reminding the council of the need to replace Lincoln Park, which had been sold in the past, and the undeveloped Clinton Wong land known as Houston Park. Ms. Oldham requested clarification regarding what Councilman Pena meant by the removal of Open Space Program restrictions. She expressed concern about whether this would result in the loss of public access to river areas, emphasizing the importance of such spaces, and she awaited further explanation.

Councilman Pena stated his vision, which sought to maximize the usage of the riverfront and enhance public access. He assured the public that the plans were intended to improve public access rather than restrict it,

signaling that there were big fun ideas coming down the pipe.

A motion was made by Mayor Cain to table this item (4D), seconded by Councilman Matamoros with all present and voting "Aye" 3-2. The Council approved the motion to table this item. Councilman Pena voted "Nay". Councilman Davis voted "Nay".

Consider and take possible action to establish the Shonda Marshall Public Service Civic Award, a posthumous award to be presented annually to a Freeport resident who has demonstrated exemplary commitment to public service in the City of Freeport.

Councilman Pena proposed the establishment of an award to honor Ms. Shonda Marshall. Despite facing significant challenges due to being both blind and deaf, Ms. Marshall remained an exemplary figure of public service, regularly attending city meetings, and actively participating in multiple boards. Councilman Pena emphasized her unwavering dedication, integrity, and transparency, which set an exceptional example for all citizens in Freeport. Her efforts represented a high standard of civic involvement, and Councilman Pena regarded her as a beacon for community engagement.

A motion was made by Councilman Pena to establish the Shonda Marshall Public Service Civic Award, a posthumous award to be presented annually to a Freeport resident who has demonstrated exemplary commitment to public service in the City of Freeport, seconded by Councilman Davis with discussion that followed.

Councilman Davis expressed strong support for the proposal, highlighting Ms. Marshall's remarkable ability to prepare and participate actively in civic matters despite her disabilities. He described her as an inspiration to everyone who knew her or witnessed her efforts. He endorsed the initiative to honor her legacy by naming the award after her, reinforcing the point that her service to the city was truly extraordinary.

Councilman Matamoros offered a slightly different perspective, suggesting the award be established as a more generic civic honor. He proposed that Ms. Marshall be recognized as the first recipient of this citizen of the year type of award, acknowledging her significant contributions. Councilman Matamoros pointed out that numerous other residents had also dedicated themselves significantly to the city's betterment over the years.

Mayor Cain echoed Councilman Matamoros' sentiments, agreeing with the idea of creating a broader award that recognizes outstanding citizens of Freeport. He noted that while Shonda Marshall was undoubtedly deserving of recognition, the award could also honor other citizens who have made substantial contributions to the community.

Mayor Cain called the motion to a vote with all present and voting "Aye" 3-2. The Council approved the motion. Mayor Cain voted "Nay". Councilman Matamoros voted "Nay".

Consider and take possible action regarding Freeport's City Branding Strategy.

Melanie Oldham addressed the council regarding the discussion on the city's proposed rebranding efforts. She expressed concern about the inclusion of the phrase "industry thrive" in the proposed vision of a versatile Texas city where coastal tourism, residential life, maritime commerce, and industry coexist. Ms. Oldham indicated that this language was troubling to her and questioned its meaning, suggesting that further clarification from Mr. Pena would be helpful. She referenced language in the proposal about eliminating negative perceptions of industrial activity and emphasized that while existing industry should remain and be good neighbors, additional industrial expansion may not be necessary. Instead, she advocated for supporting small businesses, increasing commercial development, and expanding housing. Ms. Oldham also highlighted the city's natural assets, such as the river and beach, as key components of its identity and future growth.

She concluded by reiterating the need for further discussion on what it means for industry to “thrive” within the community.

Councilman Pena spoke strongly in favor of rebranding Freeport, stating that the city’s reputation as an industrial wasteland needs transformation. He emphasized the importance of leveraging Freeport's coastal assets and proposed branding the city as Freeport Beach to immediately signal the city's unique coastal offerings. Councilman Pena's proposal aimed to combat outdated perceptions and pivot the city's identity toward being more dynamic and multifaceted. Councilman Pena also stated about the current Economic Development Corporation (EDC), alleging past corruption, cover-ups, and illegalities. He questioned the EDC's authority and effectiveness in handling citywide branding endeavors. Councilman Pena expressed disappointment that the EDC had not consulted the council regarding any rebranding initiatives they might have undertaken.

A motion was made by Mayor Cain to deny Freeport's City Branding Strategy, seconded by Councilman Matamoros with discussion that followed.

Mayor Cain stated about the EDC's ongoing collaboration with a company specialized in rebranding and wayfinding. Mayor Cain emphasized that it would not be fiscally responsible to hire another entity to conduct the same piece of work, stressing that the city should first review what the current contractor proposes before spending additional funds. He highlighted the importance of financial stewardship and suggested it was prudent to wait for the existing study's results before making further decisions on rebranding. This balanced approach aimed to utilize existing resources efficiently while considering future branding needs thoughtfully.

Mayor Cain called the motion to a vote with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Pena voted "Nay".

Consideration and take possible action to waive the fee of the river place rental for the Brazosport high school prom.

Councilman Davis explained that Brazosport High School had reserved River Place for their prom when nonprofit rentals were free, but policy changes now required payment. The school did not budget for the fee and requested a waiver for this year, promising to budget for future events.

A motion was made by Councilman Davis to waive the fee for the river place rental for the Brazosport High School Prom, seconded by Councilman Matamoros with discussion that followed.

Councilman Pena offered to donate his annual council River Place reservation to the school.

Councilman Davis withdrew his motion.

Councilman Matamoros withdrew his second.

## **Work Session**

Councilman Pena Ward A announcements and comments.

Councilman Pena expressed appreciation for the approximately 35 individuals attending the meeting online. He encouraged continued public participation in the city’s information-sharing and feedback processes, particularly regarding the branding initiative. He emphasized the importance of community input and suggested that the Economic Development Corporation (EDC) direct the branding firm to actively engage residents rather than relying solely on third-party concepts. Councilman Pena shared his own idea of

“Freeport Beach” as a potential branding direction while acknowledging that others in the community may have different perspectives that should be considered. He also took time to thank city staff for their efforts in preparing Freeport for spring break, including work along the river, beach, downtown area, and near the fishing pier on Second Street. Additionally, he expressed appreciation for the police department’s continued commitment to safety and security within council chambers. He noted that enhanced security measures, originally recommended by Chief Howell in October 2023, have contributed to a safer meeting environment, despite prior opposition from certain individuals. Councilman Pena commended the police department and staff for their dedication to maintaining a secure facility. In response to a prior comment comparing the setting to a courthouse, Councilman Pena remarked that he found the environment to be clean, safe, and appropriate for conducting meetings. He concluded by inquiring about the discontinuation of Zumba classes, asking staff for information on why they were stopped and when they might resume.

Councilman Davis Ward B announcements and comments.

Councilman Davis expressed appreciation to those at the meeting and those watching online. He also acknowledged and thanked representatives involved in replacing a fire hydrant on the south side, noting the improvement and expressing gratitude to those who helped prioritize and complete the work. Councilman Davis spoke about the importance of establishing a unified vision for the City of Freeport. He emphasized that even small efforts, such as beautification, can have a meaningful impact on the city’s progress. He noted that various boards and organizations including the Economic Development Corporation (EDC), Main Street, Planning and Zoning, and Beautification committees often operate independently, which can lead to fragmented efforts and hinder meaningful advancement. He stressed that bringing these groups together under a shared vision would allow the city to move forward with greater purpose and effectiveness. Councilman Davis identified beautification as a practical starting point, highlighting improvements such as enhancing medians, revitalizing Second Street, and adding lighting along the Brazos River to create a more welcoming and attractive environment. He explained that these visible improvements can foster community pride, improve public perception, and attract residents, visitors, and investment. Councilman Davis concluded by emphasizing the importance of unity in leadership, encouraging collaboration among stakeholders, and expressing hope that the community will work together to make Freeport a better place to live, visit, and raise future generations.

Councilman Matamoros Ward C announcements and comments.

Councilman Matamoros stated that he had recently returned from a family vacation in New Orleans, during which he followed the progress of the Brazosport High School boys basketball team. He expressed pride in the team’s accomplishments, noting their unity and success throughout the season. Although they fell short of winning the championship in San Antonio, he commended their efforts and representation of Freeport and Brazosport High School. Councilman Matamoros requested that the city consider issuing a proclamation at the next council meeting to honor the team’s achievements. He then raised several concerns related to Ward C. Councilman Matamoros reported issues in undeveloped alleyways, particularly between Avenue F and Avenue U, where debris such as a cut tree had been improperly discarded. He noted that these areas are critical for utility access, especially for power lines, and requested that city crews and code enforcement address the situation. Additionally, he highlighted concerns about street conditions, observing that increased traffic and heat are causing certain roadways to deteriorate. He specifically mentioned areas along Yellowstone between Avenue N and O, as well as other locations, and indicated he would provide a list for further review. He encouraged public works to address these issues early before they worsen and require more extensive repairs. Lastly, Councilman Matamoros brought attention to a drainage issue near Yellowstone and Avenue G, adjacent to a resident’s property. He noted that prior work may have been attempted but left incomplete due to wet conditions, resulting in standing water that has persisted for an extended period. He requested follow-up from the city, including communication with the resident, to ensure the issue is resolved.

Councilman Rossow Ward D announcements and comments.

Councilman Rossow expressed appreciation to both those attending in person and those watching online. He

acknowledged the importance of community participation and thanked residents for taking the time to be involved in the council meeting. He also voiced support for recognizing the Brazosport High School basketball team for their achievement in advancing to the state level. Councilman Rossow emphasized the difficulty of reaching that stage of competition and encouraged the city to formally honor the team, noting that their accomplishment is significant and deserving of recognition from the entire community. Councilman Rossow then shared information about his role on the Gulf Coast Transit District board, mentioning an upcoming meeting and highlighting the services provided across Brazoria and Galveston counties. He noted the availability and affordability of public transportation options, including accommodations for individuals with mobility needs, and encouraged residents to utilize these services to ensure their continued operation in the community. Additionally, Councilman Rossow spoke about his commitment to serving residents, stating that he has consistently made himself available to assist individuals with concerns or issues. He emphasized his willingness to help anyone in Freeport, regardless of precinct, and noted that he often collaborates with fellow council members and city staff to address community needs. He reiterated his openness to communication and encouraged residents to reach out to him for assistance.

#### Mayor Jerry Cain announcements and comments.

Mayor Cain expressed appreciation to those in person and those watching online. He noted that the meeting concluded in a timely manner and acknowledged the continued engagement of community members. He raised concerns regarding the discontinuation of Zumba classes, emphasizing the need to determine the cause and take steps to reinstate the program. He stressed the importance of providing adequate notice to residents when city programs are suspended, noting that a lack of communication can be frustrating for participants who arrive expecting services to be available. He encouraged the city to improve communication practices and work toward resuming the classes. Mayor Cain also commended the Brazosport High School basketball team for their successful season, recognizing that they came close to a championship and achieved something noteworthy. He supported the idea of formally honoring the team, suggesting a proclamation or similar recognition, and encouraged council members to provide input to ensure the recognition is done appropriately. Additionally, Mayor Cain addressed a prior comment regarding security measures at council meetings. He clarified that during the referenced timeframe in 2023, he was serving as a councilman, not as mayor. He explained that he had only one conversation with the Chief of Police regarding meeting security, during which the Chief affirmed her responsibility to ensure public safety and her authority to implement additional security if needed. Mayor Cain stated that he supported her decision-making and only expressed a preference regarding the positioning of officers within the meeting space. He concluded by clarifying that the conversation occurred approximately a year and a half ago and sought to correct the record on the matter.

#### City Manager announcements and comments.

City Manager Dr. Danielle Kelly informed attendees that RiverFest will take place on April 24th and 25th and shared that a new mascot a shrimp has been introduced to celebrate the city's shrimping heritage. Dr. Kelly noted that the city is hosting a naming contest for the mascot and encouraged residents to participate by submitting suggestions through social media, including Facebook and the recreation center. In addition, Dr. Kelly announced a ribbon-cutting ceremony for the wastewater treatment plant, scheduled for Wednesday from 10:00 to 11:00 a.m. at 931 East Floodgate Road. She highlighted that the project represents a \$5.9 million improvement to the city's wastewater system and invited the community to attend and celebrate the completion of the project.

### **Executive Session**

Executive Session regarding a.) Texas Government Code, Section 551.071 (Consultation with Attorney) DOW IDA negotiations update.

Legal Consultation and Real Property Deliberations – All City Properties, EDC Lawsuits and ALL Ongoing

City Development Agreements (Councilman Pena)

There was no Executive Session.

**Reconvene into Open Session:**

Take any action resulting from Executive Session.

**Adjournment**

Adjournment – Jerry Cain, Mayor

A motion was made by Councilman Matamoros to adjourn, seconded by Councilman Davis with all present and voting "Aye" 4-1. Mayor Cain adjourned the meeting at 8:44P.M. Councilman Pena voted "Nay".

\_\_\_\_\_  
Jerry Cain, Mayor

\_\_\_\_\_  
Clarisa Fernandez City Secretary

“Exhibit A”



# Council Visioning & Strategic Goal Setting Positioning Freeport for Sustainable Growth

March 16, 2026

- In preparation for the meeting, Councilmembers were asked to submit up to three strategic goals to help guide the City's future direction. Staff reviewed those submissions and identified several common themes that form the basis for this discussion.
- These priorities will ultimately help inform the City's FY 2026–2027 budget as we transition toward a Priority-Based Budgeting framework.



# Infrastructure & Utilities

## Why This Matters

Reliable infrastructure protects public health, supports economic development, and ensures essential services operate effectively during both normal conditions and weather events.

## Discussion Items Identified through Council Input

- Improve drainage reliability in flood prone areas.
- Address wastewater system performance during rain events.
- Evaluate lift station capacity related to future growth.
- Conduct a citywide infrastructure capacity and growth impact review.



***Ensure the City's infrastructure can support future development and population growth, positioning Freeport for sustainable growth.***

# Public Safety Assets



## Why This Matters

Reliable public safety infrastructure and equipment support effective emergency response and help ensure residents, businesses, and visitors can be served quickly during emergencies. Maintaining these assets and ensuring they are visible, functional, and aligned with current safety standards contributes to overall community safety and resilience.

## Discussion Items Identified through Council Input

- Improve fire hydrant visibility through repainting and roadway location markers.
- Replace outdated roadway signage with current engineering-standard reflective signage.
- Identify opportunities to strengthen emergency response readiness through improved asset visibility and infrastructure coordination.



**Reliable, visible public safety assets strengthen emergency response and community safety.**

# Youth Recreation Opportunities



## Why This Matters

Youth engagement and recreational opportunities contribute to a healthy and connected community. Providing structured activities and accessible recreational spaces supports youth development, strengthens community relationships, and enhances overall quality of life for residents and families.

## Discussion Items Identified through Council Input

- Evaluate the feasibility of developing a sports complex to support youth athletics and community events.
- Explore opportunities to establish a structured youth basketball league in partnership with local schools.
- Identify opportunities to expand youth recreation programming and structured activities.
- Strengthen partnerships with schools and community organizations to support youth engagement.



***Expanding youth recreation opportunities strengthens community life and attracts families to Freeport.***



## Why This Matters

Economic development and tourism expand the city's tax base, support local businesses, and create opportunities for long-term community investment. Strategic efforts to enhance Freeport's waterfront, downtown, and visitor attractions can strengthen the local economy while reinforcing the city's identity as a coastal destination.

## Discussion Items Identified through Council Input

- Enhance the Freeport beachfront as a managed recreational and tourism asset.
- Explore redevelopment opportunities along the Brazos River waterfront.
- Activate downtown and waterfront areas through events and destination programming.
- Strengthen regional marketing and branding to attract visitors.
- Evaluate partnerships with private developers, industry, and community organizations.



***Investing in tourism, waterfront assets, and downtown activity expands the tax base and supports economic growth.***

# Municipal Service Delivery



## Why This Matters

How municipal services are delivered directly impacts operational efficiency, service quality, and long-term financial sustainability. Periodically evaluating service delivery models allows the City to consider whether adjustments could improve accountability, responsiveness, and overall effectiveness for residents.

## Discussion Items Identified through Council Input

- Evaluate the feasibility of bringing solid waste collection services in-house.
- Evaluate the feasibility of bringing water and wastewater utility services in-house.
- Assess equipment, staffing, and capital investment required to support potential service transitions.
- Consider long-term financial planning strategies to support potential service delivery changes.



***Evaluating how services are delivered helps ensure Freeport can provide reliable, efficient municipal services as the community grows.***

# City Facilities and Public Assets



## Why This Matters

Strategic management of municipal facilities and public assets helps ensure that City operations remain efficient while protecting long-term public investments. Evaluating facility needs and asset utilization supports effective planning for future operations and community service delivery.

## Discussion Items Identified through Council Input

- Evaluate purchasing the current City Hall facility.
- Evaluate selling or redeveloping the former City Hall property.
- Assess long-term facility needs for municipal operations.
- Develop a long-term strategy for managing municipal facilities and public assets.



***Strategic management of City facilities protects public investments and ensures municipal operations can support future growth.***

Infrastructure + Public Safety +  
Youth Opportunities + Economic Development +  
Service Delivery + Strategic Assets  
**= Sustainable Growth for Freeport**

- Community Engagement
- Analysis of Community Feedback
- Council Review – April 20<sup>th</sup>
- Integration into FY 2026-2027 Budget

Community input is an important part of the City's strategic planning process. Residents, businesses, and community organizations are encouraged to share their perspectives as we continue this discussion.

If your organization or community group would like to host a conversation about Freeport's future priorities, please contact the City Manager's Office. Your feedback will help inform the priorities that guide the City's future planning and upcoming budget development.

**Contact:**

Danielle M. Kelly, DPA  
City Manager, ICMA-CM  
City of Freeport

[Danielle.Kelly@freeporttx.gov](mailto:Danielle.Kelly@freeporttx.gov)

979-233-3526



## City Council Agenda Item #[3.B]

**Title:** Action approving the updated Resolution No. 2026-3040 regarding the Cybersecurity Grant - Jennifer Howell, Police Chief

**Date:** April 6, 2026

**From:** Chief Jennifer Howell, Police Chief

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**Staff Recommendation:** Staff recommends approval of the updated Resolution for Freeport PD to receive funding for the Cybersecurity Grant Program.

**Item Summary:** The Office of the Governor requires our Resolution to acknowledge the matching percentage of the grant, not just the financial support of the city prior to releasing the funds.

**Background Information:** In 2025 Freeport PD applied for a Cybersecurity Grant Program that would allow the police department to perform a project for network modernization and resilient backup. Previously council issued a Resolution supporting application to this grant. The grant was awarded for FY26.

**Special Considerations:** None.

**Financial Impact:** The total amount is \$108,025.60 in which \$86,420.48 is covered by the grant and \$21,605.60 is the city's match cost.

**Board or 3rd Party Recommendation:** None.

**Supporting Documentation:**

1. 5479601 Resilient Backup and Network Modernization Resolution Replacement (1)

**RESOLUTION NO. 2026-3040**

**A RESOLUTION OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; MAKING FINDINGS OF FACT; REPEALING AND REPLACING RESOLUTION NO. 2025-3022; AUTHORIZING THE CITY MANAGER TO APPLY TO THE OFFICE OF THE GOVERNOR FOR THE STATE AND LOCAL CYBERSECURITY GRANT PROGRAM (SLCGP) – MITIGATION PROJECTS, FY2026 GRANT #5479601 TITLED RESILIENT BACKUP AND NETWORK MODERNIZATION PROJECT; AND AGREEING TO CERTAIN CONDITIONS IN CONNECTION WITH SUCH GRANT; CONTAINING A SEVERANCE CLAUSE; PROVIDING THAT THIS RESOLUTION SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION; AND PROVIDING THAT THE ORIGINAL OF THIS RESOLUTION SHALL BE MAINTAINED BY THE CITY SECRETARY IN THE PERMANENT RECORDS OF SAID CITY.**

**WHEREAS, the City of Freeport, Texas, hereinafter “the City,” is a “Home Rule City” and a “Home Rule Municipality” lying and situated in Brazoria County, Texas, as described in and defined by Section 5, Article XI of the Constitution of Texas and Section 1.005 of the Local Government Code of Texas, respectively; and**

**WHEREAS, the Local Government Code and the Home Rule Charter of the City authorize the City Council thereof to adopt the provisions of this Resolution; and**

**WHEREAS, the City Council of the City of Freeport finds it in the best interest of and to benefit the health, safety, and welfare of the citizens of Freeport that the City submit an application to the Office of the Governor of the State of Texas to receive a grant for the State and Local Cybersecurity Grant Program (SLCGP) – Mitigation Projects, FY2026 Grant #5479601 titled Resilient Backup and Network Modernization Project, to be operated for Fiscal Year 2025–2026 and to comply with all the conditions contained therein; and**

**WHEREAS, the City of Freeport agrees that in the event of loss or misuse of the Office of the Governor funds, the City of Freeport assures that the funds will be returned to the Office of the Governor in full; and**

**WHEREAS, Resolution No. 2025-3022 addressed the same subject matter, and the City Council desires to repeal and replace said Resolution to consolidate prior action and clearly designate the City’s authorized official.**

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

**First, that Resolution No. 2025-3022 is hereby repealed and replaced in its entirety by this Resolution.**

**Second, that the City Council of the City approves submission of an application to the Office of the Governor for a grant under the State and Local Cybersecurity Grant Program**

**(SLCGP) – Mitigation Projects, FY2026 Grant #5479601 titled Resilient Backup and Network Modernization Project.**

**Third, that the City Council of the City hereby designates the City Manager of the City of Freeport as the grantee’s authorized official.**

**Fourth, that the authorized official is given the power to apply for, accept, reject, alter, amend, or terminate the grant on behalf of the City.**

**Fifth, that the City agrees that in the event of loss or misuse of the Office of the Governor funds, the City assures that the funds will be returned to the Office of the Governor in full.**

**Sixth, that in the event any section or provision of this Resolution is found to be unconstitutional, void, or inoperative by the final judgment of a court of competent jurisdiction, such defective provision, if any, is hereby declared to be severable from the remaining sections and provisions of this Resolution and such remaining sections and provisions shall remain in full force and effect.**

**Seventh, that this Resolution shall take effect and be in force from and after its passage and adoption.**

**Eighth, that the original of this Resolution, after execution and attestation, shall be maintained by the City Secretary in the permanent records of the City.**

**Ninth, The City Council hereby affirms and certifies that the City of Freeport will provide all applicable matching funds required for the State and Local Cybersecurity Grant Program (SLCGP) including a required local match of thirty percent (30%) of the total project cost, in accordance with all grant requirements.**

**READ, PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2026.**

\_\_\_\_\_  
**Jerry Cain, Mayor  
City of Freeport, Texas**

**ATTEST:**

\_\_\_\_\_  
**Clarisa Fernandez, City Secretary  
City of Freeport, Texas**

**APPROVED AS TO FORM ONLY:**

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**Christopher Duncan, City Attorney  
City of Freeport, Texas**



## City Council Agenda Item #[3.C]

**Title:** Action approving purchase of Motorola Radio Console equipment to be 100% reimbursed by grant funds - Jennifer Howell, Police Chief

**Date:** April 6, 2026

**From:** Chief Jennifer Howell, Police Chief

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**Staff Recommendation:** Staff recommends approval for the Freeport Police Department to purchase Motorola Radio equipment.

**Item Summary:** The Office of Governor approved a total project cost of \$116,398.46. We received an updated quote from Motorola with the total cost of the project to be \$103,638.11. The quote is contract pricing.

**Background Information:** In 2025, Freeport Police Department presented a resolution to City Council to apply for a grant with the office of the governor to perform a radio system upgrade. City Council sign the resolution in the grant application was submitted. The project was rewarded with a total project cost of \$116,398.46.

**Special Considerations:** None.

**Financial Impact:** None. The grant covers 100% of total cost.

**Board or 3rd Party Recommendation:** None.

**Supporting Documentation:**

1. print\_dialog.jsp (4)
2. Office of the Governor

Billing Address:  
FREEPORT, CITY OF  
430 N BRAZOSPORT BLVD  
FREEPORT, TX 77541  
US

Quote Date:02/12/2026  
Expiration Date:04/13/2026  
Quote Created By:  
Sean Hipskind  
Sean.Hipskind@  
motorolasolutions.com

End Customer:  
FREEPORT, CITY OF  
Sam Shimfessel  
samshimfessel@callmc.com

Contract: 17724 - HGAC (TX)-RA05-21

### Summary:

Any sales transaction resulting from Motorola's quote is based on and subject to the applicable Motorola Standard Terms and Conditions, notwithstanding terms and conditions on purchase orders or other Customer ordering documents. Motorola Standard Terms and Conditions are found at [www.motorolasolutions.com/product-terms](http://www.motorolasolutions.com/product-terms).

Line #	Item Number	Description	Qty	Term	List Price	Ext. List Price	Sale Price	Ext. Sale Price
		Avtec Scout Voice and Radio Dispatch Consoles						
1	SYSTEMNAME	SYSTEM NAME*	1		\$0.00	\$0.00	\$0.00	\$0.00
2	SFW-SCOUT-EX-T1-SK	SCOUT EX CONSOLE, TIER 1	1		\$12,835.00	\$12,835.00	\$11,551.50	\$11,551.50
3	SCOUTSERVER	SCOUT WINDOWS SERVER, 1U	2		\$7,675.00	\$15,350.00	\$6,907.50	\$13,815.00
4	SFWSCOUTUPGEXT1	UPGRADES THE LICENSE OF A SCOUT E4T1 OR E8T1 CONSOLE WITH SOFTWARE AUDIO PACKAGE TO SCOUT EX T1	2		\$7,490.00	\$14,980.00	\$6,741.00	\$13,482.00
5	ACC-TSC-L	24" LED TOUCH SCREEN FOR PC CONSOLE - 16X9 FORMAT	3		\$1,955.00	\$5,865.00	\$1,759.50	\$5,278.50
6	SCOUTPC	SCOUT CONSOLE COMPUTER	3		\$2,595.00	\$7,785.00	\$2,335.50	\$7,006.50
7	ACCUSB-HUB10	USB HUB, 10-PORT, USB3.0, 48W	3		\$464.00	\$1,392.00	\$417.60	\$1,252.80



Any sales transaction following Motorola's quote is based on and subject to the terms and conditions of the valid and executed written contract between Customer and Motorola (the "Underlying Agreement") that authorizes Customer to purchase equipment and/or services or license software (collectively "Products"). If no Underlying Agreement exists between Motorola and Customer, then Motorola's Standard Terms of Use and Motorola's Standard Terms and Conditions of Sales and Supply shall govern the purchase of the Products.  
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Line #	Item Number	Description	Qty	Term	List Price	Ext. List Price	Sale Price	Ext. Sale Price
8	ACCUSB-HJB-NENA	AVTEC USB NENA HEADSET/HANDSET JACKBOX	3		\$1,033.00	\$3,099.00	\$929.70	\$2,789.10
9	AVT-USB-FSW-SING	AVTEC USB PTT FOOTSWITCH, SINGLE PEDAL	3		\$423.00	\$1,269.00	\$380.70	\$1,142.10
10	ACCUSB-MIC	USB DESKTOP MIC	3		\$776.00	\$2,328.00	\$698.40	\$2,095.20
11	ACCUSB-SPK-2	USB SPEAKER KIT, DUAL	3		\$1,162.00	\$3,486.00	\$1,045.80	\$3,137.40
12	AVT-HEADSET-WIRELESS	HEADSET TOP AND PTT ADAPTER WITH 2 PRONG (PJ 7) CONNECTOR TO USE WITH AVTEC JACKBOX (ACCUSB-HJB-NENA), NOICE CANCELLING	3		\$849.00	\$2,547.00	\$764.10	\$2,292.30
13	SCOUTCARE-T1	SCOUTCARE,SOFTWARE EXTENDED MAINTENANCE OPTION,TIER 1	1	12 MONTHS	\$0.00	\$0.00	\$0.00	\$0.00
14	SCOUTCARE-HARDWARE	SCOUTCARE,HARDWARE EXTENDED MAINTENANCE OPTION	1	12 MONTHS	\$0.00	\$0.00	\$0.00	\$0.00
Product Services								
15	LSV00Q00378A	SYSTEM INSTALLATION-QUOTED	1		\$39,795.71	\$39,795.71	\$39,795.71	\$39,795.71

**Grand Total**
**\$103,638.11(USD)**
**Notes:**

- Additional information is required for one or more items on the quote for an order.
- Unless otherwise noted, this quote excludes sales tax or other applicable taxes (such as Goods and Services Tax, sales tax, Value Added Tax and other taxes of a similar nature). Any tax the customer is subject to will be added to invoices.



# ScoutCare™ Maintenance & Support

## *TERMS AND CONDITIONS FOR END USERS*

### DEFINITIONS

**“Controlled Deployment”** means a confidential and limited release of Software to particular Customer(s) for testing and evaluation purposes.

**“Defect”** means a failure of Software to operate substantially in accordance with Motorola’s written Specifications for such Software; provided, that (a) any such failure is reproducible by Motorola under Motorola’s customary testing procedures; (b) the failure results in substantial degradation of Customer’s system so that normal operations are not possible, or that the system works, but with limitations outside the scope of Specifications; and (c) such failure is reported to Motorola in writing within the applicable warranty period. Motorola does not warrant that the Software will perform without error or that it will run without immaterial interruption. Minor problems or bugs which do not limit operations are not Defects.

**“General Commercial Availability (“GCA”)** means the release date that the Software is made available for commercial sale to the public following Motorola’s determination that the Software has proven to be reliable, free of critical bugs, and is suitable for usage in a production environment. Each GCA release date will be documented and made available from Motorola.

**“Maintenance”** means a fee based program for servicing of the Software by way of Minor Releases, Major Releases and Updates to correct Defects, to improve the functionality of the Software, and to extend the software life cycle by assuring that Software remains compatible with the operating system and other related technologies. Maintenance shall be available for all periods where Customer opts to purchase ScoutCare coverage.

**“Maintenance Availability”** means that Maintenance shall be available for all periods when Customer is covered by ScoutCare and shall receive Major Releases, Minor Releases and Patches at no cost.

**“Major Release”** means a Software distribution by Motorola that includes significant improvements in the functionality or performance of the Product, and or adds new features which are made GCA for sale to the public. Typically, Motorola distributes 2 Major Releases per calendar year. Motorola shall provide support for the current release and the prior 2 versions of the Software. Typically, the first two numbers in the Version indicate the Major Release in the designation of the Product. For example: V4.5 and V4.6 are both Major Releases.

**“Minor Release”** means a Software distribution by Motorola that contains changes that correct Defects or make minor improvements in the functionality of the Product, which is GCA for sale to the public. Typically, the last number to the right of the decimal indicates as a Minor Release in the designation of the Product, with changes in the positional notation indicating order and importance. For example: V4.5.10 to V4.5.11.



“**Patch**” means a type of Minor Release intended to correct Defects. Because a Patch is not intended to make incremental or major improvement to the Product, it is not categorized as a Minor Release or a Major Release. Motorola will include the term “Patch” in the GCA release documentation.

“**Product(s)**” means any ScoutCare hardware (and related parts and supplies) or computer software programs specified in a product schedule. Product shall also include each and every Major Release, Minor Release, or Patch available from Motorola during the term of each Maintenance and Support period.

“**ScoutCare**” means Motorola’s Software Maintenance and Support for licensed Software as described in Appendix A.

“**Software**” means all Motorola owned or sublicensed software, computer programs, documentation, and applications for which licenses are available to be purchased, as may be described in a separate Product schedule, including, without limitation, software imbedded in any equipment or goods, software programs provided on a stand-alone basis, and any Major Release, Minor Release, or Patch.

“**Specifications**” means the Specifications for a Product or Service set forth in Motorola’s most recent user documentation or other published Specifications for such Product or Service, except when superseded by Specifications in an approved SOW.

“**Support**” means that Motorola will provide direct access via reasonable telephone and email to experienced and knowledgeable support personnel for advice and counsel on Customer’s use of the Software. Support services shall be provided to Customer’s Tier 1 support personnel (“**Support Representatives**”), who have completed Scout system administrative training class, and shall be reasonably competent in the use and operation of Motorola’s products. Only Support Representatives will contact Motorola for Support purposes. Motorola will make all commercially reasonable efforts to address the problem identified by the Support Representatives.

“**Warranty as to Products.** The warranty period applicable to a Product (hardware or Software) installed by Customer 15 months following the date on which the Product is shipped by Motorola to Customer. Unless otherwise stated in a SOW, the warranty period applicable to a Product installed by Motorola at Customer’s site is one (1) year following the date on which installation commences. Customer agrees that time is of the essence with respect to this warranty period and Motorola shall have no obligation to accept returns for any reason following expiration of the warranty period. During the Warranty period, Motorola technical support shall be limited to providing telephone assistance as necessary to cause the licensed Products to perform in accordance with its Specifications.

“**Version**” means the distribution of licensed Software by Motorola such that ongoing changes made to such Product are designated usually in the form of a Major Release or a Minor Release or a Patch.



## SCOUTCARE™ MAINTENANCE & SUPPORT

### Software Maintenance and Support Services.

1. In consideration of fees, Motorola shall make available to Customer for each Scout system covered by this Agreement the following services during the Term, which are further described in Appendix A attached hereto (the “Services”).
  - a. Major Releases, Minor Releases, and Patches.
  - b. Telephone support during support hours for consultation and problem resolution. Support hours are 8AM to 7PM EST, excluding Motorola holidays (as set forth in Appendix A), and telephone support shall be toll free in the United States and Canada.
  - c. Telephone Critical Priority support for serious system problems outside of support hours (24x7x365).
  - d. Secure access to an online Customer portal to access information resources for Motorola Products.
  - e. Remote upgrade assistance provided to Tier 1 Support Representative. Optional on-site assistance is available at additional cost.
  - f. Scout Administrative Training Class (online or at Motorola Headquarters) for two (2) individuals, per location, identified by Customer Classes will be scheduled at mutually agreed times. Customer is responsible for travel expenses.
2. **Cancellation of Current Contracts** By signing this agreement, Motorola agrees to cancel all current ScoutCare maintenance contracts with Customer. Payment of any outstanding invoices will be required.
3. **ScoutCare Software Maintenance Fee.** Customer shall pay Motorola an annual fee based on a percentage of price of software licenses. The annual coverage will begin 90 days after the equipment ships, or upon Customer acceptance, whichever occurs first. Renewal coverage will start on contract renewal.. Motorola shall submit single line Invoice(s) to Customer annually. Payment for Invoices are due Net 30 from Invoice delivery.
  - a. The fee shall include pro-rated amounts for additional licenses added to the system during the prior year, calculated from the warranty expiration date to the expiration of the ScoutCare term, to align all renewal dates.
  - b. Motorola will provide an audit of the software licenses on an annual basis.
  - c. With a 5 year contract, Motorola will not increase the rate payable on an annual basis.
4. **ScoutCare Hardware Maintenance Option.** ScoutCare Software Maintenance Customers may also purchase a hardware maintenance option. Hardware Maintenance is only available with purchase of ScoutCare Software Maintenance.
  - a. Hardware Maintenance fees shall be quoted based on hardware purchased.
  - b. Motorola will, at its option, attempt to repair a defective product or component, or replace the item with a like or similar component at no cost to the Customer exclusive of shipping to Motorola’s headquarters. Only defects occurring under normal use and service will be covered. Replacement components may be new or reconditioned.
  - c. Due to product changes, component obsolescence, and parts availability, Motorola cannot always guarantee an exact form, fit, and function replacement component for the defective item. Motorola will make every effort to avoid or minimize the impact of such situations, but is only obligated to replace or repair the defective item. All replaced items become the property of Motorola.



- d. Equipment must be returned via Motorola's Return Merchandise Authorization ("RMA") program and identified as covered under ScoutCare hardware maintenance. Motorola will check all serial numbers of returned equipment against serial numbers covered by ScoutCare.
- e. Firmware and hardware update modifications will be applied to returned items as needed, at Motorola's discretion.

## 5. Term and Termination

- a. For a (5) year ScoutCare Contract - The term of the Agreement shall be five (5) years and will be eligible for renewal at then current rates. Customer may terminate this agreement, in writing, for any reason, however, doing so will require a payment to Motorola of 25% of the total remaining value of the agreement within 45 days of the termination notice period. Upon termination, Motorola will no longer provide any ScoutCare services. In addition, if either Party breaches this Agreement and such breach remains uncured more than thirty (30) days after written notice of breach is given to the breaching Party, the other Party may terminate the Agreement immediately by written notice to the breaching Party. If Motorola breaches the agreement, a pro-rated refund will be provided for the remaining period.

- 6. ScoutCare Lapse and Reinstatement Fee.** Customers who allow Software Maintenance lapse must purchase ScoutCare coverage calculated from the original renewal date to present (the lapsed fee), plus a minimum of 12 months. In addition, if the lapse is longer than 30 days, an additional fee equal to twenty-five percent (25%) of the lapsed fee is required to reinstate ScoutCare.

## 7. Exclusions

- a. ScoutCare does not provide for the cost of personal computer or server operating system upgrades or updates, or maintenance on other third-party products supplied by Motorola, unless explicitly quoted by Motorola.
- b. ScoutCare does not cover issues related to third- party equipment, software, and their configuration provided by others. This includes Customer's network infrastructure, Customer supplied computers, software applications, radio/telephony systems and accessories not provided by Motorola.
- c. Hardware Maintenance includes only items supplied by Motorola and does not cover theft, accidental or intentional physical damage, flooding, condensation, mold, lightning and electrical surges, spilled liquids, misuse, abuse, products with missing or altered serial numbers, or damage caused by unqualified repair personnel.

- 8. Third Party Device Support.** Motorola does not provide support for third party hardware and software that is not supplied by Motorola as a part of the console system.

- 9. Eligibility for New Releases.** In the event Customer chooses not to install a newer Version of the Software made available to Customer during the term of its ScoutCare, Customer shall maintain licensing rights to use any Version of the Software with a GCA release date prior to expiration of its ScoutCare coverage.



- 10. Warranty Disclaimer.** NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, MOTOROLA MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND AS TO ANY SERVICE PROVIDED HEREUNDER. MOTOROLA HEREBY DISCLAIMS ALL IMPLIED WARRANTIES OF ANY KIND, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
- 11. Limitation of Liability and Remedies.** THE LIABILITY OF MOTOROLA ARISING OUT OF OR RELATING TO SCOUTCARE OR ANY SERVICES PROVIDED BY MOTOROLA UNDER OR IN CONNECTION WITH SCOUTCARE SHALL BE LIMITED TO THE ACTUAL AMOUNTS PAID TO MOTOROLA FOR SOFTWARE MAINTENANCE, AND THE SOLE REMEDY OF CUSTOMER OR OTHER CLAIMANT AGAINST MOTOROLA SHALL BE TO RECOVER SUCH AMOUNTS, UPON PAYMENT OF WHICH MOTOROLA SHALL BE RELEASED FROM ALL FURTHER OBLIGATION AND LIABILITY TO CUSTOMER OR SUCH OTHER CLAIMANT. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR PUNITIVE DAMAGES, OR DAMAGES FOR LOST PROFITS, OR ANY INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND, EVEN IF SUCH PARTY IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

IN WITNESS WHEREOF, the Parties hereto each acting with proper authority, and intending to be legally bound, have executed this Agreement

**Customer**

Name: \_\_\_\_\_

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

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Motorola Solutions, Inc.**

Name: \_\_\_\_\_

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

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



## Appendix A

### ScoutCare™ Maintenance and Support Services

#### Software Maintenance

A primary benefit of ScoutCare is its provision for software maintenance, which falls into four categories:

1. **Adaptive** – modifying the software to cope with changes in operating systems, hardware platforms, and integrations to external systems. Console systems integrate many third-party systems and components, most of which include complex software. As these change over time, compatibility modifications and regression testing are mandatory. Security vulnerabilities also must be addressed as discovered. Adaptive software maintenance provides compatibility with the latest versions of Windows, radio and telephone systems.
2. **Perfective** – implementing functional enhancements to the software. Examples are new user interface features, connectivity, and improvement in management tools.
3. **Corrective** – diagnosing and fixing errors. No system is perfect, so issues are resolved on a priority basis. Patches are occasionally released if a high impact/high urgency issue emerges, while errors with workarounds are fixed in Minor Releases or Major Releases.
4. **Preventive** – increasing software maintainability or reliability to prevent future problems. Better diagnostics, improvements in redundancy mechanisms, and better error handling of user input are some examples of preventative software maintenance.

New Versions with new capabilities are released several times a year with Patches released from time to time to address specific issues. Motorola console systems covered by a ScoutCare agreement are entitled to use newer versions of their existing software licenses released during the ScoutCare term. Both application Software and any required firmware updates for Motorola Products are included.

#### Remote Support

Motorola maintains a team of Support engineers for telephone and remote support of Motorola systems. They can answer questions on configuration and help troubleshoot issues during business hours, and are also available 24-hours x 356 for Critical Priority support. Motorola systems are mission/business critical to our Customers and integrate into complex IP environments, so Motorola takes support seriously. Motorola's Maintenance and Support program is staffed with a team of professionals that are involved in system implementations, project management, training and Customer support. They are backed by a professional services team of software development and quality control engineers, to ensure complex escalated issues receive careful analysis. Motorola continuously provides these teams with the latest radio systems, virtualized test environments, and training to ensure both capability and capacity for proper Support delivery.

#### Technical Training Classes

ScoutCare provides training online or at Motorola's South Carolina headquarters for technical staff. This training is aimed at the System Administrator level and is based on the latest version of software. Tuition is waived for two persons (or 1 person in the Advanced Class). Additional personnel may attend at Motorola's normal rates. (Travel and daily expenses are not included.)

Any sales transaction following Motorola's quote is based on and subject to the terms and conditions of the valid and executed written contract between Customer and Motorola (the "Underlying Agreement") that authorizes Customer to purchase equipment and/or services or license software (collectively "Products"). If no Underlying Agreement exists between Motorola and Customer, then Motorola's Standard Terms of Use and Motorola's Standard Terms and Conditions of Sales and Supply shall govern the purchase of the Products.  
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## Option for Hardware Maintenance

Motorola offers a Hardware Maintenance option to provide repairs or replacements on hardware products and accessories. After requesting an RMA number, items are shipped at Customer expense to Motorola's factory for repair and testing. Items are returned with pre-paid standard ground shipping and with at least 90 days' coverage, which may extend beyond the expiration of your ScoutCare Hardware agreement.

Because ScoutCare Hardware Maintenance Customers may need a particular item returned faster, we also offer an expedited shipping service. Expedited shipping service may be requested on a case-by-case basis and does not affect the rate paid for Hardware option services. Urgent repairs qualify for Advanced Replacement (loaner) components and expedited shipping. Advanced Replacement starts when you place a RMA order, which may be performed via phone, and you need a part shipped immediately while your original part is being processed for repair. Advanced Replacement items will be shipped via overnight (next business day), early a.m., delivery to minimize the impact on your business. Customers are expected to return the failed part immediately for repair processing. The Customer will not pay the expedited shipping charge as long as the Advanced Replacement item is returned within 30 calendar days of receiving the repaired item. Items not returned within the 30-day period will be invoiced at the prevailing retail rate. A purchase order or credit card will be requested before issuing the invoice, however if this is not obtained, the invoice will be generated and the account will be placed on credit hold until paid.

Customers not covered by ScoutCare Hardware Maintenance are ineligible for Advanced Replacement parts. Customers on a demand service will need to submit a P.O. or credit card for repair under RMA, or purchase replacement parts needed overnight, loaners are not available. Those parts will carry a 90-day warranty from date of shipment, for Motorola manufactured products. "Third party equipment" may require additional time to process. Replaced items will be warrantied for 90 Days from ship date, or will be included in the Hardware Maintenance program, whichever is longer.

## Customer Responsibilities

- Customer will be responsible to designate an on-site technical support person (Customer employee or Motorola) with current (within three years) training certification on the Motorola system. That person(s) will be responsible to communicate and work toward problem resolution with the Motorola Technical Support Team.
- Customer will have adequate supply of critical spare parts as recommended by Motorola.
- It is recommended when practical that Customer maintain a lab/demo system to support familiarization and piloting of new software releases prior to installation on a production system.
- Upon request by Motorola, Customer will provide Motorola with remote access into the system in order for Motorola to troubleshoot issues.
- Upon notice from Motorola of a new version release, Customer will be responsible for downloading the release within the term of this ScoutCare Maintenance Agreement. The Parties agree that email notice will meet this requirement.



## Tier-1 Maintenance Expectations for End-User Customers or their Local Service Providers

Tier-1 trained technical resources at Customer site locations are critical to properly evaluate communication system issues, to complete “first look” maintenance actions, and to maintain the high operational availability of communication systems and capabilities. To meet this need, Motorola provides dispatcher and system administrator training for all dispatch console end-user Customers and/or their Tier-1 local support providers. Motorola Customers on ScoutCare™, our Software Maintenance Program, are also entitled to recurring system administrator training at our Lexington, SC facility.

Motorola is available 7x24x365 to provide support for systems under warranty, and for Customers on ScoutCare™. Tier-2 support, (expert second level), is remote, and is reliant on Tier 1 input and feedback from knowledgeable and trained resources at or near the Customer locations.

In the event a Customer cannot commit their own resources, or local service provider resources, for training and maintenance support, Motorola can provide pricing for Tier-1 local/on-site support via Motorola employees or through our network of partners. Regardless of the resource designated to provide Tier-1 support, Motorola enables local support resources to perform the following functions:

1. Attend system administrator training.
  - a. Access the Motorola Customer Portal for technical documentation.
2. Act as the primary liaison with Motorola Customer Support (CS) for all Motorola dispatch console technical matters.
3. Perform “first look” maintenance for any suspected dispatch console related issues. First look, or Tier- 1 maintenance expectations include:
  - a. Respond to initial dispatcher requests for technical support.
    - i. Perform preliminary fault isolation. Eliminate the Customer network, PBX, radios, recorders, or other third party peripherals as a source of the issue.
    - ii. Ensure the IP network (routers, switches, hubs, protocol changers, etc.) and cabling that interconnects with the dispatch console system components are functional.
    - iii. Verify unicast and multicast traffic flow.
  - b. Determine whether or not the issue with the dispatch console can be resolved at Tier-1 or if it should be escalated for Tier-2 support from Motorola CS engineers.
  - c. Open and track Tier-2 tickets with Motorola CS.
  - d. Coordinate all Motorola Tier-2 maintenance activity with local site end-users.
  - e. Complete any locally required maintenance tasks under the direction of Motorola CS Tier-2 engineering.
  - f. Perform all local moves, additions, and changes (basic system administrator actions).
  - g. Perform console, VPGate, Frontier resets.
  - h. Verify Avtec Scout, VPGate, and Frontier configurations and settings.
  - i. Record fault data.
    - i. Indications (i.e., no PTT, no TX or RX, console locked up).
    - ii. Date and Time.
    - iii. Impact/Severity of Outage.
    - iv. Collect and upload Log files as needed to the Motorola FTP server.
    - v. Network packet capture (PCAPS) from consoles and VPGate.



- j. Implement SW patches and/or upgrades. Follow Tier-2 engineering instruction/direction for SW patching and/or upgrade.
- k. Physical HW replacement in the event of failure.
- l. Training of new end-users after preliminary training by Motorola has been provided.
- m. Maintain records of system design and layout, including IP addresses and Hostnames (where possible); provide this data to Motorola as needed for Tier-2 support.
- n. Utilize the “Scout Issue Resolution Checklist” (provided separately) to assist Tier-2 engineers with fault isolation and resolution.

Motorola engineering resources are available to support our Customers pursuant to the Service Level Agreement (SLA) detailed in our basic contract and/or ScoutCare agreement. Locally (trained) technical resources will help facilitate rapid resolution of issues, and ensure high system availability.

If there are any questions regarding Tier-1 or Tier 2 support, please contact Abe Gibson, Director of Customer Success at +1.803.358.3312.

### **Motorola Responsibilities**

Services to be provided for Customer under the ScoutCare program:

1. Motorola will provide remote Technical Support (described below) for Customer during Motorola’s normal Operating hours (defined below).
2. Motorola will provide remote Technical Support for Customer for Critical Priority issues (defined below), at any time.
3. Motorola will provide hardware replacement service (RMA Support) for Customer during Motorola’s normal Operating hours (defined below).
4. RMA repair request is made from Customer; RMA is processed within 4 business hours of form submission.
5. RMA advance replacement request is made from Customer; form complete and RMA is processed within 2 hours.
6. 90% of the calls will be responded to within 60 seconds during Motorola business hours.
7. 90% of calls will be responded to within 180 seconds after business hours and on weekends.
8. Each Support call will be logged and assigned a priority status of Critical, Urgent, or Normal. The following section lists responses based on each priority.



**Motorola Responses by Priority Status**

<b>Priority:</b>	<b>Critical</b>
<b>Definition</b>	Customer's system is substantially degraded and normal operations are not possible.
<b>Response Time</b>	30 Minutes
<b>Resolution Commitment</b>	Issue will be worked continuously until resolution
<b>Escalation Process</b>	If Customer Support Team is unable to resolve within 1 hour they will escalate to the appropriate member of the engineering team. Escalation to Management Team in 2 hours if issue is still unresolved. A determination of additional resources will be made at that time. Update to Customer will be made every 2 hours until resolution.
<b>Call Closure Requirement</b>	Call will be closed when system is running without impact for 48 hours and Customer is satisfied with resolution.

<b>Priority:</b>	<b>Urgent</b>
<b>Definition</b>	Limited operational impact, able to work but with limitations
<b>Response Time</b>	60 Minutes
<b>Resolution</b>	Issue will be worked on a priority basis

<b>Priority:</b>	<b>Normal</b>
<b>Definition</b>	No impact to business, questions or informational
<b>Response Time</b>	1 Business Day
<b>Resolution Commitment</b>	Issue will be queued for resolution based on workload and other priority cases.
<b>Escalation Process</b>	If Customer Support Team is unable to resolve within 5 business days they will escalate to the appropriate member of the engineering team. Escalation to Management Team in 10 business days if issue is still unresolved. A determination of additional resources and time frame of resolution will be made at that time.

<b>Call Closure Requirement</b>	Call will be closed when Customer accepts resolution.
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## Contacts & Operating Hours

### Contact Phone Numbers & Email

- +1.803.358.3601 (Toll-free for US and Canada)
- +1.800.545.3034
- [avtec.customer.support@motorolasolutions.com](mailto:avtec.customer.support@motorolasolutions.com)
- [avtecmarequest@motorolasolutions.com](mailto:avtecmarequest@motorolasolutions.com)

### Location of Service Delivery

- 100 Innovation Place, Lexington, SC 29072 USA

### Hours of Operation

- Business hours support: Monday – Friday 8:00 AM– 7:00 PM EST
- After hours Critical Priority support: Monday – Friday 7:01 PM – 7:59 AM EST, 24-hour coverage Saturday, Sunday and Holidays

### Motorola Holiday List

New Year's Day	Thanksgiving Day
Martin Luther King Day	Day after Thanksgiving day
Memorial Day	Day after Thanksgiving day
July 4th	Christmas Eve
Labor Day	Christmas Day

### Escalation Contacts

Additional assistance is available to ScoutCare Customers via Motorola's escalation process. In the event a ScoutCare Customer is not satisfied with the support we are providing or have provided, has questions regarding our support process, or wishes to discuss and obtain additional assistance, the following from the Services & Solutions Management team are available to support you:

Mike Ridge, Customer Support Manager Direct Dial:

+1.803.358.3415

Email: [Mike.Ridge@motorolasolutions.com](mailto:Mike.Ridge@motorolasolutions.com)

Escalation emails will be answered within one business day; escalation phone calls and/or messages will be responded to within 30 minutes.

For any Customer matter that cannot be resolved by the Customer Support team or by Customer Support Managers please contact:

Abe Gibson, Director of Customer Success Phone:

+1.803.358.3412

Email: [abe.gibson@motorolasolutions.com](mailto:abe.gibson@motorolasolutions.com)



## Statement of Grant Award (SOGA)

The Statement of Grant Award is the official notice of award from the Office of the Governor (OOG). This Grant Agreement and all terms, conditions, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns and all other State of Texas agencies and any other agencies, departments, divisions, governmental entities, public corporations, and other entities which shall be successors to each of the Parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the Parties hereto.

The approved project narrative and budget for this award are reflected in eGrants on the 'Narrative' and 'Budget/Details' tabs. By accepting the Grant Award in eGrants, the Grantee agrees to strictly comply with the requirements and obligations of this Grant Agreement including any and all applicable federal and state statutes, regulations, policies, guidelines and requirements. In instances where conflicting requirements apply to a Grantee, the more restrictive requirement applies.

The Grant Agreement includes the Statement of Grant Award; the OOG Grantee Conditions and Responsibilities; the Grant Application in eGrants; and the other identified documents in the Grant Application and Grant Award, including but not limited to: 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Chapter 783 of the Texas Government Code, Title 34, Part 1, Chapter 20, Subchapter E, Division 4 of the Texas Administrative Code, and the Texas Grant Management Standards (TxGMS) developed by the Comptroller of Public Accounts; the state Funding Announcement or Solicitation under which the grant application was made, and for federal funding, the Funding Announcement or Solicitation under which the OOG was awarded funds; and any applicable documents referenced in the documents listed above. For grants awarded from the U.S. Department of Justice, the current applicable version of the Department of Justice Grants Financial Guide and any applicable provisions in Title 28 of the CFR apply. For grants awarded from the Federal Emergency Management Agency (FEMA), all Information Bulletins and Policies published by the FEMA Grants Program Directorate apply. The OOG reserves the right to add additional responsibilities and requirements, with or without advance notice to the Grantee.

By clicking on the 'Accept' button within the 'Accept Award' tab, the Grantee accepts the responsibility for the grant project, agrees and certifies compliance with the requirements outlined in the Grant Agreement, including all provisions incorporated herein, and agrees with the following conditions of grant funding. The grantee's funds will not be released until the grantee has satisfied the requirements of the following Condition(s) of Funding and Other Fund-Specific Requirement(s), if any, cited below:

<b>Grant Number:</b>	5104302	<b>Award Amount:</b>	\$116,398.46
<b>Date Awarded:</b>	9/29/2025	<b>Grantee Cash Match:</b>	\$0.00
<b>Grant Period:</b>	10/01/2025 - 06/30/2026	<b>Grantee In Kind Match:</b>	\$0.00
<b>Liquidation Date:</b>	09/28/2026	<b>Grantee GPI:</b>	\$0.00
<b>Program Fund:</b>	DJ-Edward Byrne Memorial Justice Assistance Grant Program	<b>Total Project Cost:</b>	\$116,398.46
<b>Grantee Name:</b>	Freeport, City of		
<b>Project Title:</b>	Radio System Modernization Project		
<b>Grant Manager:</b>	Joshua Pent		
<b>Unique Entity Identifier (UEI):</b>	YXPGDGAKHRF9		

**CFDA:** 16.738 - Edward Byrne Memorial Justice Assistance Grant Program  
U.S. Department of Justice, Office of Justice Programs, Bureau of Justice

<b>Federal Awarding Agency:</b>	Assistance
<b>Federal Award Date:</b>	9/25/2023
<b>Federal/State Award ID Number:</b>	15PBJA-23-GG-03034-JAGX
<b>Total Federal Award/State Funds Appropriated:</b>	\$16,452,044.00
<b>Pass Thru Entity Name:</b>	Texas Office of the Governor – Criminal Justice Division (CJD)
<b>Is the Award R&amp;D:</b>	No
<b>Federal/State Award Description:</b>	The purpose of this program is to reduce crime and improve the criminal justice system.



## City Council Agenda Item #[4.A]

**Title:** Consideration and possible action approving the renewal of the Texas Main Street Program contract.

**Date:** April 6, 2026

**From:** Maria Lopez, Mainstreet Coordinator

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**Staff Recommendation:** Staff recommends approval of the annual renewal of the Texas Main Street Program (TMSP) Contract between the City of Freeport and the Texas Historical Commission for the 2026 program year. This renewal maintains Freeport's designation as an official Texas Main Street City and allows continued participation in statewide and national downtown revitalization initiatives.

### **Item Summary:**

The Texas Main Street Program Contract is an annual agreement between the City of Freeport and the Texas Historical Commission (THC) that formalizes participation in the statewide Main Street network. Approval of this contract ensures continued access to technical assistance, training, and resources that support the revitalization, preservation, and economic development of Freeport's historic downtown district.

The agreement designates Freeport as a Texas Main Street City and allows the use of the Main Street America™ brand and participation in a national network focused on preservation-based economic development.

Through this program, the City receives access to professional development opportunities, on-site consultations, and strategic guidance aligned with the nationally recognized Main Street Four Point Approach.

### **Background Information:**

The City of Freeport has been a participating member of the Texas Main Street Program, which supports local communities in revitalizing historic commercial districts. The program emphasizes economic vitality, design, promotion, and organization to strengthen downtown areas.

Under the contract, the City agrees to maintain a full-time Main Street Program Manager, support an active advisory board, and submit required quarterly and annual reports to demonstrate program impact and progress.



Participation also requires adherence to statewide standards, including community engagement, preservation-based development, and measurable reinvestment outcomes

**Special Considerations:** Failure to maintain compliance with program requirements (such as staffing, reporting, or program standards) may result in probation or removal from the Texas Main Street Program. Additionally, continued participation requires execution of the Main Street America trademark sublicense agreement and adherence to branding guidelines.

**Financial Impact:** The annual participation fee for the Texas Main Street Program is **\$535**, which supports program services provided by the Texas Historical Commission.

**Board or 3rd Party Recommendation:** The Freeport Historical Commission & Main Street Advisory Board supports continued participation in the Texas Main Street Program as a critical tool for downtown revitalization and economic development.

**Supporting Documentation:**

1. 2026\_TMSP\_FREEPORT\_CONTRACT\_FINAL - unsigned

## Texas Main Street Locally Designated Program 2026 Contract

### I. PARTIES TO THE CONTRACT

This contract and agreement concerning **Freeport Main Street Program (“Agreement”)** is entered into between the **City of Freeport** (hereinafter referred to as **“Participant”**) and the **Texas Historical Commission** (hereinafter referred to as **“THC”**). This Agreement shall be governed by Texas Government Code § 442.014, and Texas Administrative Code, Title 13, Part 2, Chapter 19. **Freeport Main Street Program** (hereinafter referred to as **“Local Program”**) is part of a larger program within the **Texas Main Street Program** (hereinafter referred to as **“TMSP”**), as defined in 13 Tex. Admin. Code § 19.3, wherein the Participant qualifies as a **Texas Main Street Small City**, as defined in 13 Tex. Admin. Code § 19.3. The purpose of the Local Program is to assist Participant with the development, revitalization, restoration, and preservation of its historic downtown or commercial neighborhood districts in accordance with the national Main Street Approach.

### II. NATIONAL MAIN STREET CENTER BRAND AND NETWORK

This Agreement constitutes a designation of Participant as an official Texas Main Street City (as defined in 13 Tex. Admin. Code § 19.3(2)) and allows the use of the National Main Street Center, Inc. brand, including MAIN STREET AMERICA™ controlled by National Main Street Center, Inc. 53 West Jackson Blvd., Suite 350 Chicago IL 60604. If Participant’s participation in the TMSP ceases, Participant may no longer use the term ‘Main Street’ to describe its local development, restoration, and preservation program; nor utilize or display the trademarks or branding of the National Main Street Center, Inc. The designation as a Texas Main Street City allows for full participation in the TMSP network, which includes eligibility to receive TMSP publications and participate in TMSP networking opportunities. Designated Texas Main Street Cities, such as Participant, shall execute and submit to the TMSP office the National Main Street Center’s Trademark Sublicense Agreement (“TM Sublicense Agreement”), which grants the right to use the registered trademark, logos and brand of National Main Street Center’s membership program - MAIN STREET AMERICA™. Participant hereby agrees to, and shall comply with, all terms and conditions of the TM Sublicense Agreement. For your reference, see attached Exhibit A and B. Exhibit A is sample Main Street America sublicense agreement for accredited communities issued to the City of Denton. Exhibit B is a sample Main Street America sublicense agreement for affiliate communities. Each TMSP Local Program should have its own TM Sublicense Agreement on file; the type of agreement—accredited or affiliate—will reflect the Main Street America designation (accredited or affiliate) assigned to the Local Program in mid-2025. Additionally, Participant acknowledges and agrees that in the event National Main Street Center develops and/or releases an updated TM Sublicense Agreement (“Updated TM Sublicense Agreement”) during the Term of this Agreement, Participant shall be required to execute, and comply with, the Updated TM Sublicense Agreement or otherwise be subjected to termination pursuant to the terms of VII.B. below. In the event National Main Street Center develops and/or releases an Updated TM Sublicense Agreement, THC will provide Participant with sixty (60) days’ notice for Participant to consider, prepare and execute an updated Sublicense Agreement. Furthermore, the parties acknowledge and agree that the execution of such Updated TM Sublicense Agreement shall not require amendment of this Agreement and shall become part of this Agreement upon its execution. In the event of conflict between multiple TM Sublicense Agreements, the most recently executed version shall control.

### III. RESPONSIBILITIES OF THE PARTICIPANT AND LOCAL PROGRAM

#### A. Local Program Staffing and Leadership.

In operation of the Local Program, Participant shall employ a full-time paid program manager who will attend at least two professional development segments annually as outlined in subsection B below. A Texas Main Street Urban City (as defined in 13 Tex. Admin. Code § 19.3(4)) shall additionally employ a full-time assistant program manager who shall also participate in the professional development requirements under subsection B below.

If necessary and subject to TMSP approval, a Texas Main Street Small City (as defined in 13 Tex. Admin. Code § 19.3(3)) may, after the first three years of participating in the TMSP, permit the program manager position to also perform specific economic development, tourism, and other relevant duties while remaining as a full-time paid program manager.

For the purposes of this Agreement, full-time employment means that the program manager works at least forty (40) hours per week dedicated toward the Local Program and downtown revitalization. Employees of the Local Program shall be subject to the sole control and direction of the Participant. Participant shall move forward in an efficient manner to fill a program manager vacancy. Participant shall notify the TMSP immediately upon vacancy, identify an interim Local Program contact, and keep TMSP apprised monthly of progress in filling vacancies. Lengthy periods of staff vacancies may demonstrate a failure to adequately staff the program per Stipulation E Probation.

Participant shall establish and maintain a Main Street local advisory board to direct priorities of the program, provide human and fiscal support to program planning and activities, and advocate for the livelihood of the Local Program. The board will have a chair who is the primary spokesperson for the board and the primary point of contact for program manager. Make-up and duties of this board are to be defined locally by Participant with consultation from Local Program stakeholders.

#### B. Professional development.

The program manager will attend at least two professional development opportunities—in their entirety—each year from the list below. If there is a full-time assistant program manager in addition to the program manager/s as directed above for Urban Cities, that person should also attend at least one segment of Main Street professional development annually.

Preferred Options—at least one of the two required trainings must be from options numbered 1, 2, 3, or 4:

1. TMSP annual professional development retreat for all program managers
2. National Main Street Now Conference
3. TMSP New Manager Training, typically held annually on the day before the TMSP annual professional development retreat
4. Real Places: Preserving Texas History Conference of the THC

### Additional Contractually Approved Training Options

5. Certification programs of MAIN STREET AMERICA™
6. Texas Downtown Conference
7. PastForward Conference of the National Trust for Historic Preservation

With prior THC approval, program managers with more than two years' experience as a Main Street Manager may request to substitute an equivalent—in time and depth of content as above approved training—training related to historic preservation, downtown revitalization, or economic development course, for one of the above opportunities. However, request must state why approved trainings were unavailable or of less need for program manager's education.

New program managers shall complete the TMSP new manager training within their first year of employment. In addition to the annual TMSP new manager training, new managers will be provided by TMSP with self-paced information and training when onboarding in their new role. The new manager should complete a review of this information and all tasks within the first three (3) months of hire.

If a replacement program manager is hired during this contract period who has not previously attended TMSP basic training or without significant Main Street knowledge and experience as determined by TMSP, the manager is required to complete one TMSP basic training orientation series. A \$500 training fee shall be charged to the Participant for the new manager training series required under these circumstances.

To help ensure an effective Local Program, board members and volunteers are encouraged to attend TMSP educational opportunities.

Program managers are expected to participate in additional abbreviated professional development and information sessions as a TMSP network participant. These sessions do not count toward the formal professional development requirements above, but are essential for timely network communication and participation.

- Virtual quarterly TMSP network meetings
- Virtual TMSP trainings
- In-person TMSP trainings
- TMSP Accreditation Site Visits
- Virtual meetings for Local Programs offered by Main Street America

### **C. Commitment.**

Participant agrees to carry out their Local Program work according to the Main Street Approach as promulgated by the National Main Street Center and displayed at [www.mainstreet.org/mainstreetamerica/theapproach](http://www.mainstreet.org/mainstreetamerica/theapproach). Participant agrees to incorporate the following Main Street Community Evaluation Standards into their Local Program work:

1. Broad-Based Community Commitment to Revitalization
2. Inclusive Leadership and Organizational Capacity
3. Diversified Funding and Sustainable Program Operations
4. Strategy-Driven Programming
5. Preservation-Based Economic Development
6. Demonstrated Impact and Results

#### **D. Reporting.**

To measure progress, Participant shall track reinvestment statistics and quarterly activity in an approved format submitted to the TMSP office by the 10th of the month following the end of each calendar quarter. If the 10<sup>th</sup> falls on a holiday or a weekend, the report will be due the first business day after the holiday or weekend. Even if there has not been reinvestment or activity in a quarter, Participant shall still submit a report noting such.

Dates quarterly reports must be submitted by:

- Quarter 1—April 10
- Quarter 2—July 10
- Quarter 3—October 10
- Quarter 4—January 10

Additionally, Participant shall submit an annual self-assessment that includes an evaluation of the Local Program with respect to Main Street America's baseline programmatic requirements, including the implementation of the Main Street Approach in alignment with Main Street America's Community Evaluation Standards as noted in Section III. C. above for the previous calendar year. Assessment, baseline requirements, approach, and standards are published on the Main Street America website here: [www.mainstreet.org](http://www.mainstreet.org).

#### **E. Probation.**

Participant agrees that their Local Program may be placed on probation, which may result in the suspension of TMSP services or possible removal from the TMSP, for any of the following reasons:

1. Failure to submit a local program annual self-assessment pursuant to Section III. D above.
2. Failure to achieve accreditation objectives more than two (2) consecutive years.
3. Failure to submit activity/reinvestment reports for more than two (2) consecutive quarters.
4. Failure to employ a full-time Main Street Manager.
5. Failure to adequately staff, per this contract, or fund the program.
6. Failure of an experienced Main Street Manager (in the role greater than two (2) years) to spend a minimum of 75% of their time on Main Street Program work.
7. Limiting Main Street Manager effectiveness by adding roles or titles beyond Main Street specific responsibilities, which results in a negative impact on program's effectiveness as documented by a drop in annual assessment scoring and/or affiliate designation.
8. Failure to hire for a Main Street Manager vacancy within six (6) months of the previous manager's departure.
9. Failure to establish an active Board that is solely focused on the TMSP approved Main Street District.
10. Failure of a community to employ Historic Preservation Codes and Ordinances or to actively advocate for them.
11. Failure to abide by this Agreement.

THC shall notify Participant in writing prior to implementing probation in accordance with Texas Administrative Code, Title 13, Part 2, Chapter 19. In the case of probation, Participant will work with the THC's State Coordinator or delegate to overcome any deficiencies. THC may terminate the Local Program's participation in the TMSP if Participant fails to remedy identified deficiencies within a reasonable time. No fees will be refunded in cases of probation and any outstanding fees under this Agreement will remain due. During probationary status, the stipulations called for in sections III and IV of this Agreement may be temporarily altered or suspended upon THC's discretion.

**F. National Main Street America™ membership.**

Participant shall budget for and maintain membership in the National Main Street Center.

**IV. SERVICES TO BE PERFORMED BY TMSP**

**A. On-site visits and technical expertise.**

TMSP services are available to designated Texas Main Street Cities in good standing and will be delivered in accordance with Texas Administrative Code, Title 13, Part 2, Chapter 19 subject to available THC resources. Services may include, but are not limited to consultations, training, or site visits to address design, organization, promotion, economic vitality, and historic preservation.

**B. Assistance Securing a Main Street Manager.**

Should a replacement program manager be needed, the TMSP office can assist with elements of the hiring process, including job description examples, job posting options, and interview questions. Upon Participant's request, the TMSP office may assist in the hiring process if its capacity allows; however, the responsibility for selection, salary, employment and employee-related legal matters will remain with Participant. The Participant is responsible for, and shall hold THC and TMSP harmless from, all the acts and omissions of its managers and all of its employees, agents, representatives, contractors and/or subcontractors.

**V. GENERAL TERMS AND RESPONSIBILITIES.**

**A. Confidentiality and Public Information Act.**

Notwithstanding any provisions of this Agreement to the contrary, Participant and THC will comply with the Texas Public Information Act, codified in Chapter 552, Texas Government Code, as interpreted by judicial opinions and opinions of the Attorney General of the State of Texas. THC and Participant agree to notify each other in writing within a reasonable time from receipt of a request for information related to Participant's work under this Agreement. Participant and THC will cooperate in the production of documents responsive to the request. Participant will notify THC within twenty-four (24) hours of receipt of any third-party requests for information that was provided by the State of Texas for use in performing the Agreement. This Agreement and all data and other information generated or otherwise obtained in its performance may be subject to the Texas Public Information Act. Subject to the Texas Public Information Act, Participant agrees to maintain

the confidentiality of information received from the State of Texas during the performance of this Agreement, including information which discloses confidential personal information.

## **B. Dispute Resolution.**

The dispute resolution process provided for in Chapter 2260, Texas Government Code, shall be used by THC and Participant to resolve any dispute arising under the Agreement.

If Participant's claim for breach of Agreement cannot be resolved in the ordinary course of business, it shall be submitted to the negotiation process provided in Chapter 2260. To initiate the process, Participant shall submit written notice, as required by Chapter 2260, to the individual identified in the Agreement for receipt of notices. Compliance by Participant with Chapter 2260 is a condition precedent to the filing of a contested case proceeding under Chapter 2260.

The contested case process provided in Chapter 2260 is Participant's sole and exclusive process for seeking a remedy for an alleged breach of Agreement by THC if the parties are unable to resolve their disputes as described above.

Compliance with the contested case process provided in Chapter 2260 is a condition precedent to seeking consent to sue from the Legislature under Chapter 107, Civil Practices and Remedies Code. Neither the execution of the Agreement by Participant and THC nor any other conduct of any representative of the Participant or THC relating to the Agreement shall be considered a waiver of sovereign immunity to suit by THC or any governmental immunity to which Participant is otherwise entitled under Texas law.

## **C. Indemnification.**

TO THE EXTENT ALLOWABLE BY LAW, PARTICIPANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE STATE OF TEXAS AND THC, AND/OR THEIR OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, ASSIGNEES, AND/OR DESIGNEES FROM ANY AND ALL LIABILITY, ACTIONS, CLAIMS, DEMANDS, OR SUITS, AND ALL RELATED COSTS, ATTORNEY FEES, AND EXPENSES ARISING OUT OF, OR RESULTING FROM ANY ACTS OR OMISSIONS OF PARTICIPANT OR ITS AGENTS, EMPLOYEES, SUBCONTRACTORS, ORDER FULFILLERS, OR SUPPLIERS OF SUBCONTRACTORS IN THE EXECUTION OR PERFORMANCE OF THE AGREEMENT AND THE TM SUBLICENSE AGREEMENT AND/OR UPDATED TM SUBLICENSE AGREEMENT. THE DEFENSE SHALL BE COORDINATED BY PARTICIPANT WITH THE OFFICE OF THE ATTORNEY GENERAL ("OAG") WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND PARTICIPANT MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE FROM OAG. PARTICIPANT AND THC AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM.

TO THE EXTENT ALLOWABLE BY LAW, PARTICIPANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE STATE OF TEXAS, THC AND/OR THEIR EMPLOYEES, AGENTS, REPRESENTATIVES, CONTRACTORS, ASSIGNEES, AND/OR DESIGNEES FROM ANY AND ALL THIRD PARTY

CLAIMS INVOLVING INFRINGEMENT OF UNITED STATES PATENTS, COPYRIGHTS, TRADE AND SERVICE MARKS, AND ANY OTHER INTELLECTUAL OR INTANGIBLE PROPERTY RIGHTS IN CONNECTION WITH THE PERFORMANCES OR ACTIONS OF PARTICIPANT PURSUANT TO THIS AGREEMENT AND/OR UPDATED TM SUBLICENSE AGREEMENT. PARTICIPANT AND THC AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM. PARTICIPANT SHALL BE LIABLE TO PAY ALL COSTS OF DEFENSE INCLUDING ATTORNEYS' FEES. THE DEFENSE SHALL BE COORDINATED BY PARTICIPANT WITH THE OAG WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND PARTICIPANT MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE FROM OAG.

**D. Independent Contractor.**

Participant or Participant's employees, representatives, agents and any subcontractors shall serve as an independent contractor in providing goods or services. Participant or Participant's employees, representatives, agents and any subcontractors shall not be employees of THC. Should Participant subcontract any of the services required in this Agreement, Participant expressly understands and acknowledges that in entering such subcontract(s), THC is in no manner liable to any subcontractor(s) of Participant. In no event shall this provision relieve Participant of the responsibility for ensuring that the services rendered under all subcontracts are rendered in compliance with this Agreement and the TM Sublicense Agreement or Updated TM Sublicense Agreement.

**E. Ownership of Intellectual Property.**

For the purposes of this Agreement, the term "Work Product" is defined as all reports, analyses, work papers, work products, materials, approaches, designs, specifications, systems, documentation, methodologies, concepts, knowledge, know-how, ideas, improvements, plans, advice, research, materials, intellectual property or other property developed, produced, or generated in part or in full by THC and/or in cooperation with Participant, in connection with this Agreement. Work Product specifically excludes pre-existing material owned by Participant, or material developed during the Term of this Agreement independently and exclusively by Participant without any THC involvement or contribution, and that does not include or incorporate any Work Product or Work Product components ("Independent Participant Material"). All Work Product generated pursuant to this Agreement is made the exclusive property of THC. All right, title and interest in and to said Work Product shall vest in THC upon creation and shall be deemed to be, and is expressly intended by the parties to be, a work made for hire and made in the course of the services rendered pursuant to this Agreement. To the extent that title to any such Work Product may not, by operation of law, vest in THC, or such Work Product may not be considered a work made for hire, all rights, title and interest therein are hereby irrevocably assigned to THC. THC shall have the right to obtain and to hold in its name any and all patents, copyrights, registrations or such other protection as may be appropriate to the Work Product subject matter, and any extensions and renewals thereof.

Furthermore, if and to the extent THC provides Participant any Work Product and/or other property owned by THC ("THC Property") to assist Participant to further the Local Program and the purpose of this Agreement, THC hereby grants Participant, commencing

upon the date that Participant is designated as a Texas Main Street City, a nonexclusive, revocable, worldwide, fully paid, royalty-free, license, for the Term of this Agreement while Participant remains designated as a Texas Main Street City, to reproduce, modify, distribute, publicly perform, publicly display and use the THC Property only to the extent such use is in furtherance of the Local Program. To the extent Participant provides any Independent Participant Material to THC in connection with this Agreement, Participant hereby grants THC, and THC accepts, a nonexclusive, perpetual, irrevocable, worldwide, fully paid, royalty-free license to use, reproduce, copy, modify distribute, publicly perform, publicly display, store, post on the Internet and creative derivative works of such Independent Participant Material, and to sublicense and transfer such Independent Participant Material to third parties to use in accordance with these license terms for THC purposes.

#### **F. State Auditor.**

In addition to and without limitation of the other audit provisions of this Agreement, and to the extent applicable, pursuant to Section 2262.154 of the Texas Government Code, the State Auditor's Office may conduct an audit or investigation of Participant or any other entity or person receiving funds from the State directly under this Agreement or indirectly through a subcontract under this Agreement. The acceptance of funds by Participant or any other entity or person directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the State Auditor's Office, under the direction of the Legislative Audit Committee, to conduct an audit or investigation in connection with those funds. Under the direction of the Legislative Audit Committee, Participant or other entity that is the subject of an audit or investigation by the State Auditor's Office must provide the State Auditor's Office with access to any information the State Auditor's Office considers relevant to the investigation or audit. Participant further agrees to cooperate fully with the State Auditor's Office in the conduct of the audit or investigation, including providing all records requested. Participant shall ensure that this paragraph concerning the authority to audit funds received indirectly by subcontractors through Participant and the requirement to cooperate is included in any subcontract it awards. The State Auditor's Office shall at any time have access to and the right to examine, audit, excerpt, and transcribe any pertinent books, documents, working papers, and records of Participant related to this Agreement.

#### **G. Assignment.**

Participant may not assign this Agreement, in whole or in part, and may not assign any right or duty required under it, without the prior written consent of THC. Any attempted assignment in violation of this provision is void and without effect.

### **VI. CONTRACT AMOUNT**

In accordance with Texas Government Code § 442.014(d) and 13 Tex. Admin. Code § 19.5(d), Participant shall pay THC a fee in the amount of \$535 to defray cost of staff time and expenses for services provided under the Local Program. THC shall invoice for the fee and Participant shall tender payment to THC within 60 days.

## **VII. TERM and TERMINATION**

### **A. Term.**

This Agreement begins upon the latest date the Agreement becomes fully executed by individuals who have the authority to bind the party on whose behalf he or she is signing (“Effective Date”) and shall expire on December 31, 2026, unless terminated at an earlier date pursuant to subsection B below.

### **B. Termination.**

1. Either party shall have a right to terminate all performances to be rendered under this Agreement by notifying the other party in writing at least ten (10) days in advance of the termination date.
2. In the event Participant refuses or fails to execute any Updated TM Sublicense Agreement pursuant to the terms of Section II. above within sixty (60) days of receipt thereof, THC shall have the right to immediately terminate this Agreement by written notice to the Participant.
3. Upon termination of this Agreement under subsections 1 or 2 above, Participant will no longer be designated as an official Texas Main Street City (as defined in 13 Tex. Admin. Code § 19.3(2)), and will no longer be allowed the use of any Work Product or THC Property, as defined herein, or the registered trademark, logos, and brand of National Main Street Center’s membership program MAIN STREET AMERICA™. In such event, Participant agrees to return to THC any Work Product and THC Property in its possession.
4. No funds paid under Section VI. above shall be refunded in any case of termination.

## **VIII. CHANGES AND AMENDMENTS**

Any alterations, additions, or deletions to the terms of this Agreement shall be in writing and signed by both parties.

## **IX. APPLICABLE LAW AND VENUE; NO WAIVER; SEVERABILITY**

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. The venue of any suit arising under this Agreement is fixed in any court of competent jurisdiction of Travis County, Texas.

Nothing in this Agreement shall be construed as a waiver of THC’s sovereign immunity or any governmental immunity to which Participant is entitled under Texas law. This Agreement shall not constitute or be construed as a waiver of any of the privileges, rights, defenses, remedies, or immunities available to Participant, THC or the State of Texas. The failure to enforce, or any delay in the enforcement, of any privileges, rights, defenses, remedies, or immunities available to Participant, THC or the State of Texas under this Agreement or under applicable law shall not constitute a waiver of such privileges, rights, defenses, remedies, or immunities or be considered as a basis for estoppel.

In the event that any provision of this Agreement is later determined to be invalid, void, or unenforceable, then the remaining terms, provisions, covenants, and conditions of this Agreement shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated.

## **X. PROHIBITED FOREIGN BUSINESSES**

In accordance with Texas Government Code, Chapter 2252, Subchapter F, Participant hereby represents and warrants that it is not engaged in business with a company identified on the lists prepared and maintained under Texas Government Code §§ 806.051 (companies with business operations in Sudan), 807.051 (companies with business operations in Iran), or 2252.153 (companies known to have contracts with or provide supplies or services to a foreign terrorist organization). Notwithstanding the foregoing, a company that the United States government affirmatively declares to be excluded from its federal sanctions' regime relating to Sudan, Iran, or to a foreign terrorist organization, is not subject to contract prohibition under this clause. A Participant engaged in business with a company claiming such exemption must submit the official copy of the declaration.

## **XI. FORCE MAJEURE**

THC shall not be responsible for performance under this Agreement should it be prevented from performance by an act of war, order of legal authority, act of God, or other unavoidable cause not attributable to the fault or negligence of THC.

Participant shall not be liable to THC for non-performance or delay in performance of a requirement under this Agreement if such non-performance or delay is due to one of the following occurrences, which occurrence must not be preventable through the exercise of reasonable diligence, be beyond the control of Participant, cannot be circumvented through the use of alternate sources, work-around plans, or other means and occur without its fault or negligence: fire; flood; lightning strike; weather damage; earthquake; tornado; hurricane; snow or ice storms; equipment break down; pandemic; acts of war, terrorism, riots, or civil disorder; strikes and disruption or outage of communications, power, or other utility.

In the event of an occurrence under the above paragraph, Participant will be excused from any further performance or observance of the requirements so affected for as long as such circumstances prevail, and Participant continues to use commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay. Participant shall immediately notify the THC's State Coordinator by telephone (to be confirmed in writing within five (5) calendar days of the inception of such occurrence) and describe at a reasonable level of detail the circumstances causing the non-performance or delay in performance.

## **XII. NOTICES.**

Any notices and/or documents required hereunder shall be deemed to have been duly provided if in writing and delivered personally or by pre-paid guaranteed overnight delivery service, or sent postage prepaid by United States certified mail, return receipt requested. Any such notice shall be effective on the date of delivery if delivered personally, on the next business day following delivery to the guaranteed overnight delivery service if the notice was so delivered and



**Texas Main Street Locally Designated Program  
2026 Contract—Exhibits A & B**

National Main Street Center’s Trademark Sublicense Agreement grants the right to use the registered trademark, logos and brand of National Main Street Center’s membership program - MAIN STREET AMERICA™. Agreements are issued by Main Street America to Local Program managers mid-year. For that reason, each Local Program signs this agreement mid-year and will have a copy on file. Local Programs designated as “Accredited” were directed to sign an accredited sublicense agreement. Local Programs designated as "Affiliate” were directed to sign an affiliate sublicense agreement. For the purposes of this TMSP contract, we have included a sample of both sublicense agreements--Exhibit A is a Local Program Accredited Sublicensing Agreement for the City of Denton and Exhibit B is a Local Program Affiliate Sublicensing Agreement for the City of Bay City.

**TRADEMARK SUBLICENSE AGREEMENT**

This Trademark Sublicense Agreement (“Sublicense Agreement”) is entered into between Texas Historical Commission (“**Coordinating Program**”) and City of Denton (“**Sublicensee**”), effective as of the last date written below. For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

**1. Background.**

A. The National Main Street Center, Inc. (“NMSC”) operates a membership program called MAIN STREET AMERICA™. As a part of that program, MAIN STREET AMERICA™ Coordinating Program membership is available to statewide, regional or citywide organizations that oversee multiple local downtown and neighborhood programs within their service area and work to preserve and revitalize commercial districts (“Local Programs”). Local Program membership in the MAIN STREET AMERICA™ program is available at the Affiliate or Accredited levels to individual programs or organizations that satisfy the membership eligibility criteria described on the NMSC website (currently located at: [https://higherlogicdownload.s3.amazonaws.com/NMSC/0055-2395-4d3b-af60-81b53974430d/UploadedImages/Join/Main\\_Street\\_America\\_Tier\\_System\\_Overview\\_-\\_2019\\_Update.pdf](https://higherlogicdownload.s3.amazonaws.com/NMSC/0055-2395-4d3b-af60-81b53974430d/UploadedImages/Join/Main_Street_America_Tier_System_Overview_-_2019_Update.pdf)).

B. Organization is a Coordinating Program member of NMSC in good standing and has entered into a Trademark License Agreement with the NMSC which grants to the Coordinating Program the right to sublicense to its Local Programs the use of the NMSC name and trademarks described below.

C. Sublicensee is a Local Program Member in good standing of the MAIN STREET AMERICA™ program at the Accredited level. Sublicensee is also located within the Coordinating Program’s geographic service area. Therefore, Sublicensee has the opportunity to enter into this Sublicense Agreement, which grants certain rights to use the NMSC’s name and trademarks, including MAIN STREET AMERICA™ and MAIN STREET®, as described below.

D. The NMSC’s parent entity, the National Trust for Historic Preservation (“National Trust”), owns the following registered trademarks, which it has delegated to the NMSC the right to sublicense. NMSC and Coordinating Program have entered into a Trademark Licensing Agreement which grants the Coordinating Program the right to sublicense the following registered trademarks:

<b>Mark</b>	<b>U.S. Registration Number</b>
MAIN STREET	Reg. No. 3,365,568
NATIONAL MAIN STREET CENTER	Reg. No. 5,370,135

These registered trademarks owned by the National Trust, together with the MAIN STREET AMERICA™ word marks and logos referred to below, and any other trademarks owned by the National Trust, or the NMSC, which the NMSC may grant the Coordinating Program and Sublicensee permission to use from time to time, are referred to herein as the “Trademarks.”

E. The Trademarks are well known and recognized by the general public and associated in the public mind with the NMSC and the National Trust. The Coordinating Program and the Sublicensee recognize the mutual benefits that accrue from the Sublicensee’s use of the Trademarks in accordance with the terms and conditions of this Sublicense Agreement, including the recognition and credibility brought to the Sublicensee through its use of these Trademarks and the benefit to the Coordinating Program and NMSC from association with high-performing Local Programs.

**National Main Street Center  
Local Program Accredited Member Sublicensing Agreement**

**2. Grant of Sub-License.**

A. Subject to the terms and conditions of this Sublicense Agreement, the Coordinating Program hereby grants to the Sublicensee the non-exclusive right and license to use the Trademarks to identify and promote its participation in the MAIN STREET AMERICA™ program, as well as its relationship and association with the Coordinating Program and NMSC, in connection with the following activities:

- i. **MAIN STREET AMERICA™ word and logo marks.** The Sublicensee’s right to use the MAIN STREET AMERICA™ word mark and the following MAIN STREET AMERICA logo is limited to Sublicensees which are members in good standing at the Accredited membership level of the MAIN STREET AMERICA™ program:

For use by Local Programs who are Designated Members at the Accredited Level:



*As a Main Street America™ Accredited program, INSERT NAME HERE is a recognized leading program among the national network of more than 1,200 neighborhoods and communities who share both a commitment to creating high-quality places and to building stronger communities through preservation-based economic development. All Main Street America™ Accredited programs meet a set of National Accreditation Standards of Performance as outlined by the National Main Street Center.*

- ii. **NATIONAL MAIN STREET CENTER® word mark.** The Sublicensee’s right to use the NATIONAL MAIN STREET CENTER® word mark solely and exclusively to indicate its association with the National Main Street Center.
- iii. **MAIN STREET® word mark.** The Sublicensee’s right to use the MAIN STREET trademark is limited to use made to identify Sublicensee and/or its activities, including as part of the name of the Sublicensee at the Accredited level, in connection with commercial district revitalization and related consultation, education, and training.

**3. Scope of and Limitations on Use.** Use of the Trademarks by the Sublicensee will be subject to the following limitations:

A. Sublicensee must display the Accredited level MAIN STREET AMERICA membership mark on their website. All uses of the MAIN STREET AMERICA word mark and logo by Sublicensee must follow the specific mark, color, and character usage set forth in the Brand Guidelines attached as Exhibit A, which are incorporated by reference as if fully set forth herein. Sublicensee will not use or develop any different logos or designs (including any symbols or stylized presentations), in connection with the MAIN STREET AMERICA mark or logo. Use of the MAIN STREET AMERICA word mark and logo by Sublicensee is a mandatory condition of membership in the MAIN STREET AMERICA program.

B. The MAIN STREET mark, as part of the name and identity of Sublicensee’s organization, programs, and activities, can be used on materials designed to promote the work of Sublicensee (e.g.,

**National Main Street Center  
Local Program Accredited Member Sublicensing Agreement**

website, brochures, newsletter, letterhead or other printed promotional materials). The right to use the MAIN STREET mark by the Sublicensee is an optional benefit of membership in the MAIN STREET AMERICA program.

C. All uses of the NATIONAL MAIN STREET CENTER word mark by Sublicensee must follow the requirements set forth in the Brand Guidelines attached as Exhibit A, which are incorporated by reference as if fully set forth herein. Sublicensee will not use or develop any different logos or designs (including any symbols or stylized presentations) in connection with the NATIONAL MAIN STREET CENTER mark. Use of the NATIONAL MAIN STREET CENTER mark by Sublicensee is an optional benefit of membership in the MAIN STREET AMERICA program.

D. This Sublicense Agreement is subject to the terms, conditions, and limitations of the Trademark License Agreement between NMSC and the Coordinating Program.

E. Sublicensee will not apply to register any of the Trademarks, or any other trademark that incorporates any part of the Trademarks or “National Trust for Historic Preservation.” Sublicensee will not state or imply that it owns any such trademarks.

F. Sublicensee will not use the Trademarks in combination with or in juxtaposition with other trademarks except as may be approved in writing by the NMSC. The Sublicensee will apply and display the ® symbol and the ™ symbol next to or with respect to the Trademarks as directed by the Coordinating Program.

G. Other than as specifically provided herein, Sublicensee is not granted any other rights to use, license or sublicense the Trademarks.

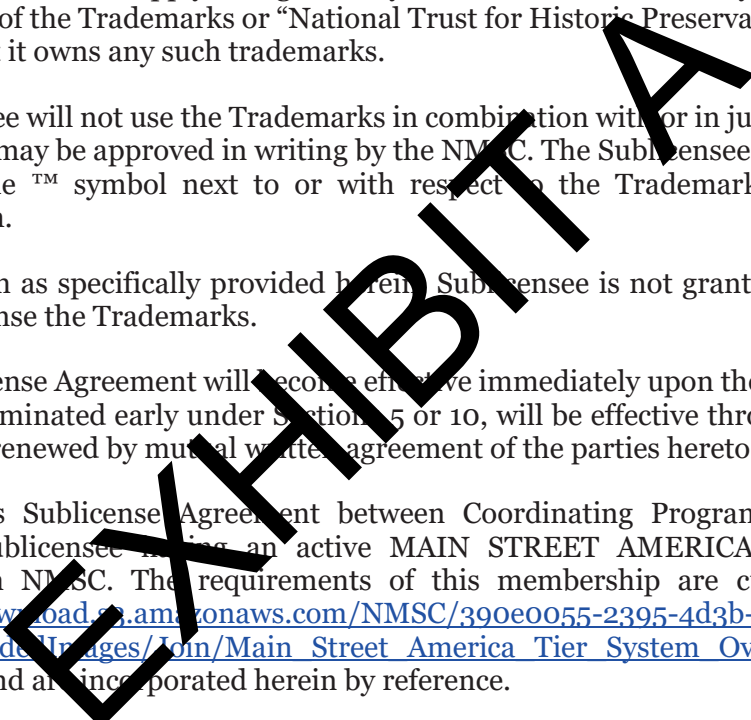
**4. Term.** This Sublicense Agreement will become effective immediately upon the date of last signature below, and, unless terminated early under Section 5 or 10, will be effective through May 31, 2026, at which time it may be renewed by mutual written agreement of the parties hereto.

**5. Conditions.** This Sublicense Agreement between Coordinating Program and Sublicensee is conditioned upon Sublicensee having an active MAIN STREET AMERICA membership at the Accredited level with NMSC. The requirements of this membership are currently available at: [https://higherlogicdownload.s3.amazonaws.com/NMSC/390e0055-2395-4d3b-af60-81b53974430d/UploadedImages/Join/Main Street America Tier System Overview - 2019 Update.pdf](https://higherlogicdownload.s3.amazonaws.com/NMSC/390e0055-2395-4d3b-af60-81b53974430d/UploadedImages/Join/Main%20Street%20America%20Tier%20System%20Overview%202019%20Update.pdf), and are incorporated herein by reference.

**6. Acknowledgment of Ownership.** Use of the Trademarks indicates acknowledgment by the Sublicensee of the NMSC’s and the National Trust’s rights and title to the Trademarks, (i.e. MAIN STREET AMERICA, NATIONAL MAIN STREET CENTER, and MAIN STREET), and that Sublicensee will not at any time do, or permit to be done, any act or thing that will in any way impair the rights of the NMSC or the National Trust. All use of the Trademarks by the Sublicensee will inure to the benefit of the NMSC and the National Trust.

**7. Goodwill and promotional value.** Sublicensee recognizes and acknowledges the value of goodwill associated with the Trademarks and agrees that it will not conduct any activity, provide any service, or produce or distribute goods which in any way damages or reflects adversely upon the NMSC or the National Trust.

**8. Non-assignment.** This Sublicense Agreement is personal to the Sublicensee, and may not be assigned to any other individual, program, organization, or agency. Any attempted assignment will be null and void.



**National Main Street Center  
Local Program Accredited Member Sublicensing Agreement**

**9. Compliance Verification.** It is the responsibility of the Sublicensee to verify compliance with the terms of this Sublicense Agreement, and to provide complete and accurate usage reports to the Coordinating Program. If the Coordinating Program or the NMSC has reason to believe that the Sublicensee is in violation of this Sublicense Agreement, the Coordinating Program or NMSC shall have the right to make inquiries with Sublicensee as necessary to determine compliance. In such case, the Sublicensee will cooperate with the Coordinating Program and/or NMSC in its investigation and provide in a timely fashion any and all information that is requested.

**10. Termination.**

A. Coordinating Program may terminate this Sublicense Agreement if the Sublicensee violates any of the provisions of this Sublicense Agreement or fails to satisfy the membership criteria established by the NMSC for Accredited Local Programs. Such termination will be effective thirty (30) calendar days after the Coordinating Program sends written notice of such termination to Sublicensee. During this thirty (30) day period, Sublicensee may attempt to cure such violation. If the violation is not cured during this period, the termination will be effective upon the expiration of the thirty (30) calendar day period.

B. This Sublicense Agreement will automatically terminate immediately without any notice required, notwithstanding the above paragraph, if the Coordinating Program or NMSC determines, in their sole discretion: (i) that Sublicensee's actions could negatively affect the goodwill, image, or reputation of the NMSC, the National Trust, the Coordinating Program, or any of the Trademarks; (ii) the Sublicensee discontinues all or a significant portion of its business; (iii) the National Trust terminates, revokes or fails to renew the NMSC's rights to use, license, or sublicense the Trademarks; or (iv) the NMSC terminates, revokes or fails to renew the Coordinating Program's rights to use, license or sublicense the Trademarks.

C. Upon the expiration or early termination of this Sublicense Agreement, the Sublicensee will discontinue use of the Trademarks and will promptly destroy and delete tangible and electronic documents and files containing any such marks, except for a limited number of copies retained for archival purposes only.

**11. Governing Law.** This Sublicense Agreement is entered into in the District of Columbia and will be governed by and construed in accordance with the laws of the District of Columbia, USA, without giving effect to conflict of laws provisions.

**12. Annual Report, Notice, Other Communication.** Upon request by the Coordinating Program or NMSC, Sublicensee shall submit samples of any materials on which the Trademarks licensed under this agreement were used during the year. Such samples shall be submitted within ten (10) business days of receipt of a written request from the Coordinating Program or NMSC.

**13. Notices.** Any notices which either party is required or may desire to serve upon the other party shall be in writing and may be served either personally or by depositing the same in the mail (first class postage prepaid, certified and return receipt requested) or with a reputable overnight express delivery service (with confirmed delivery, charge prepaid or billed to shipper), addressed to the party to be served as follows, unless a different address is designated in writing by the party to be served. Notice shall also be required to be given by electronic mail on the same date as deposited in the mail. Notice given by mail alone shall not be sufficient.

**To Coordinating Program:**  
Name: Texas Historical Commission  
Address: PO Box 12276

**National Main Street Center  
Local Program Accredited Member Sublicensing Agreement**

Austin, TX 78711  
Phone: 512-936-2315  
Email: brad.patterson@thc.texas.gov

**To Sublicensee:**  
City of Denton  
Name:  
Address: 401 N. Elm  
Denton, TX 76201  
Phone: 940.349.7531  
Email: Sara.hensley@cityofdenton.com

**14. Successors.** This Sublicense Agreement shall be binding upon, and will inure to the benefit of, the parties and their respective permitted successors and assigns.

**15. Modification.** No amendment or modification of the terms or conditions of this Sublicense Agreement will be valid unless in writing and signed by both parties.

**16. Waiver.** The failure of either party to partially or fully exercise any right or the waiver by either party of any breach, shall not prevent a subsequent exercise of such right or be deemed a waiver of any subsequent breach of the same or any other term of this Sublicense Agreement. No waiver shall be valid or binding unless in writing and signed by the waiving party.

**17. Severability.** If any provision of this Sublicense Agreement or the application of any provision hereof to any person or circumstances is held to be void, invalid, or inoperative, the remaining provisions of this Sublicense Agreement shall not be affected and shall continue in effect and the invalid provision shall be deemed modified to the least degree necessary to remedy such invalidity.

**18. Hold Harmless.** The Sublicensee will be responsible at all times for the supervision and management of its activities under this Sublicense Agreement. To the extent possible in accordance with state law, the Sublicensee agrees to hold harmless the Coordinating Program, the NMSC, the National Trust, and their respective directors, trustees, officers, employees, and agents, from any and all liability, loss, damages, costs or expenses which arise out of the negligent acts or omissions of the Sublicensee, its directors, officers, employees, and agents, while acting in the scope of their employment and/or in the course of their involvement with the Sublicensee's activities.

**19. Insurance.** The Sublicensee shall obtain and maintain one or more policies of insurance to ensure Sublicensee's performance of its obligations under this Sublicense Agreement and to provide adequate protection for the Coordinating Program, the NMSC, and the National Trust, against any and all claims, demands, causes of action or damages, including attorney's fees, arising out of the performance of this Sublicense Agreement. Nothing herein shall prevent the Sublicensee from self-insuring the terms of coverage or from contracting with an insurance company to provide substantially equivalent coverage.

**20. Relationship of the Parties.** The Sublicensee is an independent contractor. Nothing in this Sublicense Agreement shall be construed to create or constitute a partnership, joint venture, or any other agency or employment relationship between the parties hereto. Neither party is authorized to enter into any agreement on behalf of, assume any obligation for, or otherwise bind the other party financially or otherwise; nor is either party responsible for the obligations of the other party, including but not limited to obligations to the other's own employees, their wage/salaries, benefits, vacation pay, and the like.

EXHIBIT A

**National Main Street Center  
Local Program Accredited Member Sublicensing Agreement**

**21. Entire Agreement.** This Sublicense Agreement is the entire agreement between the parties with respect to the matters referred to herein and it supersedes and replaces all prior and contemporaneous oral and written understandings pertaining to the subject matter hereof.

IN WITNESS WHEREOF, the parties enter into this Sublicense Agreement effective as of the last date written below.

**Coordinating Program**

**Sublicensee**

Signed by:  
By: Bradford Patterson  
B056A2355A2C40D...

DocuSigned by:  
By: Sara Hensley  
5236DB296270423...

City Manager

Date: 7/9/2025

Date: 6/26/2025

**EXHIBIT A**

**National Main Street Center  
Local Program Accredited Member Sublicensing Agreement**

**EXHIBIT A**

**BRAND GUIDELINES**

**EXHIBIT A**

**BRAND**

*Guidelines*





## HOW WE DESCRIBE OURSELVES

IT IS IMPORTANT THAT WE ALL TELL THE SAME STORY ABOUT *MAIN STREET AMERICA* TO HELP DISTINGUISH AND REINFORCE OUR BRAND. TO DO THAT, WE HAVE THREE LEVELS OF INCREASING DETAIL: TAGLINE, DESCRIPTOR, AND POSITIONING STATEMENT.

### TAGLINE

The tagline is our simplest statement about what Main Street America stands for. We can use it in written materials but to help establish consistency, we should not alter the words.

**Nationally recognized. Locally powered.**

### DESCRIPTOR

The descriptor was developed to be a concise statement about Main Street America to be used in such applications as press releases, announcements, and promotional materials. While it can be altered if necessary for specific circumstances, we encourage using it intact in most applications.

*Main Street America™* has been helping revitalize older and historic commercial districts for more than 35 years. Today it is a network of more than 1,600 neighborhoods and communities, rural and urban, who share both a commitment to place and to building stronger communities through preservation-based economic development. Main Street America is a program of the nonprofit National Main Street Center, a subsidiary of the National Trust for Historic Preservation.



# OUR POSITIONING

## POSITIONING STATEMENT

The positioning statement provides more detail about *Main Street America* and what makes our program both unique and effective. It can be used in its entirety, or parts can be extracted, as a source of language for a variety of communication needs.

**Main Street America™ is a movement.** Main Street America has been helping revitalize older and historic commercial districts for more than 35 years. It is the leading voice for preservation-based economic development and community revitalization across the country. Made up of small towns, mid-sized communities, and urban commercial districts, Main Street America represents the local diversity that makes this country so unique. Working together, the programs that make up the Main Street America network help to breathe new life into the places people call home.

**Main Street America is a mark of distinction.** It is a seal, recognizing that participating programs, organizations, and communities are part of a national movement with a proven track record for celebrating community character, preserving local history, and generating impressive economic returns. Since 1980, over 2,000 communities have been part of Main Street, bringing renewed energy and activity to America's downtowns and commercial districts, securing \$61 billion in new investment creating more than 525,000 net new jobs and rehabilitating 251,000 buildings.

**Main Street America is a time-tested strategy.** Main Street America communities are encouraged to make use of a time-tested approach, known as the Main Street Approach. The Main Street Approach is rooted in a commitment to broad-based community engagement, a holistic understanding of the factors that impact the quality of life in a community, and strategic focus on the core principles of downtown and neighborhood revitalization: Economic Vitality, Quality Design, Effective Promotion, and Sustainable Organization.



## OUR LOGO

THE MAIN STREET AMERICA™ NAME AND ALL ASSOCIATED LOGOS ARE TRADEMARKS OF THE NATIONAL MAIN STREET CENTER AND MAY BE USED ONLY WITH PERMISSION OF NMSC.

Three brand treatments—each associated with a different level of membership with Main Street America—are available to accommodate communication needs and establish consistency across the network. All Main Street America members who have signed licensing or sub-licensing agreements are required to include the appropriate logo and membership language on their websites, and are encouraged to use them across other communications and branding platforms.



EXHIBIT A



# LOGO USAGE

IT IS IMPERATIVE THAT A LOGO IS PRESENTED CONSISTENTLY, CLEARLY AND CORRECTLY.

There are a few rules to keep in mind when using our logo:

**BE CONSISTENT**

Place the logo on a white background. Do not place on dark, photographic, or illustrative backgrounds.

**KEEP IT CLEAR**


Make sure the logo has enough space around it so that it is legible. Do not place other elements within the “clear space.”

**USE CORRECTLY**

Use approved logo files as they are provided, do not alter them in any way.

EXHIBIT A



Always maintain an area of “clear space” around the logo to ensure legibility. That space is equal to the height of “MAIN STREET”: . DO NOT place anything inside of the gray dotted box.



DO NOT resize parts of the logo  
DO NOT omit parts of the logo



DO NOT change the color of the logo  
DO NOT add effects such as drop shadows to the logo



DO NOT stretch or distort the logo



DO NOT alter the placement of the parts of the logo



DO NOT rotate the logo



DO NOT place the logo on patterns or photos



# OUR COLORS

A COLOR PALETTE IS AN ESSENTIAL INGREDIENT IN ESTABLISHING A STRONG AND DISTINCTIVE BRAND PRESENCE.

The icon of our logo is comprised of four colors with black text. Along with shades of gray, these are the only acceptable colors to be used in our communications. The logo should always command the most visual attention, and color should be used to support but never overwhelm the logo. Additionally, when appropriate, color may be used to highlight the Main Street Four Point Approach®; each area has an assigned color:

**ECONOMIC VITALITY // QUALITY DESIGN // EFFICIENT PROMOTION // SUSTAINABLE ORGANIZATION**

BLUE	GREEN	ORANGE	YELLOW	
100.0.20.0	50.0.100.0	0.40.100.0	0.10.100.0	Print (CMYK)
PMS 313	PMS 376	PMS 137	PMS 116*	Print (PANTONE)
0.173.208	106.189.69	255.154.29	254.203.0	SCREEN (RGB)



\* Pantone Color Values vary between Coated, Uncoated and Matte finishes. While these variations are typically nominal, please use PMS 114 on Uncoated paper instead of PMS 116 because it's the better overall match.



## FILE USAGE

### OUR LOGO IS AVAILABLE IN A VARIETY OF FILE FORMATS.

The appropriate format should be selected based on how it will be used. Please refer to the list below for guidance.

#### EPS

Created in Adobe Illustrator, logo files are EPS vector files and resolution-independent, meaning they can be scaled an infinite amount without any loss of quality. Use EPS files for print, broadcast and specialty items.

#### JPEG

A raster graphic image file created by choosing from a range of compression qualities, therefore making it smaller in size and easier to email. Usually for broadcast, MS Word or web use, JPEGs can only be used for print reproduction if they have high enough resolution.

#### PNG

A raster graphic image file that supports lossless data compression. This format provides background transparency, perfect for use in MS PowerPoint presentations.

EXHIBIT A

**TRADEMARK SUBLICENSE AGREEMENT**

This Trademark Sublicense Agreement (“Sublicense Agreement”) is entered into between Texas Historical Commission (“**Coordinating Program**”) and City of Bay City (“**Sublicensee**”), effective as of the last date written below. For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

**1. Background.**

A. The National Main Street Center, Inc. (“NMSC”) operates a membership program called MAIN STREET AMERICA™. As a part of that program, MAIN STREET AMERICA™ Coordinating Program membership is available to statewide, regional or citywide organizations that oversee multiple local downtown and neighborhood programs within their service area and work to preserve and revitalize commercial districts (“Local Programs”). Local Program membership in the MAIN STREET AMERICA™ program is available at the Affiliate or Accredited levels to individual programs or organizations that satisfy the membership eligibility criteria described on the NMSC website (currently located at: [https://higherlogicdownload.s3.amazonaws.com/NMSC/390e0055-2395-4d3b-af60-81b53974430d/UploadedImages/Join/Main\\_Street\\_America\\_Program\\_System\\_Overview\\_-\\_2019\\_Update.pdf](https://higherlogicdownload.s3.amazonaws.com/NMSC/390e0055-2395-4d3b-af60-81b53974430d/UploadedImages/Join/Main_Street_America_Program_System_Overview_-_2019_Update.pdf)).

B. Organization is a Coordinating Program member of NMSC in good standing and has entered into a Trademark License Agreement with the NMSC which grants to the Coordinating Program the right to sublicense to its Local Programs the use of the NMSC name and trademarks described below.

C. Sublicensee is a Local Program Member in good standing of the MAIN STREET AMERICA™ program at the Affiliate level. Sublicensee is also located within the Coordinating Program’s geographic service area. Therefore, Sublicensee has the opportunity to enter into this Sublicense Agreement, which grants certain rights to use the NMSC’s name and trademarks, including MAIN STREET AMERICA™ and MAIN STREET®, as described below.

D. The NMSC’s parent entity, the National Trust for Historic Preservation (“National Trust”), owns the following registered trademarks, which it has delegated to the NMSC the right to sublicense. NMSC and Coordinating Program have entered into a Trademark Licensing Agreement which grants the Coordinating Program the right to sublicense the following registered trademarks:

Mark	U.S. Registration Number
MAIN STREET	Reg. No. 3,365,568
NATIONAL MAIN STREET CENTER	Reg. No. 5,370,135

These registered trademarks owned by the National Trust, together with the MAIN STREET AMERICA™ word marks and logos referred to below, and any other trademarks owned by the National Trust, or the NMSC, which the NMSC may grant the Coordinating Program and Sublicensee permission to use from time to time, are referred to herein as the “Trademarks.”

E. The Trademarks are well known and recognized by the general public and associated in the public mind with the NMSC and the National Trust. The Coordinating Program and the Sublicensee recognize the mutual benefits that accrue from the Sublicensee’s use of the Trademarks in accordance with the terms and conditions of this Sublicense Agreement, including the recognition and credibility brought to the Sublicensee through its use of these Trademarks and the benefit to the Coordinating Program and NMSC from association with high-performing Local Programs.

**National Main Street Center  
Local Program Affiliate Member Sublicensing Agreement**

**2. Grant of Sub-License.**

A. Subject to the terms and conditions of this Sublicense Agreement, the Coordinating Program hereby grants to the Sublicensee the non-exclusive right and license to use the Trademarks to identify and promote its participation in the MAIN STREET AMERICA™ program, as well as its relationship and association with the Coordinating Program and NMSC, in connection with the following activities:

- i. **MAIN STREET AMERICA™ word and logo marks.** The Sublicensee’s right to use the MAIN STREET AMERICA™ word mark and the following MAIN STREET AMERICA logo is limited to Sublicensees which are members in good standing at the Affiliate membership level of the MAIN STREET AMERICA™ program:

For use by Local Programs who are Designated Members at the Affiliate Level:



*As a Main Street America™ Affiliate, INSEK NAME HERE is part of a national network of more than 1,200 neighborhoods and communities who share both a commitment to creating high-quality places and to building stronger communities through preservation-based economic development.*

- ii. **NATIONAL MAIN STREET CENTER® word mark.** The Sublicensee’s right to use the NATIONAL MAIN STREET CENTER® word mark solely and exclusively to indicate its association with the National Main Street Center.
- iii. **MAIN STREET® word mark.** The Sublicensee’s right to use the MAIN STREET trademark is limited to use made to identify Sublicensee and/or its activities, including as part of the name of the Sublicensee at the Affiliate level, in connection with commercial district revitalization and related consultation, education, and training.

**3. Scope of and Limitations on Use.** Use of the Trademarks by the Sublicensee will be subject to the following limitations:

A. Sublicensee must display the Affiliate level MAIN STREET AMERICA membership mark on their website. All uses of the MAIN STREET AMERICA word mark and logo by Sublicensee must follow the specific mark, color, and character usage set forth in the Brand Guidelines attached as Exhibit A, which are incorporated by reference as if fully set forth herein. Sublicensee will not use or develop any different logos or designs (including any symbols or stylized presentations), in connection with the MAIN STREET AMERICA mark or logo. Use of the MAIN STREET AMERICA word mark and logo by Sublicensee is a mandatory condition of membership in the MAIN STREET AMERICA program.

B. The MAIN STREET mark, as part of the name and identity of Sublicensee’s organization, programs, and activities, can be used on materials designed to promote the work of Sublicensee (e.g.,

## National Main Street Center Local Program Affiliate Member Sublicensing Agreement

website, brochures, newsletter, letterhead or other printed promotional materials). The right to use the MAIN STREET mark by the Sublicensee is an optional benefit of membership in the MAIN STREET AMERICA program.

C. All uses of the NATIONAL MAIN STREET CENTER word mark by Sublicensee must follow the requirements set forth in the Brand Guidelines attached as Exhibit A, which are incorporated by reference as if fully set forth herein. Sublicensee will not use or develop any different logos or designs (including any symbols or stylized presentations) in connection with the NATIONAL MAIN STREET CENTER mark. Use of the NATIONAL MAIN STREET CENTER mark by Sublicensee is an optional benefit of membership in the MAIN STREET AMERICA program.

D. This Sublicense Agreement is subject to the terms, conditions, and limitations of the Trademark License Agreement between NMSC and the Coordinating Program.

E. Sublicensee will not apply to register any of the Trademarks, or any other trademark that incorporates any part of the Trademarks or “National Trust for Historic Preservation.” Sublicensee will not state or imply that it owns any such trademarks.

F. Sublicensee will not use the Trademarks in combination with or in juxtaposition with other trademarks except as may be approved in writing by the NMSC. The Sublicensee will apply and display the ® symbol and the ™ symbol next to or with respect to the Trademarks as directed by the Coordinating Program.

G. Other than as specifically provided herein, Sublicensee is not granted any other rights to use, license or sublicense the Trademarks.

**4. Term.** This Sublicense Agreement will become effective immediately upon the date of last signature below, and, unless terminated early under Sections 5 or 10, will be effective through May 31, 2026, at which time it may be renewed by mutual written agreement of the parties hereto.

**5. Conditions.** This Sublicense Agreement between Coordinating Program and Sublicensee is conditioned upon Sublicensee having an active MAIN STREET AMERICA membership at the Affiliate level with NMSC. The requirements of this membership are currently available at: [https://higherlogicdownload.s3.amazonaws.com/NMSC/390e0055-2395-4d3b-af60-81b53974430d/UploadedImages/Join/Main Street America Tier System Overview - 2019 Update.pdf](https://higherlogicdownload.s3.amazonaws.com/NMSC/390e0055-2395-4d3b-af60-81b53974430d/UploadedImages/Join/Main%20Street%20America%20Tier%20System%20Overview%202019%20Update.pdf), and are incorporated herein by reference.

**6. Acknowledgment of Ownership.** Use of the Trademarks indicates acknowledgment by the Sublicensee of the NMSC’s and the National Trust’s rights and title to the Trademarks, (i.e. MAIN STREET AMERICA, NATIONAL MAIN STREET CENTER, and MAIN STREET), and that Sublicensee will not at any time do, or permit to be done, any act or thing that will in any way impair the rights of the NMSC or the National Trust. All use of the Trademarks by the Sublicensee will inure to the benefit of the NMSC and the National Trust.

**7. Goodwill and promotional value.** Sublicensee recognizes and acknowledges the value of goodwill associated with the Trademarks and agrees that it will not conduct any activity, provide any service, or produce or distribute goods which in any way damages or reflects adversely upon the NMSC or the National Trust.

**8. Non-assignment.** This Sublicense Agreement is personal to the Sublicensee, and may not be assigned to any other individual, program, organization, or agency. Any attempted assignment will be null and void.

**National Main Street Center  
Local Program Affiliate Member Sublicensing Agreement**

**9. Compliance Verification.** It is the responsibility of the Sublicensee to verify compliance with the terms of this Sublicense Agreement, and to provide complete and accurate usage reports to the Coordinating Program. If the Coordinating Program or the NMSC has reason to believe that the Sublicensee is in violation of this Sublicense Agreement, the Coordinating Program or NMSC shall have the right to make inquiries with Sublicensee as necessary to determine compliance. In such case, the Sublicensee will cooperate with the Coordinating Program and/or NMSC in its investigation and provide in a timely fashion any and all information that is requested.

**10. Termination.**

A. Coordinating Program may terminate this Sublicense Agreement if the Sublicensee violates any of the provisions of this Sublicense Agreement or fails to satisfy the membership criteria established by the NMSC for Affiliate Local Programs. Such termination will be effective thirty (30) calendar days after the Coordinating Program sends written notice of such termination to Sublicensee. During this thirty (30) day period, Sublicensee may attempt to cure such violation. If the violation is not cured during this period, the termination will be effective upon the expiration of the thirty (30) calendar day period.

B. This Sublicense Agreement will automatically terminate immediately without any notice required, notwithstanding the above paragraph, if the Coordinating Program or NMSC determines, in their sole discretion: (i) that Sublicensee's actions could negatively affect the goodwill, image, or reputation of the NMSC, the National Trust, the Coordinating Program, or any of the Trademarks; (ii) the Sublicensee discontinues all or a significant portion of its business; (iii) the National Trust terminates, revokes, or fails to renew the NMSC's rights to use, license, or sublicense the Trademarks; or (iv) the NMSC terminates, revokes or fails to renew the Coordinating Program's rights to use, license or sublicense the Trademarks.

C. Upon the expiration or early termination of this Sublicense Agreement, the Sublicensee will discontinue use of the Trademarks and will promptly destroy and delete tangible and electronic documents and files containing any such marks, except for a limited number of copies retained for archival purposes only.

**11. Governing Law.** This Sublicense Agreement is entered into in the District of Columbia and will be governed by and construed in accordance with the laws of the District of Columbia, USA, without giving effect to conflicts of laws provisions.

**12. Annual Report, Notices, Other Communication.** Upon request by the Coordinating Program or NMSC, Sublicensee shall submit samples of any materials on which the Trademarks licensed under this agreement were used during the year. Such samples shall be submitted within ten business days of receipt of a written request from the Coordinating Program or NMSC.

**13. Notices.** Any notices which either party is required or may desire to serve upon the other party shall be in writing and may be served either personally or by depositing the same in the mail (first class postage prepaid, certified and return receipt requested) or with a reputable overnight express delivery service (with confirmed delivery, charge prepaid or billed to shipper), addressed to the party to be served as follows, unless a different address is designated in writing by the party to be served. Notice shall also be required to be given by electronic mail on the same date as deposited in the mail. Notice given by mail alone shall not be sufficient.

**To Coordinating Program:**  
Name: Bradford Patterson  
Address: PO Box 12276

**National Main Street Center  
Local Program Affiliate Member Sublicensing Agreement**

Austin, TX 78711

\_\_\_\_\_  
Phone: 512-936-2315  
Email: Brad.Patterson@thc.texas.gov

**To Sublicensee:**  
Name: Scotty Crow Jones  
Address: 1901 5TH STREET  
BAY CITY, TEXAS 77414  
Phone: Phone  
Email: t1srael@cityofbaycity.org

**14. Successors.** This Sublicense Agreement shall be binding upon, and will inure to the benefit of, the parties and their respective permitted successors and assigns.

**15. Modification.** No amendment or modification of the terms or conditions of this Sublicense Agreement will be valid unless in writing and signed by both parties.

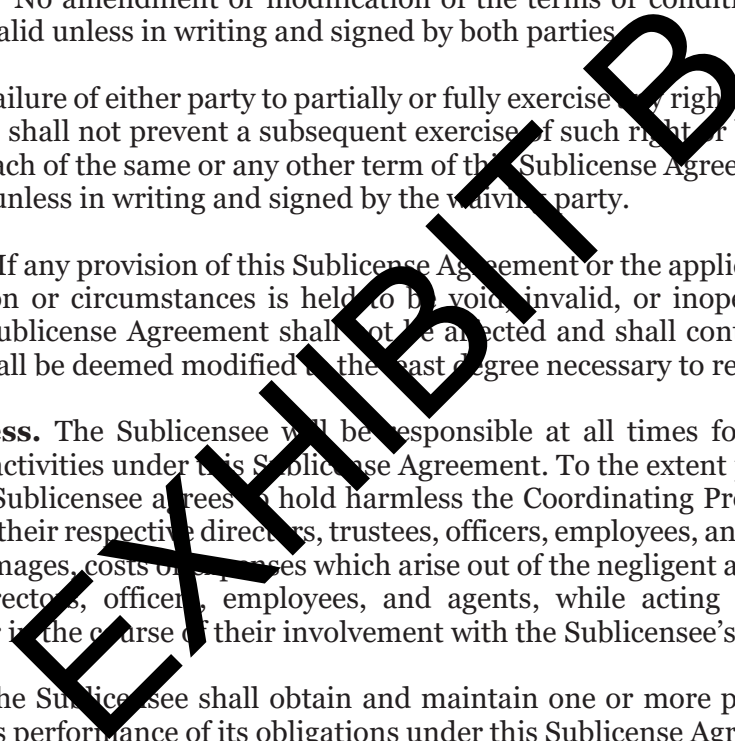
**16. Waiver.** The failure of either party to partially or fully exercise any right or the waiver by either party of any breach, shall not prevent a subsequent exercise of such right or be deemed a waiver of any subsequent breach of the same or any other term of this Sublicense Agreement. No waiver shall be valid or binding unless in writing and signed by the waiving party.

**17. Severability.** If any provision of this Sublicense Agreement or the application of any provision hereof to any person or circumstances is held to be void, invalid, or inoperative, the remaining provisions of this Sublicense Agreement shall not be affected and shall continue in effect and the invalid provision shall be deemed modified to the least degree necessary to remedy such invalidity.

**18. Hold Harmless.** The Sublicensee will be responsible at all times for the supervision and management of its activities under this Sublicense Agreement. To the extent possible in accordance with state law, the Sublicensee agrees to hold harmless the Coordinating Program, the NMSC, the National Trust, and their respective directors, trustees, officers, employees, and agents, from any and all liability, loss, damages, costs or expenses which arise out of the negligent acts or omissions of the Sublicensee, its directors, officers, employees, and agents, while acting in the scope of their employment and/or in the course of their involvement with the Sublicensee's activities.

**19. Insurance.** The Sublicensee shall obtain and maintain one or more policies of insurance to ensure Sublicensee's performance of its obligations under this Sublicense Agreement and to provide adequate protection for the Coordinating Program, the NMSC, and the National Trust, against any and all claims, demands, causes of action or damages, including attorney's fees, arising out of the performance of this Sublicense Agreement. Nothing herein shall prevent the Sublicensee from self-insuring the terms of coverage or from contracting with an insurance company to provide substantially equivalent coverage.

**20. Relationship of the Parties.** The Sublicensee is an independent contractor. Nothing in this Sublicense Agreement shall be construed to create or constitute a partnership, joint venture, or any other agency or employment relationship between the parties hereto. Neither party is authorized to enter into any agreement on behalf of, assume any obligation for, or otherwise bind the other party financially or otherwise; nor is either party responsible for the obligations of the other party, including but not limited to obligations to the other's own employees, their wage/salaries, benefits, vacation pay, and the like.



**National Main Street Center  
Local Program Affiliate Member Sublicensing Agreement**

**21. Entire Agreement.** This Sublicense Agreement is the entire agreement between the parties with respect to the matters referred to herein and it supersedes and replaces all prior and contemporaneous oral and written understandings pertaining to the subject matter hereof.

IN WITNESS WHEREOF, the parties enter into this Sublicense Agreement effective as of the last date written below.

**Coordinating Program**

**Sublicensee**

Signed by:  
By: Bradford Patterson  
563A06D4C168466...  
Date: 5/29/2025

Signed by:  
By: Scotty Crow Jones  
EB1CB54EE0A74DE...  
Date: 5/28/2025

EXHIBIT B

**National Main Street Center  
Local Program Affiliate Member Sublicensing Agreement**

**EXHIBIT A**

**BRAND GUIDELINES**

**EXHIBIT B**

**BRAND**

*Guidelines*





## HOW WE DESCRIBE OURSELVES

IT IS IMPORTANT THAT WE ALL TELL THE SAME STORY ABOUT *MAIN STREET AMERICA* TO HELP DISTINGUISH AND REINFORCE OUR BRAND. TO DO THAT, WE HAVE THREE LEVELS OF INCREASING DETAIL: TAGLINE, DESCRIPTOR, AND POSITIONING STATEMENT.

### TAGLINE

The tagline is our simplest statement about what Main Street America stands for. We can use it in written materials but to help establish consistency, we should not alter the words.

**Nationally recognized. Locally powered.**

### DESCRIPTOR

The descriptor was developed to be a concise statement about Main Street America to be used in such applications as press releases, announcements, and promotional materials. While it can be altered if necessary for specific circumstances, we encourage using it intact in most applications.

*Main Street America™* has been helping revitalize older and historic commercial districts for more than 35 years. Today it is a network of more than 1,600 neighborhoods and communities, rural and urban, who share both a commitment to place and to building stronger communities through preservation-based economic development. Main Street America is a program of the nonprofit National Main Street Center, a subsidiary of the National Trust for Historic Preservation.



# OUR POSITIONING

## POSITIONING STATEMENT

The positioning statement provides more detail about *Main Street America* and what makes our program both unique and effective. It can be used in its entirety, or parts can be extracted, as a source of language for a variety of communication needs.

**Main Street America™ is a movement.** Main Street America has been helping revitalize older and historic commercial districts for more than 35 years. It is the leading voice for preservation-based economic development and community revitalization across the country. Made up of small towns, mid-sized communities, and urban commercial districts, Main Street America represents the local diversity that makes this country so unique. Working together, the programs that make up the Main Street America network help to breathe new life into the places people call home.

**Main Street America is a mark of distinction.** It is a seal, recognizing that participating programs, organizations, and communities are part of a national movement with a proven track record for celebrating community character, preserving local history, and generating impressive economic returns. Since 1980, over 2,000 communities have been part of Main Street, bringing renewed energy and activity to America's downtowns and commercial districts, securing \$61 billion in new investment creating more than 525,000 net new jobs and rehabilitating 251,000 buildings.

**Main Street America is a time-tested strategy.** Main Street America communities are encouraged to make use of a time-tested approach, known as the Main Street Approach. The Main Street Approach is rooted in a commitment to broad-based community engagement, a holistic understanding of the factors that impact the quality of life in a community, and strategic focus on the core principles of downtown and neighborhood revitalization: Economic Vitality, Quality Design, Effective Promotion, and Sustainable Organization.



## OUR LOGO

THE MAIN STREET AMERICA™ NAME AND ALL ASSOCIATED LOGOS ARE TRADEMARKS OF THE NATIONAL MAIN STREET CENTER AND MAY BE USED ONLY WITH PERMISSION OF NMSC.

Three brand treatments—each associated with a different level of membership with Main Street America—are available to accommodate communication needs and establish consistency across the network. All Main Street America members who have signed licensing or sub-licensing agreements are required to include the appropriate logo and membership language on their websites, and are encouraged to use them across other communications and branding platforms.



EXHIBIT B



# LOGO USAGE

IT IS IMPERATIVE THAT A LOGO IS PRESENTED CONSISTENTLY, CLEARLY AND CORRECTLY.

There are a few rules to keep in mind when using our logo:

**BE CONSISTENT**

Place the logo on a white background. Do not place on dark, photographic, or illustrative backgrounds.

**KEEP IT CLEAR**


Make sure the logo has enough space around it so that it is legible. Do not place other elements within the “clear space.”

**USE CORRECTLY**

Use approved logo files as they are provided, do not alter them in any way.

EXHIBIT B



Always maintain an area of “clear space” around the logo to ensure legibility. That space is equal to the height of “MAIN STREET”: . DO NOT place anything inside of the gray dotted box.



DO NOT resize parts of the logo  
DO NOT omit parts of the logo



DO NOT change the color of the logo  
DO NOT add effects such as drop shadows to the logo



DO NOT stretch or distort the logo



DO NOT alter the placement of the parts of the logo



DO NOT rotate the logo



DO NOT place the logo on patterns or photos



# OUR COLORS

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**ECONOMIC VITALITY** // **QUALITY DESIGN** // **EFFICIENT PROMOTION** // **SUSTAINABLE ORGANIZATION**

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#### PNG

A raster graphic image file that supports lossless data compression. This format provides background transparency, perfect for use in MS PowerPoint presentations.

EXHIBIT B



# City Council Agenda Item #[4.B]

**Title:** Consideration and possible action approving Resolution No. 2026-3041 for property to be declared surplus and to be authorized for disposal through destruction in accordance with City policy.

**Date:** April 6, 2026

**From:** Chief Jennifer Howell, Police Chief

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**Staff Recommendation:** The Freeport Police Department recommends that these items be declared surplus and authorized for disposal through destruction in accordance with City policy.

**Item Summary:** The Freeport Police Department requests authorization to designate certain equipment as surplus property in accordance with City of Freeport property disposal procedures. The equipment listed below consists of fourteen (14) Sierra Wireless MG90 modems that were previously installed in police vehicles as part of the wireless communication service.

**Background Information:** These devices were removed from service in 2024 following upgrades to the department’s mobile fleet camera and wireless service. All units were in working condition at the time they were taken out of service; however, they are no longer compatible with current department equipment and operational needs. Due to the technological upgrades and changes in system infrastructure, these devices are no longer required for departmental use.

Equipment Description	Model	Serial Number
Sierra Wireless Modem	MG90	ND73520293011033
Sierra Wireless Modem	MG90	ND73970547011033
Sierra Wireless Modem	MG90	ND0023767701B105
Sierra Wireless Modem	MG90	ND71830123011032
Sierra Wireless Modem	MG90	ND0023735901B105



Sierra MG90 ND73170030011033  
Wireless  
Modem  
Sierra MG90 ND73170040011033  
Wireless  
Modem  
Sierra MG90 ND73820050011033  
Wireless  
Modem  
Sierra MG90 ND0111737401B106  
Wireless  
Modem  
Sierra MG90 ND73970519011033  
Wireless  
Modem  
Sierra MG90 ND0023765301B105  
Wireless  
Modem  
Sierra MG90 ND81760082011033  
Wireless  
Modem  
Sierra MG90 ND0456708501B108  
Wireless  
Modem  
Sierra MG90 ND73970420011033  
Wireless  
Modem

**Special Considerations:** None.

**Financial Impact:** None.

**Board or 3rd Party Recommendation:** None.

**Supporting Documentation:**

1. Resolution Destroy Surplus

**RESOLUTION NO. 2026-3041**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, DECLARING CERTAIN PERSONAL PROPERTY AS OBSOLETE, VALUELESS AND SURPLUS; PROVIDING FOR DISPOSAL OF THE SAME BY THE CITY MANAGER OR THEIR DESIGNEE; AUTHORIZING THE MAYOR TO EXECUTE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALING CLAUSE; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City has certain personal property to wit attached as Exhibit “A”; and,

**WHEREAS**, said personal property due to its age and/or use is obsolete, valueless and surplus and has no effective value for the City to otherwise dispose of such personal property; and

**WHEREAS**, the City no longer has any foreseeable use for such property which has no useful purpose and the same should be deemed to be surplus; and,

**WHEREAS**, the City needs to dispose of such personal property; and,

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

**SECTION 1.** the personal property owned by the City identified by Exhibit “A”, attached, are hereby declared to be obsolete, valueless and surplus, and that the City Manager is authorized to dispose of such personal property by appropriate means.

**SECTION 2.** That should any word, phrase, paragraph, or section of this Resolution be held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this Resolution as a whole, or any part or provision thereof other than the part so decided to be unconstitutional, illegal or invalid, and shall not affect the validity of the Resolution as a whole.

**SECTION 3.** That all provisions of the resolutions of the City of Freeport, Texas, in conflict with the provisions of this Resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this Resolution shall remain in full force and effect.

**SECTION 4.** That this Resolution shall take effect immediately from and after its passage as the law provides.

**PASSED and APPROVED by the City Council of the City of Freeport, Texas, on the 6<sup>th</sup> day of April, 2026.**

**APPROVED:**

---

Jerry Cain, Mayor

**ATTEST:**

---

Clarisa Fernandez, City Secretary

**APPROVED:**

---

Chris Dunca, City Attorney

**EXHIBIT A**  
**RESOLUTION 2026 - \_\_\_\_\_**

*Equipment Proposed for Surplus Designation*

Equipment Description	Model	Serial Number
Sierra Wireless Modem	MG90	ND73520293011033
Sierra Wireless Modem	MG90	ND73970547011033
Sierra Wireless Modem	MG90	ND0023767701B105
Sierra Wireless Modem	MG90	ND71830123011032
Sierra Wireless Modem	MG90	ND0023735901B105
Sierra Wireless Modem	MG90	ND73170030011033
Sierra Wireless Modem	MG90	ND73170040011033
Sierra Wireless Modem	MG90	ND73820050011033
Sierra Wireless Modem	MG90	ND0111737401B106
Sierra Wireless Modem	MG90	ND73970519011033
Sierra Wireless Modem	MG90	ND0023765301B105
Sierra Wireless Modem	MG90	ND81760082011033
Sierra Wireless Modem	MG90	ND0456708501B108
Sierra Wireless Modem	MG90	ND73970420011033



## City Council Agenda Item #[4.C]

**Title:** Consideration and possible action approving Resolution No. 2026-3042 for an EDC Settlement Agreement.

**Date:** April 6, 2026

**From:** Dr. Danielle Kelly

---

### **Staff Recommendation:**

Discuss and take possible action regarding approval of a Settlement and Release Agreement between the Freeport Economic Development Corporation (FEDC), GL&L Holdings, LLC (GL&L), and AMG Texas Capital, LLC (AMG).

### **Item Summary:**

The proposed agreement resolves outstanding property ownership and development disputes involving multiple lots within the Velasco Townsite and establishes a path forward for infrastructure completion and residential development. Under the agreement, FEDC conveys property interests to GL&L and AMG, and in return, the developers commit to completing required infrastructure improvements and constructing residential units in accordance with City standards. The agreement includes a defined completion deadline of December 31, 2027, with liquidated damages assessed for failure to meet that deadline. The agreement also includes mutual releases of claims among the parties, dismissal of pending litigation, and provisions ensuring clear title, tax responsibility, and lien resolution.

### **Background Information:**

The proposed agreement is intended to resolve long-standing disputes related to property reversion, foreclosure actions, and competing ownership interests across multiple lots within the Velasco Townsite. It consolidates obligations between FEDC, GL&L, and AMG into a single enforceable framework that facilitates infrastructure completion and residential development. The City Council considered a prior version of the agreement at its February 17, 2026 meeting. Following discussion, Council directed staff to pursue additional sureties and clarifications to strengthen accountability, ensure project completion, and improve overall enforceability.

In response to Council's direction, the agreement has been revised and supplemented with the following key changes:



- **Infrastructure Completion Requirements**

The parties agree to complete roadway and related infrastructure improvements (including N. Avenue N and W. Roeller extensions) in accordance with City requirements, with shared cost participation among the parties.

- **Residential Development Obligations**

GL&L and AMG are each responsible for development of specific lots, with all construction required to comply with applicable City and County codes.

- **Project Completion Deadline**

Certificates of Occupancy must be issued for all units by December 31, 2027.

- **Liquidated Damages**

Failure to meet the completion deadline results in liquidated damages of \$500 per day, following a 10-day cure period.

- **Force Majeure and Extension Provisions**

Limited extensions are allowed for documented delays caused by the City or events outside the developer's control, with strict notice requirements.

**Special Considerations:** None.

**Financial Impact:** The costs of completion will be divided as follows:

- To FEDC, 50%;
- To AMG, 25%; and
- To GL&L, 25%.

**Board or 3rd Party Recommendation:** The FEDC agreed to enter into a mediated settlement for the Freeport Economic Development Corporation vs. RWPH Freeport, LLC court case. The FEDC Board voted on February 10, 2026 to recommend approval of the mediated settlement to the Freeport City Council.

**Supporting Documentation:**

1. Council Resolution (2)

**RESOLUTION NO. 2026-3042**

**A RESOLUTION OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; APPROVING ECONOMIC DEVELOPMENT PROJECT TO BE ENACTED BY THE FREEPORT ECONOMIC DEVELOPMENT CORPORATION; AND PROVIDING THAT THIS RESOLUTION SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION.**

**WHEREAS**, the City of Freeport, Texas is a Home Rule City and a Home Rule Municipality situated in Brazoria County, Texas, as described in and defined by Section 5, Article XI of the Constitution of Texas and Section 1.005 of the Local Government Code of Texas, respectively; and,

**WHEREAS**, the Freeport Economic Development Corporation (the “EDC”) is a “type B” nonprofit economic development corporation, authorized under Texas Development Corporations Act, Title 12, Section 501.001 et. seq. specifically Chapter 505 of said Act; and,

**WHEREAS**, the EDC’s specific purpose is to sustain economic development efforts and promote business development in the City; and,

**WHEREAS**, the City and the EDC have made the specific findings that the EDC may pursue the development projects set forth below, that said projects are authorized by the Texas Development Corporation Act, and that the projects promote economic development within the City of Freeport and satisfy the requirement of serving a public purpose; and,

**WHEREAS**, prior to passage of this resolution, the City Council conducted two (2) public readings of this resolution, in open session of duly noticed and posted council meetings, and further finds that a duly noticed and posted public hearing was previously held by the EDC on the projects contained herein.

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

**FIRST**, the City Council of the City of Freeport finds that the facts recited in the preamble hereof are true.

**SECOND**, the City Council of the City of Freeport hereby approves the following economic development settlement agreement:

1. Settlement agreement between Freeport Economic Development Corporation and RWPH Freeport LLC.;

**THIRD**, the funds to fund the above projects have been budgeted and no further authorization is required from the City Council for the EDC to implement the above projects.

**FOURTH**, this resolution shall take effect and be in force from and after its passage and adoption.

READ, PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

APPROVED:

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Jerry Cain, Mayor  
City of Freeport, Texas

ATTEST:

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Clarisa Fernandez, City Secretary  
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

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Christopher Duncan, City Attorney  
City of Freeport, Texas



## City Council Agenda Item #[4.D]

**Title:** Consideration and possible action approving IPO No. 2026-03 with Kimley-Horn and Associates to design and coordinate relocating a water line for the TxDOT Gulf Boulevard/FM 523 project.

**Date:** April 6, 2026

**From:** Dr. Danielle Kelly

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### **Staff Recommendation:**

Approve Individual Project Order (IPO) No. 2026-03 with Kimley-Horn and Associates, Inc. in the amount of \$45,000 for final design and coordination services associated with water line relocation for the TxDOT Gulf Blvd./FM 523 project.

### **Item Summary:**

This IPO authorizes Kimley-Horn to perform final design and coordination services for water line relocations required as part of the TxDOT CCSJ 1003-01-098 roadway project. Services include preparation of plan/profile sheets for approximately thirteen water line conflicts, development of technical specifications and bid items, and coordination with TxDOT and TCEQ for approvals.

**Background Information:** The City maintains a Master Agreement for Continuing Professional Services with Kimley-Horn dated February 15, 2024. This IPO is issued under that agreement to support required utility relocations tied to TxDOT's roadway improvements along Gulf Blvd. and FM 523. The work ensures the City's water infrastructure is properly designed, coordinated, and approved in advance of construction. The project includes coordination with multiple agencies, including TxDOT and TCEQ, and allows for up to two rounds of review comments. Deliverables include 90% design plans, final plan/profile drawings, specifications, and bid documentation. Any services beyond the defined scope will require additional authorization.

### **Special Considerations:**

#### **Financial Impact:**

Total cost is \$45,000, consisting of:

- \$33,000 (Lump Sum) – Water Line Design



- \$12,000 (Hourly, Not-to-Exceed) – Submittals, Coordination, and Approvals

Adequate funding exists in line item 25-565-899 for this IPO.

**Board or 3rd Party Recommendation:** N/A

**Supporting Documentation:**

1. Kimley-Horn IPO 2026-03\_ TxDOT 098 Final Design 033026

**INDIVIDUAL PROJECT ORDER NUMBER 2026-03**

Describing a specific agreement between Kimley-Horn and Associates, Inc. (the Consultant or Kimley-Horn), and the City of Freeport, Texas (the Client) in accordance with the terms of the Master Agreement for Continuing Professional Services dated **February 15, 2024**, which is incorporated herein by reference.

**Identification of Project:** Perform final design and coordination services for the water line relocation associated with the TxDOT CCSJ 1003-01-098 (TxDOT -098) project along Gulf Blvd. and FM 523.

**Specific scope of basic Services:**

**Task 1: Water Line Design**

- Kimley-Horn will utilize design information provided by others and coordinate with the roadway engineer to obtain topographic survey, SUE, surface, parcel boundary data, reference files, and sheet borders.
- Develop water line plan/profile sheets for approximately thirteen (13) water line conflicts. The plan/profile sheets will be spaced so multiple views are on one sheet. The plan/profile sheets will be included in the roadway reconstruction plans.
- Develop one water line conflict detail sheet.
- Provide quantities to be included in the Quantity Summary Sheet (as prepared by others).
- Develop one technical specification and bid code specific to the water line relocations. The specification and bid code will be included in the roadway reconstruction project manual. Kimley-Horn will not prepare any upfront contract documents.

**Task 2: Submittals, Agency Coordination, and Approvals**

- Prepare a summary transmittal letter and submit to TCEQ.
- The first deliverable will be 90% design-level plans, draft specification, and bid code submitted to the City, roadway engineer, and TxDOT for review and approval.
- Complete the TxDOT specification request form and provide to the roadway engineer for submittal. Kimley-Horn will rely on the roadway engineer to upload the specification, specification request form, and bid code to TxDOT connect for review and comment by TxDOT.
- Kimley-Horn will address up to two (2) rounds of comments from TxDOT and resubmit to the roadway engineer for re-upload to TxDOT Connect for final approval.

**Additional Services if required:** Any services not specifically provided for in the above scope will be billed as additional services and performed at our then current hourly rates.

**Schedule:** The Consultant will work with the Client to develop a mutually acceptable project schedule.

**Deliverables:** Electronic plan/profile drawings, detail sheet, specification, and bid code outlined in Task 2.

**Terms of compensation:** The Consultant will perform the services in Task 1 on lump sum basis and Task 2 on an hourly not-to-exceed (NTE) basis.

Task 1: Water Line Design	\$33,000	Lump Sum
Task 2: Submittals, Agency Coordination, and Approvals	\$12,000	Hourly, NTE
<b>Contract Total:</b>	<b>\$45,000</b>	

Lump sum fees will be invoiced monthly based upon the overall percentage of services performed. Payment will be due within 25 days of your receipt of the invoice and should include the invoice number and Kimley-Horn project number.

Direct reimbursable expenses such as express delivery services, fees, air travel, and other direct expenses will be billed at 1.15 times cost. A percentage of labor fee will be added to each invoice to cover certain other expenses such as telecommunications, in-house reproduction, postage, supplies, project related computer time, and local mileage. Administrative time related to the project will be billed hourly. All permitting, application, and similar project fees will be paid directly by the Client.

**Other special terms of Individual Project Order:** None.

ACCEPTED:  
CITY OF FREEPORT, TEXAS

KIMLEY-HORN AND ASSOCIATES, INC.



BY: \_\_\_\_\_

BY: Stephen Kelly, P.E. \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: Associate \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: 03/27/2026 \_\_\_\_\_



## City Council Agenda Item #[4.E]

**Title:** Consideration and possible action on the approval of a POD trailer Replacement Agreement between City of Freeport and the Brazoria County Health Department.

**Date:** April 6, 2026

**From:** Christopher Motley, Fire Chief

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**Staff Recommendation:** Staff recommends approving the dispensing (POD) trailer replacement program agreement between the City of Freeport and the Brazoria County Health Department for a health point of distribution (POD).

**Item Summary:** The City of Freeport is currently in an Interlocal Agreement addressing the City of Freeport's participation in a health POD for mass immunization or treatment in the event of a public health emergency. The Interlocal Agreement defines responsibilities of a public health emergency, obligations of the health department and the City. POD Trailer Replacement Agreement is an agreement addressing the POD trailer.

**Background Information:** The Brazoria County Health Department and the City of Freeport has participated and prepared together in preparation for a bioterrorism event impacting our community. This program has evolved overtime through training and one activation within the community.

The City of Freeport and Brazoria County Health POD was activated when the H1N1 virus (swine flu) had a significant impact on the public. The POD was utilized to provide medication for the community through a drive-through and walk-in POD. In a recent event, the POD trailer was utilized in a COVID-19 testing site at our local medical clinic.

**Special Considerations:** N/A

**Financial Impact:** N/A

**Board or 3rd Party Recommendation:** A request from Brazoria County Health Department

**Supporting Documentation:**

1. POD TRAILER REPLACEMENT AGREEMENT 2026

## POD TRAILER REPLACEMENT AGREEMENT

### Between Brazoria County Health Department and [City Name]

This **POD TRAILER REPLACEMENT AGREEMENT** (the “Agreement”) is made and entered into by and between **Brazoria County, Texas**, acting by and through its **Health Department (hereinafter referred to as “BCHD”)**, and the **[City Name] (hereinafter referred to as “the City”)**, collectively referred to as “the Parties,” and is effective as of the date of the final signature below.

---

### SECTION ONE: PURPOSE AND BACKGROUND

This Agreement establishes the conditions under which BCHD will exchange legacy Point of Dispensing (POD) trailers previously issued to the City for newly acquired trailers. This process supports joint public health preparedness and response objectives under the Public Health Emergency Preparedness (PHEP) and Cities Readiness Initiative (CRI) programs. It replaces prior informal or formal arrangements relating to trailer ownership, deployment, and maintenance.

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### SECTION TWO: TERM OF AGREEMENT

This Agreement becomes effective upon full execution by both Parties and remains in effect:

- For as long as the City participates in the BCHD-led PHEP program, or
  - Until the trailer and its associated property are returned to BCHD.
- 

### SECTION THREE: TRAILER EXCHANGE CONDITIONS

3.1 As a condition for receiving a new POD trailer, the City agrees to return the previously issued legacy trailer to BCHD. The exchange will be conducted on a **one-for-one basis**: one legacy trailer returned per one new trailer issued.

3.2 The returned trailer must be in serviceable condition relative to its age and usage history. Final determination of acceptance rests with BCHD.

3.3 Upon transfer of the new trailer, BCHD will provide an itemized inventory using **DA Form 2062** (Hand Receipt/Annex Number). Copies of the completed inventory will be provided to both BCHD and the City on the date of exchange. The DA 2062 will list the trailer and any included non-expendable POD equipment.

---

## **SECTION FOUR: USE, STORAGE, AND LOCATION REPORTING**

4.1 The trailer and any associated contents shall be used primarily to support public health emergency response, training, or preparedness operations, including:

- POD training exercises
- Real-world medical countermeasure (MCM) events
- Community preparedness or ICS mobilization

4.2 Use of the trailer for civic events, training, or other city-led operations is permitted so long as these activities do not interfere with the trailer's emergency response readiness.

4.3 The trailer must be stored in a secure location that reasonably protects it from weather, theft, or deterioration. The City agrees to notify BCHD in writing of the trailer's permanent storage location within five (5) business days of taking possession and shall update BCHD within five (5) business days if that location changes.

---

## **SECTION FIVE: MAINTENANCE AND REGISTRATION**

5.1 The City agrees to maintain the trailer and all issued contents in a clean, serviceable, and ready-to-deploy condition at all times.

5.2 BCHD will retain responsibility for maintaining the trailer's registration, including annual renewal and provision of updated registration tags.

5.3 The City will notify BCHD of any mechanical, structural, or equipment-related concerns affecting the trailer's usability. Repairs and routine maintenance are the City's responsibility unless otherwise agreed upon in writing.

5.4 BCHD will set aside a portion of yearly budget to cover any mechanical, structural, or equipment-related repairs and routine maintenance. These funds may be made available upon request of the City to cover repairs and routine maintenance and are subject to availability and BCHD Director approval.

5.4 BCHD will set aside a portion of yearly budget to cover maintenance, repair, or replacement of non-expendable POD trailer contents (POD response supplies) which may be made available upon request of the City and are subject to availability and BCHD Director approval.

---

## **SECTION SIX: INSPECTIONS AND ACCOUNTABILITY**

6.1 BCHD will conduct at least one (1) inspection annually to verify operational readiness and conduct inventory validation using the most recent DA Form 2062.

6.2 All inspections shall be **scheduled in advance** and coordinated with the City. **No inspections shall be unannounced or without prior notice.**

6.3 BCHD shall provide a written request proposing a reasonable date and time for inspection. The City shall work in good faith to accommodate the request in a timely manner.

---

## **SECTION SEVEN: RESPONSIBILITY FOR LOSS OR DAMAGE**

7.1 The City assumes responsibility for the safekeeping and appropriate use of the trailer and associated POD assets. If the trailer or equipment is lost, stolen, destroyed, or rendered inoperable due to preventable causes, the following conditions apply:

- BCHD is **not obligated** to replace the trailer or equipment;
- The City will **not be held financially liable** for the value of the lost equipment unless evidence of gross negligence or intentional misuse is determined;
- BCHD may, at its sole discretion, determine that the City is **no longer eligible** for POD equipment support under the PHEP program. In such cases, associated planning and response resources may be reallocated to other jurisdictions with demonstrated capability and compliance.

7.2 If, during inspection, BCHD finds that the trailer is not maintained in a condition suitable for emergency use, BCHD reserves the right to recover the trailer and redistribute it to a city capable of ensuring readiness and appropriate use.

7.3 BCHD will work collaboratively with the City to address deficiencies through guidance, training, and mutual coordination before considering trailer removal or program disqualification.

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## **SECTION EIGHT: TITLE AND OWNERSHIP**

8.1 All trailers and associated POD contents remain the **sole property of the Brazoria County Health Department** at all times.

8.2 The City does not obtain any ownership rights, lien interest, or transfer authority by virtue of this Agreement.

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## **SECTION NINE: TERMINATION**

9.1 BCHD may terminate this Agreement with written notice for any of the following:

- Failure to maintain the trailer in a ready and secure condition;
- Unapproved use of the trailer outside permitted functions;
- Repeated failure to respond to inspection or inventory coordination;
- Cessation of City participation in the PHEP program.

9.2 Upon termination, the City agrees to return the trailer and all inventoried equipment within seven (7) calendar days of written notice, unless otherwise agreed upon.

---

## **SECTION TEN: ENTIRE AGREEMENT**

10.1 This Agreement represents the **entire understanding** between the Parties and supersedes all prior discussions, agreements, or memoranda regarding POD trailer issuance, exchange, or use.

10.2 Any modifications must be submitted in writing and signed by both Parties.

10.3 Each signatory represents that they are authorized to execute this Agreement on behalf of their respective entity.

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**IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates written below.**

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**BRAZORIA COUNTY HEALTH DEPARTMENT**

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

Printed Name: Cathy Sbrusch

Title: BCHD Director

Date: \_\_\_\_\_

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**CITY OF [CITY NAME] MAYOR'S OFFICE**

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

Printed Name: \_\_\_\_\_

Title: City Mayor

Date: \_\_\_\_\_

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**COUNTY OF BRAZORIA – STATE OF TEXAS**

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

Printed Name: \_\_\_\_\_

Title: County Judge (or judge-appointed representative)

Date: \_\_\_\_\_



## City Council Agenda Item #[4.F]

**Title:** Consideration and possible action on the approval of Texas A&M Forest Service Personal Protective Equipment (PPE) Grant.

**Date:** April 6, 2026

**From:** Christopher Motley, Fire Chief

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**Staff Recommendation:** Staff recommends accepting Texas Forestry Grant funding for Personal Protective Equipment (PPE). The TFS grant award is \$25,000.00. The second recommendation is to authorize Fire Chief, Christopher D. Motley, to approve the agreement on the TFS Fire Connect software program.

**Item Summary:** This Personal Protective Equipment (PPE) grant will fund the purchase of five sets of structural firefighting turnout gear, including coats and pants, for fire suppression personnel. The timing of this award is critical, as recent PPE inspections identified several Fire/EMS members' structural gear has reached or exceeded its recommended service life.

The Texas Commission on Fire Protection (TCFP) has adopted, through legislative authority, the National Fire Protection Association (NFPA) standard NFPA 1851, which establishes a maximum service life of ten (10) years for structural firefighting PPE. Compliance with this standard is essential for ensuring firefighter safety and maintaining regulatory adherence.

This grant will enable the Department to address immediate frontline PPE replacement needs while also supporting the ongoing initiative to provide a second set of structural firefighting gear for personnel. Since the appointment of Fire Chief Christopher D. Motley, the Department has taken a proactive approach in working toward dual-set issuance, which allows for proper decontamination, maintenance, and readiness in the event of gear damage or failure. This practice aligns with evolving industry standards and cancer prevention efforts within the fire service.

Additionally, the TCFP is preparing to implement enhanced inspection initiatives this year that further emphasize compliance with NFPA standards. This grant directly supports the Department's readiness to meet those expectations while improving overall responder health and safety.

**Background Information:** The Texas Rural VFD Assistance Program provides funding to rural VFDs for the acquisition of firefighting vehicles, fire and rescue equipment, protective clothing, dry-hydrants, computer systems and firefighter training. It is a cost-share program funded by the Texas State Legislature.

Since its inception in 2002, the program has been extremely successful in helping fire



departments get the vehicles, training, and equipment that they would otherwise not have access to. Due to the usefulness of the program, we are experiencing significant demand in excess of \$200 million in outstanding requests, while currently being funded at \$16.2 million per year. Therefore, while we would like to fund every request, it unfortunately takes some time to help every department in need.

**Special Considerations:** None

**Financial Impact:** TFS Grant will refund the City once the purchase is completed.

**Board or 3rd Party Recommendation:** PPE Guidelines, Cover Letter

**Supporting Documentation:**

1. TFS Fire Connect Grant 03262026

### Assistance Programs: Freeport Fire & EMS

Dept.

[Go to FD Profile](#) 

## AE-64-6742: Apparatus & Equipment Grants Request

I want to...

[VIEW PROGRAM DETAILS](#) 

Request Status: FD Accepted - Pending Reimbursement Documents

[Back to Dashboard](#) |

#### REQUEST DETAILS

##### Item Type

Personal Protective Equipment

Cost Share 95% | Reimbursement not to exceed \$25,000.00.  
Based on today's rates. Subject to change based on rates at the time of award.

**Expiration Date:** 08/13/2026

#### REIMBURSEMENT DETAILS

##### ESTIMATED REIMBURSEMENT

**\$25,000.00**

#### SUPPORTING DOCUMENTS

File Name	Upload Date	Uploaded By	
PPE Guidelines_...	02/13/2026	Merrie Noak	

Item per Page  Showing 1-1 of 1 « < 1 > »

# Personal Protective Equipment Guidelines

## Rural Volunteer Fire Department Assistance Program

### Responsibilities of the Fire Department Following Notice of Grant Approval:

1. Purchase approved item(s).
2. Submit for Reimbursement via [FireConnect](#), and upload the following supporting documents:
  - Proof of Payment
    - Copies of Signed Check(s)
    - Credit Card Receipt(s)
    - Paid Vendor Invoice(s) showing the last 4 digits of credit card used
    - Bank/Credit Card Statement(s) Showing the Purchase
3. Texas A&M Forest Service will then issue a reimbursement check or direct deposit of 90% of the cost, up to the specified amount shown on the approval notice.
4. Grants for PPE will expire **6 months** from the approval date. Extensions may be available upon request via [FireConnect](#).

### Complete List of Eligible Items

#### Structural Gear

- Bunker Coat
- Bunker Pants
- Structural Boots
- Structural Helmet
- Structural Goggles
- Structural Hood
- Structural Gloves
- Structural Suspenders
- Ear/Neck/Face Protectors (Shrouds)
- Visors
- Gear Bags

#### Wildland Gear

- Aramid Coveralls
- Aramid Pants
- Aramid Shirt
- Aramid Jacket
- Wildland Suspenders
- Wildland Gloves
- Wildland Hardhat
- Wildland Goggles
- Wildland Boots
- Ear/Neck/Face Protectors (Shrouds)
- Reflective Trim
- Fire Shelter
- Gear Bags

#### Other Equipment

- PPE Extractors and Dryers

#### **Note:**

- *Only the items listed above are eligible for cost-share reimbursement*
- *Wildland PPE must be certified to the most current edition of NFPA 1977 for wildland gear*
- *Structural PPE must be certified to the most current edition of NFPA 1971 for structural gear*
- *The purchase of pre-owned vehicles and equipment requires advance evaluation and approval by the Texas A&M Forest Service. An applicant must contact the Capacity Building Department before purchasing a used vehicle or used equipment. Failure to receive this special advance clearance may void your grant approval.*





## City Council Agenda Item #[4.G]

**Title:** Consideration and possible action approving Freeport Fire & EMS department surplus equipment donation to College of the Mainland.

**Date:** April 6, 2026

**From:** Christopher Motley, Fire Chief

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**Staff Recommendation:** Transfer ownership of the department's personnel protective equipment and firefighting equipment that has completed its service life to College of the Mainland.

**Item Summary:** The fire department has several items that need to be disposed of from service from Freeport based on National Fire Protection Association (NFPA) 1851: Standard on Selection, Care, and Maintenance of Protective Ensemble for Structural Fire Fighting and Proximity Fire Fighting and Texas Commission on Fire Protection (TCFP). The recommendation is based on equipment that needs to be disposed of due to age, vapor barrier linear failure or too expensive to repair to minimum standards. An example, reflective stripping damage due to abrasion or exposure to heat.

**Background Information:** Past practice of disposal of personal protective equipment was through Texas A&M Forest Service and firefighter community that provided faith-based resources to Mexico and Central America. There has been a local need identified within the Houston area fire training academy. This surplus PPE is utilized for training other than structural firefighting.

**Special Considerations:** None

**Financial Impact:** None

**Board or 3rd Party Recommendation:** Itemized of fire department surplus equipment/PPE.

**Supporting Documentation:**

1. Freeport Fire EMS Surplus PPE 03262026

## Expired/ Non-Compliant Gear

<b>The following items have been removed from circulation.</b>				
<b>Item</b>	<b>Date</b>	<b>Serial Number</b>	<b>Size</b>	<b>Fault</b>
Helmet	11/18	1811009873	6-9.5	Damaged
Helmet	6/19	1906001739	6-9.5	Damaged
Helmet	2/19	1902008533	6-9.5	Damaged
Helmet	3/16	1603006020	6-9.5	Damaged
Hood	NA	NA	NA	Missing Info.
Hood	6/16	21616	Uni.	Damaged
Hood	NA	NA	NA	Missing Info.
Hood	6/16	21616-1	Uni.	Damaged
Hood	NA	NA	NA	Missing Info.
Coat	1/14	4644831	42x29	Expired
Coat	NA	NA	NA	Missing Info.
Coat	7/13	4571802	42x32	Expired
Coat	3/12	4372573	44x32	Expired
Coat	NA	NA	NA	Missing Info.
Coat	NA	NA	NA	Missing Info.
Coat	NA	NA	NA	Missing Info.
Coat	NA	NA	NA	Missing Info.
Coat	10/13	4595937	42x32	Expired
Coat	4/16	5094943	42x29	Damaged
Gloves	6/12	YE1606YSI	Med.	Expired
Gloves	7/15	DYW1807EY	Sm.	Expired
Gloves	7/15	DYW1807EY-1	Sm.	Expired

**The following items have been removed from circulation (Cont.)**

<b>Item</b>	<b>Date</b>	<b>Serial Number</b>	<b>Size</b>	<b>Fault</b>
Gloves	1/11	YY1801L	LG	Expired
Pants	NA	NA	NA	Missing Info.
Pants	NA	NA	NA	Missing Info.
Pants	10/13	4595938	38x28	Expired
Pants	1/13	449595330	36x30	Expired
Pants	7/13	4571803	38x28	Expired
Boots	NA	NA	NA	Missing Info.
<b>Total: 29</b>				
*Kept for training by request of an employee. The item has been labeled and will not be used in IDLH environments and only for training purposes.				

## Expired/ Non-compliant Gear Recap

<b>Totals For Non-compliant Gear</b>				
<b>Item</b>	<b>Expired</b>	<b>Missing Info.</b>	<b>Damaged</b>	<b>Total</b>
Helmet	7	0	0	7
Hoods	0	3	2	5
Coats	4	5	1	10
Gloves	4	0	0	4
Pants	3	2	0	5
Boots	0	1	0	1
<b>Totals</b>	<b>11</b>	<b>11</b>	<b>7</b>	<b>29</b>





## City Council Agenda Item #[4.H]

**Title:** Discussion and Take Action on 2nd street property with TPWD restrictions

**Date:** April 6, 2026

**From:** Councilman Matamoros

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**Staff Recommendation:**

**Item Summary:** Discussion and Take Action on 2<sup>nd</sup> street property with TPWD restriction

**Background Information:** With emails sent by legal and the previous direction from council (November 17, 2025 Executive Session- Section B) to previous interim city manager- Dan Pennington, there is some confusion about direction of property. There may be some information that may need to be disclosed about previous direction of this property that may not be known to council.

**Special Considerations:** Removal of property from TPWD Open Spaces restrictions

**Financial Impact:** Currently Unknown

**Board or 3rd Party Recommendation:** N/A

**Supporting Documentation:**

None