

CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

DECEMBER 19, 2016

Council Chamber	Regular Session	7:00 PM
------------------------	------------------------	----------------

7008 S. RICE AVENUE
BELLAIRE, TX 77401



Mayor

Andrew S. Friedberg

Mayor Pro Tem

Roman F. Reed

Council Member

Gus E. Pappas

Council Member

Michael Fife

Council Member

Trisha S. Pollard

Council Member

Pat B. McLaughlan

Council Member

David R. Montague

Mission Statement:

The City of Bellaire is dedicated to outstanding quality service and facilities to ensure an open, progressive, and secure community.

REGULAR SESSION - 7:00 P.M.

A. Call to Order - Andrew S. Friedberg, Mayor.

B. Announcement of a Quorum - Andrew S. Friedberg, Mayor.

C. Inspirational Reading and/or Invocation - Gus E. Pappas, Council Member.

D. Pledges of Allegiance - Gus E. Pappas, Council Member.

1. U.S. Pledge of Allegiance:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

2. Pledge to the Texas Flag:

Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

E. Personal/Audience Comments.

In order to address the City Council, please complete a sign-up sheet (located at the entrance to the Council Chamber), and submit it to City Clerk Tracy L. Dutton prior to the time for personal/audience comments. Each speaker shall have a time limit of up to five (5) minutes, with no extension, and with notice after four (4) minutes that one (1) minute is left. In the event of pressing business before the City Council or matters requiring its immediate attention or action, the City Council may, prior to the opening of audience comments, set a different maximum time limit for each speaker by a vote of four (4) members of the City Council.

The purpose of this item is to allow the residents of Bellaire and other interested persons an opportunity to address the City Council on agenda issues and on non-agenda issues that are a matter of the jurisdiction of the City Council (i.e., City policy and legislative issues). Non-agenda issues regarding daily operational or administrative matters should be first dealt with at the administrative level by calling City Hall at (713) 662-8222 during business hours.

[Note: The Texas Open Meetings Act, Texas Government Code, Chapter 551, prohibits the City Council from fully discussing, debating, or considering subjects for which public notice has not been given on the agenda. Issues that cannot be referred to the City Staff for action may be placed on the agenda of a future City Council Session.]

F. Reports and Presentations:

1. City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.
2. Presentation of the transition management plan for the municipal facilities project to include schedule update, project milestones, site conditions during construction, and other important updates - Submitted by Michelle Jordan, Project Manager.
3. Quarterly Report from the Evelyn's Park Conservancy Board - Presented by Denton Ragland, Executive Director, Evelyn's Park Conservancy.

G. New Business:**1. Consent Agenda:**

Items set out in the consent agenda are considered routine and are recommended for approval by the passage of a single motion, without discussion or debate, that the consent agenda be adopted. Upon request of any member of City Council, items shall be removed from the consent agenda and considered separately.

a. Adoption of Minutes:

Consideration of and possible action on the adoption of the minutes of the Regular Session of the City Council of the City of Bellaire, Texas, held on Monday, November 21, 2016 - Submitted by Tracy L. Dutton, City Clerk.

Mayor and Council - Regular Session - Nov 21, 2016 6:30 PM

b. Bid Award:

Consideration of and possible action on a recommendation from the Parks, Recreation and Facilities Department to award Bid No. 17-001, FY 2017 Bellaire Town Square Family Aquatic Center Leisure Pool Re-Plaster Project, to Hancock Pool Services, Inc., in an amount not to exceed \$75,000.00 and on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor and the City Clerk of the City of Bellaire, Texas, to execute and attest, respectively, for and on behalf of the City of Bellaire, Texas, a Standard Form of Agreement with Hancock Pool Services, Inc., for said project in an amount not to exceed \$75,000.00 - Submitted by Cheryl Bright, Assistant Director of Parks, Recreation and Facilities.

2. Adoption of Ordinances:**a. Purchase of New Fire Apparatus:**

- i. Consideration of and possible action on a request from the Bellaire Fire Department to purchase one (1) Ferrara Rescue Body Pumper ("Pumper") in the amount of \$695,174.00 from Hall Motors and to purchase additional equipment necessary to outfit said Pumper from various manufacturers and/or suppliers in an amount not to exceed \$92,492.33, and authorizing the Mayor of the City of Bellaire, Texas, to execute, for and on behalf of the City of Bellaire, Texas, any and all necessary documentation associated with the purchase of said Pumper contingent on the approval of financing for same and authorizing the Mayor and the City Manager of the City of Bellaire, Texas, to execute, for and on behalf of the City of Bellaire, Texas, any and all necessary documentation associated with the purchase of additional equipment necessary to outfit the Pumper contingent on approval of financing for same and in accordance with purchasing policies adopted by the City of Bellaire, Texas - Submitted by Darryl Anderson, Fire Chief.

- ii. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute an equipment financing agreement with a bank for the purpose of financing the amount of \$787,667.00 for the purchase of a new rescue body pumper and necessary equipment to outfit same for the City of Bellaire Fire Department. - Submitted by Terrence Beaman, Chief Financial Officer.

b. Natural Gas Franchise Agreement:

Third of Three Readings (Article XI, Franchises and Public Utilities, Sec. 2 - Franchises; Power of Council, Charter of the City of Bellaire, Texas, as amended November 7, 2006):

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, granting to CenterPoint Energy Texas Gas Operations, the right, privilege and franchise to construct, install, extend, remove, replace, abandon, operate and maintain its facilities within the public rights-of-way of the City of Bellaire, Texas, for the transportation, delivery, sale and distribution of natural gas; containing other provisions relating to the foregoing subject; providing for severability and providing an effective date 60 days after its final passage - Submitted by Terrence Beaman, Chief Financial Officer.

3. Item for Individual Consideration:

- a. Consideration of and possible action to approve the final design developed by Pierce, Goodwin, Alexander, and Linville (PGAL) for the Municipal Facilities Project - Submitted by Michelle Jordan, Project Manager.
- b. Consideration of and possible action directing staff to proceed with preparation for and the acceptance of a Preliminary Official Statement and timetable for the sale of \$33,460,000 in General Obligation Bonds, Series 2017 - Requested by Terrence Beaman, Chief Financial Officer.

H. Community Interest Items from the Mayor and Council.

It is the intent of this item to provide members of the City Council the opportunity to make a report about items of community interest, which may include expressions of thanks, congratulations, or condolence; information regarding holiday schedules; honorary recognition of City officials, employees, or other citizens or entities; reminders of upcoming events sponsored by the City or another entity that is scheduled to be attended by a City official or City employee; and announcements involving an imminent threat to the public health and safety of people in Bellaire that has arisen after the posting of the agenda.

No action may be taken on a reported item of community interest, and no possible action discussed except a proposal to place the subject on the agenda for a subsequent meeting.

See Texas Government Code, Chapter 551, Open Meetings Act.

I. Adjourn.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 12/19/16 07:00 PM
Department: City Manager's Office
Category: Presentation
Department Head: Paul A. Hofmann
DOC ID: 1930

**SCHEDULED
ACTION ITEM (ID # 1930)**

Item Title:

City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

City Attorney Review:

N/A

Recommendation:

N/A

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 12/19/16 07:00 PM
Department: City Manager's Office
Category: Presentation
Department Head: Michelle Jordan
DOC ID: 2081

**SCHEDULED
ACTION ITEM (ID # 2081)**

Item Title:

Presentation of the transition management plan for the municipal facilities project to include schedule update, project milestones, site conditions during construction, and other important updates - Submitted by Michelle Jordan, Project Manager.

Background/Summary:

The design phase of for the City Hall / Civic Center and the Police / Courts projects is nearing completion. Construction is set to begin in Spring 2017. There are many moving parts to the orchestration of multiple temporary relocations, demolitions, and the significant construction activity. The attached transition management plan will describe how we will minimize or avoid disruptions to residents, customers, and employees.

Topics will include (but not limited to):

Schedule Update
Site Usage Diagram
BLIFE impacts
Customer access to City services
Parking management
Pedestrian access
Court proceedings during construction
Public Safety
Public Meeting schedule and accessibility during construction
Future Decisions and Planning

City Attorney Review:

N/A

Recommendation:

Michelle Jordan, Project Manager, recommends Council provide feedback on the components of the transition management plan.

ATTACHMENTS:

- Municipal Facilities Transition Management Plan (PDF)

Municipal Facilities Transition Management Plan

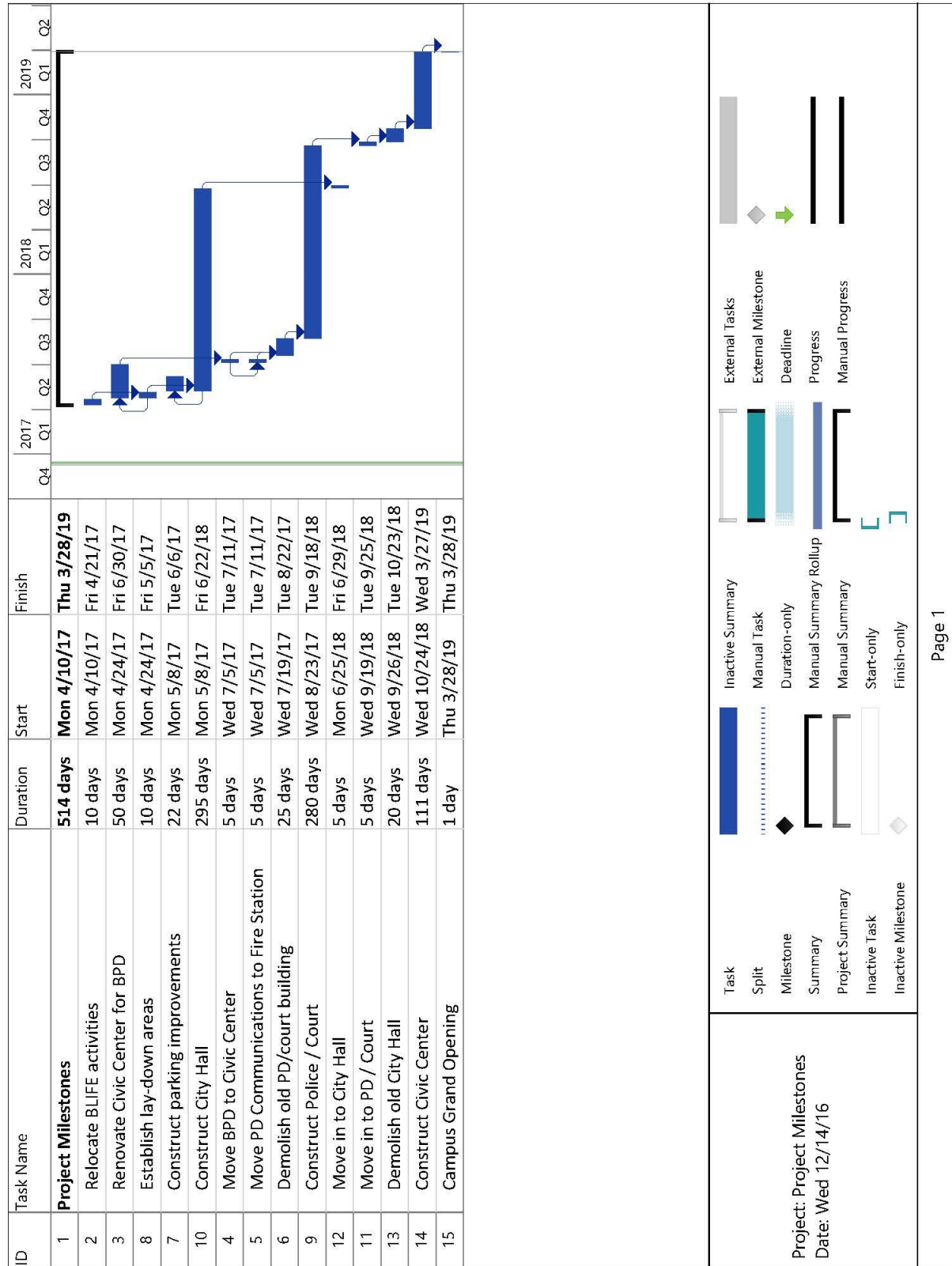
December 15, 2016

After several years of preparation and coordination, construction of the new Municipal Facilities will begin in early 2017. During the construction period, some City functions will be relocated and usage of the park will be limited. The levels of service provided by the City to its residents will not be reduced during this period of time though. The City, Horizon Christensen (contractor), and PGAL will continue to work closely and monitor the construction site conditions throughout to make sure all City services are available to residents despite the construction activities. Particular attention will be paid to site safety, including visitors and pedestrians. Ongoing communications will be critical to let citizens know what to expect when they need to come to the City Hall, Police Station, and Court.

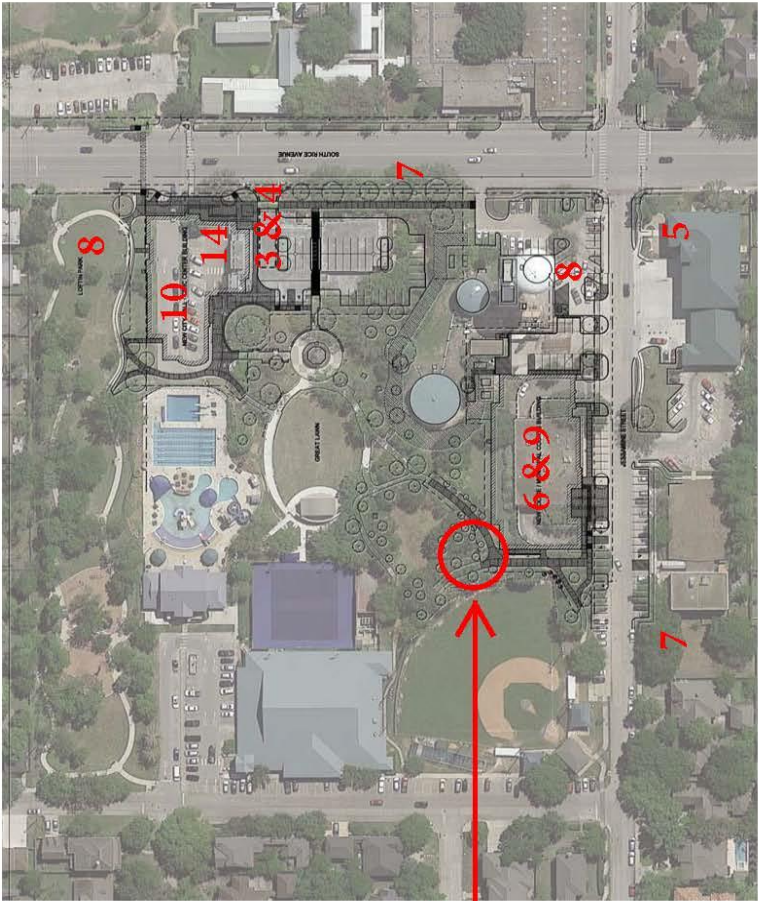
Transition and Relocation Schedule

Once the drawings are complete and Council approves a Guaranteed Maximum Price contract, work will begin to renovate the Civic Center to accommodate Police and Court operations. Once complete, PD and Courts will move in, and demolition of the police station will begin. Both new buildings will be under construction at the same time, and the existing City Hall will continue to house the current personnel in addition to PD and Court personnel. Construction of the new City Hall / Civic Center building will be accomplished in two phases. First, the City Hall portion of the new building will be constructed, allowing staff to begin occupancy. After the Police Department moves in to their new building, the old City Hall will be demolished, allowing the new Civic Center and the parking lot to be constructed. The phased construction allows PD and Courts to operate within the campus rather than off site in a rented space.

**Task ID numbers correspond to map location numbers.



Project Milestone Location Map



2 - Relocate
BLIFE to rented
facility

9/11 Steel Project
Location

373 BRIARPARK DR.
SUITE 200
HOUSTON, TX 77042
TEL: 713.620.1444
FAX: 713.668.9335
TBBE REG NO: F-7242
WWW.PGAL.COM

PGAL

BELLAIRE MUNICIPAL FACILITIES PROJECT
PROJECT SITE PLAN

**Task ID numbers correspond to map location numbers.

Customer Impact Analysis

Parking

Customer Parking – Every effort will be made to maintain close parking for customers during construction. The project will require complete closure of the BLIFE parking lot, but the BLIFE program will be moving offsite during construction. A portion of the parking lot at the corner of S. Rice and Jessamine will be closed for construction activities, but the remaining parking area will be available for use. Currently, there is a plan under development to increase street parking along S. Rice via re-striping. Additional spaces will be available at Condit Elementary School during non-peak times.

Contractor Parking and laydown areas- Site usage for construction activities will vary depending on construction stage and specific construction activities. During the buildout of the Civic Center, the BLIFE parking lot and a portion of eastern Loftin Park will be used for construction activities. The lot immediately to the west of the Library will house a construction trailer and limited contractor parking. Site improvements will be made to this area to protect the existing trees and maintain a tidy appearance. Once both buildings are under construction, a portion of the lot at S. Rice at Jessamine will also be used for construction activities. During specific construction activities or deliveries, temporary lane closures will be needed, and those times will be scheduled outside of peak traffic when possible. The contractor has been directed to have the sub-contractors and laborers park off site and carpool or shuttle in to the site, and the contractor is in discussion with several property owners to determine the most efficient offsite parking location. Management of ingress and egress along S. Rice will also be necessary during construction.

BLIFE

The BLIFE program will move off campus during construction. Discussions with Bellaire United Methodist Church have been successful, and an agreement will be brought to Council to rent space for \$1,350 per month. Additional improvements will be needed at BUMC to allow for data and telephone connections for staff, as well as minor purchases for storage. The programs currently offered to program participants will not be effected by the relocation. There will be ample parking available at BUMC. The participants have already been informed of the upcoming relocation. Once the new City Hall is constructed, the program will move in to the new facility.

Special Events

Special events that are held at Bellaire Town Square will need to be modified or relocated off site. A modified event plan is in development which will determine how each event is handled. The Great Lawn will be accessible during construction, as will the City Hall lobby. However, the BLIFE parking lot typically used for events will not be available. Once the modified event plan is complete, notifications will go out to event partners.

Council and other public meetings

Council meetings will continue to be held in Council Chambers during the construction period. Once Phase One of the new City Hall is complete and staff is able to move in, Council meetings will transition to the new Chambers. There is no expected impact on location or scheduling of these meetings. Other public meetings that occur in the Civic Center, such as State of the City and the Police Community Meeting will

need to be relocated to the Centerpoint Energy Community Center or off site if attendance levels exceed capacity.

PD Customers

The delivery of services is a priority of immediate concern especially as the Police Department operates the Emergency Communication Center (ECC). The ECC manages police, fire, and emergency medical services calls for service. A hierarchy in the scheduling of movement of communications infrastructure and related systems is being established to insure there is no disruption of this service. At no time will a citizen's call not be answered and the appropriate service dispatched. Emergencies Communications will temporarily move into a portion of the Fire Station as this location has increased storm hardening. This will be the "face" of the Police Department in that citizens will have one location to go for police services. Communication personnel will be able to assist as may be appropriate or direct persons to another location for services. Procedural processes are to be implemented for patrol and investigative services to insure no disruption of core services.

Jail Safety / Security

Safety and security is one of two priorities during the temporary relocation of police services. This is an overlapping priority as it relates to the community we serve, the overall City of Bellaire workforce, and the Police Department's workforce. As the groups of concern overlap; so do the measures to be put into place. A layered approach will be taken when incorporating facility security measures in that points leading from the area of police operations into the lobby area of City Hall will have access control and monitoring. Witness, suspects, and prisoners are intended to be brought into the police portion on the north side of the building. The jail holding facility is being designed in such a manner as to provide appropriate security. It is also designed in such a manner as all jail traffic occurs on the north side of the building and not the south/lobby side. Many safety issues will be managed through procedural changes such as development of alternatives to arrest and the interview of witness or suspects off-site when possible.

City Hall Customers

Customers who need to do business at City Hall will continue to receive services in the same locations until the move to the new building. Utility Billing, Development Services, etc. will stay in the existing location during construction. However, parking will be impacted during construction, and residents will likely have to plan extra walking time when coming to do business with the City.

Courts

Court staff will be relocated to the Civic Center during construction. Court proceedings will be held in Council Chambers on Tuesdays and trials will occur on Wednesdays, which is the same as the current schedule. There will be limited conflicts with other meetings, and the Communications & Special Events Team is currently working to resolve this. Court records will be accessible from the City Hall lobby.

Notification will be placed on citations, reset forms and payment plan forms 60 days before the move date. Additionally, recordings on the telephone system will provide temporary location information as well.

Awareness and Information

Expenditure Management

Budget checkpoints will occur monthly within the Finance and CIP teams as well as during construction progress meetings. This information will be conveyed in the CIP updates section of the quarterly reports as well.

Progress Celebrations

There will be multiple opportunities to celebrate the citizen support of the bond and of the projects. Each of these celebrations would respond to the specific phase of construction and would be scaled appropriately.

Goodbye to PD – Chief Holloway would like to host a final walkthrough of the police station prior to demolition. This will include longtime supporters and be a celebration of all the years of service the City of Bellaire has been able to provide from the existing facilities.

Groundbreaking – A larger celebration can take place in the BLIFE parking lot prior to construction start. This could be a great photo opportunity to document how the site looks currently, and this event could include the general public, including children. We could have small dump truck toys and piles of sand for kids to play with.

Foundation Pour – On the day that the foundation is poured, we can host a smaller group of residents or dignitaries to document this exciting step in construction. This would be a great photo opportunity, although it will occur in an active construction zone and visitor safety will be very critical. This event would not be accessible by those with limited mobility.

Grand Opening – Once both buildings are complete, the City can host one large grand opening celebration and allow residents to tour and become familiar with the new facilities. This event would also thank the residents for their patience during the inconveniences that will occur during construction.

911 Memorial Update

The World Trade Center steel pieces, to be used for a 9/11 Memorial, is still available and will be protected. COB, PGAL, and BPD has reviewed the pieces and compared them to the site plan for the new facilities, and the most logical location was identified between the new Police Station and the Great Lawn. This location will provide a good background for a quiet, contemplative space in which to reflect on the events of that day. The landscape architect team has documented the pieces, and preliminary designs will begin in the spring. Funding for the design and installation of this piece will come from private donations, and installation will not begin until the majority of construction is complete for Municipal Facilities. Additional information regarding the design effort will be provided in the Spring.

Trees

The arborist that the City of Bellaire has used for many years has reviewed the condition of all of the trees that will be effected by construction, including ones designated for removal. His report notes that several trees are already unhealthy or in distress, and identifies steps that should be taken to protect them during construction. The large tree behind the donor recognition wall has significant health issues irrespective

of the Municipal Facilities project, and the arborist has stated that it has a 50 percent chance of survival in five years. The City has contacted an Urban Forester to verify the health of the trees and identify the best protection plan for construction. Once the report is complete, COB will ensure that the best systems and approaches are in place to protect the trees.

Signage

Before construction begins, an information signage plan will be developed to inform residents of important items during this time. Signage will be placed on the site to inform visitors of directions, sidewalk closures, etc. Signage will also be placed inside the City Hall lobby to inform residents where to go for services such as Court Clerk or Records information.

Notify Me

The City of Bellaire will utilize email blast services through Notify Me to inform residents of significant construction activities. Please go to www.bellairetx.gov to sign up to receive the updates.

Lobby Displays

During the construction period, there will be additional usage of the City Hall lobby by records and court visitors. Signage and displays will be available to inform visitors of the construction progress and what the new facilities will look like, but the information will be limited. Additional information will be made available at www.bellairetx.gov. Historical and cultural items currently in the existing City Hall will be removed and protected during construction.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401

**SCHEDULED
INFORMATION ITEM (ID
2114)**

Meeting: 12/19/16 07:00 PM
Department: Parks, Recreation and
Facilities
Category: Report
Department Head: Karl Miller
DOC ID: 2114

Item Title:

Quarterly Report from the Evelyn's Park Conservancy Board - Presented by Denton Ragland, Executive Director, Evelyn's Park Conservancy.

Background/Summary:

Per Ordinance No. 14-035, and the Development and Operating Agreement for Evelyn's Park, the Conservancy shall present a quarterly report.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

City Attorney Review:

N/A

Recommendation:

N/A



CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

NOVEMBER 21, 2016

Council Chamber

Regular Session

6:30 PM

7008 S. RICE AVENUE
BELLAIRE, TX 77401

REGULAR SESSION - 6:30 P.M.

A. Call to Order and Announcement of a Quorum - Andrew S. Friedberg, Mayor.

Andrew S. Friedberg, Mayor, called the Regular Session of the City Council of the City of Bellaire, Texas, to order at 6:30 p.m. on Monday, November 21, 2016. The Regular Session was held in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401-4411.

Mayor Friedberg announced that a quorum of the members of City Council was present as set forth in the table below.

Name	Title	Status
Andrew S. Friedberg	Mayor	Present
Roman F. Reed	Mayor Pro Tem	Present
Trisha S. Pollard	Council Member	Present
Gus E. Pappas	Council Member	Present
Pat B. McLaughlan	Council Member	Absent
Michael Fife	Council Member	Present
David R. Montague	Council Member	Present

Other officials present were Paul A. Hofmann, City Manager; Alan P. Petrov, City Attorney; and Tracy L. Dutton, City Clerk.

B. Inspirational Reading and/or Invocation - Michael Fife, Council Member.

Michael Fife, Council Member, provided the inspirational reading for evening.

C. Pledges of Allegiance - Michael Fife, Council Member.

Michael Fife, Council Member, led the members of City Council and the audience in the U.S. Pledge of Allegiance and the Pledge to the Texas Flag.

D. Official Canvass of Special Election:

1. Tabulation of Votes:

Minutes Acceptance: Minutes of Nov 21, 2016 6:30 PM (Adoption of Minutes:)

Tabulation of the total number of votes received in each precinct (128, 182, 214, 215, and 268) and the sum of the precinct totals cast in the City of Bellaire, Texas, Special Election held on the 8th day of November, 2016, authorizing the issuance of bonds for the purpose of providing funds for: 1) streets, drainage and sidewalk improvements; 2) the construction of new municipal buildings (City Hall/Civic Center and Police/Courts Building); and 3) water and wastewater improvements - Tabulation to be read by Tracy L. Dutton, City Clerk, and Paul A. Hofmann, City Manager; tabulation prepared by the Elections Division of Harris County Clerk Stan Stanart's Office - Submitted by Tracy L. Dutton, City Clerk.

Tracy L. Dutton, City Clerk, and **Paul A. Hofmann, City Manager**, alternately read into the record the tabulation of the total number of votes received in each precinct and the sum of the precinct totals cast in the City of Bellaire, Texas, Special Election held on Tuesday, November 8, 2016.

The results of the votes received during early voting and on Election Day for each proposition have been set forth below.

EARLY VOTING AND ELECTION DAY RESULTS BY PRECINCT:

Six thousand fifty-six (6,056) votes were cast during early voting (ballots voted by mail and voted early by personal appearance) and three thousand two hundred fifty (3,250) were cast on Election Day in the City of Bellaire Special Election as follows:

Proposition One:

The issuance of \$24,000,000 in bonds for streets, drainage and sidewalk improvements.

Precinct 128

Early Voting:

For	799
Against	186

Election Day:

For	442
Against	114

Total (Early Voting and Election Day):

For	1,241
Against	300

Precinct 182

Early Voting:

For	1,280
Against	218

Election Day:

For	670
Against	147

Total (Early Voting and Election Day):

For	1,950
Against	365

Precinct 214**Early Voting:**

For	748
Against	130

Election Day:

For	301
Against	64

Total (Early Voting and Election Day):

For	1,049
Against	194

Precinct 215**Early Voting:**

For	814
Against	134

Election Day:

For	458
Against	105

Total (Early Voting and Election Day):

For	1,272
Against	239

Precinct 268**Early Voting:**

For	929
Against	110

Election Day:

For	524
Against	98

Total (Early Voting and Election Day):

For	1,453
Against	208

Proposition Two:

The issuance of \$5,600,000 in bonds for construction of municipal buildings; to wit, City Hall/Civic Center and Police/Courts Building.

Precinct 128**Early Voting:**

For	661
Against	315

Election Day:

For	361
Against	189

Total (Early Voting and Election Day):

For	1,022
Against	504

Precinct 182**Early Voting:**

For	1,030
Against	460

Election Day:

For	519
Against	296

Total (Early Voting and Election Day):

For	1,549
Against	756

Precinct 214**Early Voting:**

For	595
Against	280

Election Day:

For	231
-----	-----

Against 131

Total (Early Voting and Election Day):

For 826

Against 411

Precinct 215

Early Voting:

For 626

Against 309

Election Day:

For 352

Against 204

Total (Early Voting and Election Day):

For 978

Against 513

Precinct 268

Early Voting:

For 727

Against 304

Election Day:

For 433

Against 183

Total (Early Voting and Election Day):

For 1,160

Against 487

Proposition Three:

The issuance of \$24,380,000 in bonds for water and wastewater improvements.

Precinct 128

Early Voting:

For 797

Against 187

Election Day:

For	457
Against	97

Total (Early Voting and Election Day):

For	1,254
Against	284

Precinct 182**Early Voting:**

For	1,281
Against	225

Election Day:

For	636
Against	183

Total (Early Voting and Election Day):

For	1,917
Against	408

Precinct 214**Early Voting:**

For	726
Against	155

Election Day:

For	288
Against	77

Total (Early Voting and Election Day):

For	1,014
Against	232

Precinct 215**Early Voting:**

For	788
Against	157

Election Day:

For	449
Against	113

Total (Early Voting and Election Day):

For	1,237
Against	270

Precinct 268**Early Voting:**

For	902
Against	136

Election Day:

For	521
Against	100

Total (Early Voting and Election Day):

For	1,423
Against	236

SUM OF PRECINCT TOTALS CAST:

Nine thousand three hundred six (9,306) ballots were cast during early voting and on Election Day in the Special Election as follows:

Proposition One:

For	6,965
Against	1,306
Under Votes	<u>1,035</u>
	9,306

Proposition Two:

For	5,535
Against	2,671
Under Votes	1,098
Over Votes	<u>2</u>
	9,306

Proposition Three:

For	6,845
Against	1,430
Under Votes	<u>1,031</u>
	9,306

2. Adoption of Ordinance Canvassing Returns and Declaring Results:

Minutes Acceptance: Minutes of Nov 21, 2016 6:30 PM (Adoption of Minutes:)

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, canvassing the returns and declaring the results of a Special Election held on the 8th day of November, 2016, for the issuance of general obligation tax bonds for the purpose of providing funds for: 1) streets, drainage and sidewalk improvements; 2) the construction of new municipal buildings (City Hall/Civic Center and Police/Courts Building); and 3) water and wastewater improvements - Submitted by Tracy L. Dutton, City Clerk.

Mayor Friedberg entertained a motion to adopt the ordinance as presented.

Motion:

To adopt the ordinance as presented canvassing the returns and declaring the results of the November 8, 2016, Special Election.

{Moved by Gus E. Pappas, Council Member, and seconded by Trisha S. Pollard, Council Member}

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Gus E. Pappas, Council Member
SECONDER:	Trisha S. Pollard, Council Member
AYES:	Friedberg, Reed, Pollard, Pappas, Fife, Montague
ABSENT:	McLaughlan

E. Personal/Audience Comments.

Mayor Friedberg opened the floor for comments from the audience. Hearing none and noting that no written comments had been received, Mayor Friedberg proceeded directly to the next agenda item.

F. Reports and Presentations:

1. City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.

Paul A. Hofmann, City Manager, presented the City Manager's Report dated November 21, 2016, to members of City Council.

Following the presentation, **Mayor Friedberg** opened the floor for questions from City Council. Following questions, Mayor Friedberg announced that the City Manager's Report was concluded and continued to the next report on the agenda.

2. Presentation of the FY 2016 Fourth Quarter Report for the City of Bellaire, Texas - Submitted by Diane K. White, Assistant City Manager.

Diane K. White, Assistant City Manager ("ACM"), presented the Fourth Quarter Report for the City of Bellaire, Texas, for fiscal year 2016 to members of City Council.

Following ACM White's report, **Mayor Friedberg** opened the floor for questions from City Council. Following questions, Mayor Friedberg announced that the FY 2016 Fourth Quarter Report for the City of Bellaire, Texas, was concluded and continued to the next presentation on the agenda.

3. Presentation of the Bonds for Better Bellaire 2016 Program Implementation Schedule - Submitted by Paul A. Hofmann, City Manager.

Paul A. Hofmann, City Manager, presented an implementation schedule and decision milestones for the Bonds for Bellaire 2016 Program.

Following City Manager Hofmann's presentation, **Mayor Friedberg** opened the floor for questions from City Council. Following questions, Mayor Friedberg announced that the Bonds for Bellaire 2016 program presentation was concluded and moved to the Consent Agenda.

G. New Business:

1. Consent Agenda:

a. Adoption of Minutes:

Consideration of and possible action on the adoption of the minutes of the Regular Session of the City Council of the City of Bellaire, Texas, held on Monday, October 17, 2016 - Submitted by Tracy L. Dutton, City Clerk.

Mayor and Council - Regular Session - Oct 17, 2016 6:00 PM

b. Adoption of Ordinances:

- i. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing a change in the date of the first Regular Session of the City Council of the City of Bellaire, Texas, in July of 2017 from Monday, July 3, 2017, to Monday, July 10, 2017 - Submitted by Tracy L. Dutton, City Clerk.
- ii. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute, and Public Works Director to acknowledge, an Interlocal Agreement with Harris County, Texas, for the administration and implementation by Harris County, Texas, of a regional watershed protection education program on storm water quality impacts in the amount of \$8,933.15 for a term of one year commencing upon the execution of said agreement by Harris County, Texas - Submitted by Brant Gary, Director of Public Works.
- iii. Consideration of and possible action on a request from the Bellaire Police Department for City Council's approval to purchase six (6) vehicles as funded in the FY2017 budget and on the adoption of an ordinance of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute any and all necessary documentation associated with the purchase of two (2) assigned unmarked vehicles from Caldwell Country Chevrolet in the amount of \$69,764.00 and two (2) fleet patrol vehicles and two (2) assigned patrol vehicles from Sam Pack's Five Star Ford in the amount of \$136,200.00 - Submitted by Byron Holloway, Chief of Police.

After reading the captions of the items on the evening's Consent Agenda, **Mayor Friedberg** asked if any member of City Council wished to remove any of the items from the Consent Agenda. Hearing none, Mayor Friedberg entertained a motion to adopt the Consent Agenda dated November 21, 2016.

Motion:

To adopt the Consent Agenda dated November 21, 2016.

{Moved by Michael Fife, Council Member, and seconded by David R. Montague, Council Member}

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Fife, Council Member
SECONDER:	David R. Montague, Council Member
AYES:	Friedberg, Reed, Pollard, Pappas, Fife, McLaughlan
NAYS:	None
ABSENT:	McLaughlan

2. Natural Gas Franchise Agreement:

First of Three Readings (Article XI, Franchises and Public Utilities, Sec. 2 - Franchises; Power of Council, Charter of the City of Bellaire, Texas, as amended November 7, 2006):

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, granting to CenterPoint Energy Texas Gas Operations, the right, privilege and franchise to construct, install, extend, remove, replace, abandon, operate and maintain its facilities within the public rights-of-way of the City of Bellaire, Texas, for the transportation, delivery, sale and distribution of natural gas; containing other provisions relating to the foregoing subject; providing for severability and providing an effective date 60 days after its final passage - Submitted by Terrence Beaman, Chief Financial Officer.

Mayor Friedberg read the agenda item caption, noting that this evening's consideration represented the first of three readings. Reference was made to packet page 68, which consisted of background and a summary of the agenda item. Mayor Friedberg entertained a motion to adopt the ordinance as presented granting the natural gas franchise.

Motion:

To adopt the ordinance as presented granting the natural gas franchise to CenterPoint Energy Texas Gas Operations.

{Moved by David R. Montague, Council Member, and seconded by Gus E. Pappas, Council Member}

Mayor Friedberg opened the floor for questions and discussion related to the natural gas franchise. Following questions and discussion, Mayor Friedberg called for action on the motion.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	David R. Montague, Council Member
SECONDER:	Gus E. Pappas, Council Member
AYES:	Friedberg, Reed, Pollard, Pappas, Fife, Montague
ABSENT:	McLaughlan

H. Community Interest Items from the Mayor and Council:

Community interest items from the Mayor and Council included an expression of thanks to Library Director Mary Cohrs for her assistance in researching topics for inspirational readings; an expression of thanks to the City for lighting upgrades at Feld Park; an expression of concern related to hazardous materials transported on Loop 610 through Bellaire each day; an expression of condolences to the family of Clyde Hatter, a long-time Bellaire employee, on his passing; expressions of congratulations for an exciting Diwali Day event and a successful Nature Discovery Center Twilight Gala; reminders to attend the City's upcoming Holiday in the Park, Sneak Peek, and Recycles events; and wishes for a Happy Thanksgiving holiday.

I. Adjourn.

Mayor Friedberg announced that the Regular Session of the City Council of the City of Bellaire, Texas, was adjourned at 8:02 p.m. on Monday, November 21, 2016.

Minutes Acceptance: Minutes of Nov 21, 2016 6:30 PM (Adoption of Minutes:)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 12/19/16 07:00 PM
Department: Parks, Recreation and
Facilities
Category: Bid
Department Head: Cheryl Bright-
West
DOC ID: 2049 B

**SCHEDULED
INFORMATION ITEM (ID
2049)**

Item Title:

Consideration of and possible action on a recommendation from the Parks, Recreation and Facilities Department to award Bid No. 17-001, FY 2017 Bellaire Town Square Family Aquatic Center Leisure Pool Re-Plaster Project, to Hancock Pool Services, Inc., in an amount not to exceed \$75,000.00 and on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor and the City Clerk of the City of Bellaire, Texas, to execute and attest, respectively, for and on behalf of the City of Bellaire, Texas, a Standard Form of Agreement with Hancock Pool Services, Inc., for said project in an amount not to exceed \$75,000.00 - Submitted by Cheryl Bright, Assistant Director of Parks, Recreation and Facilities.

Background/Summary:

On November 9, 2016 the City of Bellaire posted Bid No. 17-001 for the services necessary to re-plaster the leisure pool of the Bellaire Town Square Family Aquatic Center. Notice of the bid was posted in the Southwest News, Legal Notices Section on October 15, 2016 & November 1, 2016. Two bids were received, Hancock Pool Services Inc. and Sweetwater Pools, Inc. Both bids were opened publicly in City Hall Council Chambers, located at 7008 S. Rice.

The Bellaire Town Square Family Aquatic Center has been open to the public since the summer of 2008. The average life expectancy of pool plaster is 8-10 years. The high traffic and shallow water in the leisure pool has caused several plaster pop-ups and created a rough walking surface for patrons thus causing a need to re-plaster the leisure pool at this time.

The re-plaster project will be scheduled to begin the week of January 9, 2017 and should be complete by February 24, 2017. The leisure pool is currently not being used in the off-season, however the competition pool is open to the public. This project will impact pool operations for approximately 7 weeks. In the interest of safety, we anticipate having to close the entire pool complex to the public during day time hours while the old pool surface is being removed for approximately 2 weeks. We will also be installing construction fence around the leisure pool to ensure the safety of pool patrons. Once the exact schedule is determined to start work we will communicate with the general public and coordinate our efforts with the various swim groups that use the pool.

There is a seven year limited warranty on this pool plaster project.

Previous Council Action Summary:

Council approved the FY 2017 Budget, which included the funding of the re-plaster project in the general pool operation and maintenance fund.

Fiscal Impact:

The Parks Recreation and Facilities Department anticipates re-plastering services to cost approximately \$67,000.00. The re-plastering project was budgeted for a maximum of \$75,000 this FY 2017 should any additional costs be incurred due to extensive pool crack repairs or change orders as related to the project.

City Attorney Review:

Yes

Recommendation:

Cheryl Bright, Assistant Director of Parks, Recreation & Facilities, recommends awarding Bid No. 17-001 to Hancock Pool Services Inc. for an amount not to exceed \$75,000.00.

ATTACHMENTS:

- Bid Tabulation Sheet - Bid No. 17-001 - BTS Family Aquatic Center Leisure Pool Re-Plaster - Final (XLSX)
- Leisure Pool Re-Plaster Standard Form of Agreement FY2017 (DOC)
- Appendix A - Hancock Pool Services Inc. Bid 17-001 (PDF)
- Leisure Pool Re-Plaster Project Ordinance (DOCX)
- General Conditions of Agreement (PDF)

City of Bellaire

Final Bid Tabulation Sheet

Bid No.: 17-001
 Bid Title: Bellaire Town Square Family Aquatic Center
 Leisure Pool Re-Plaster
 Department: Parks, Recreation and Facilities
 Deadline for Receipt: November 9, 2016 @ 10:00 a.m.

Bidder/Address	Date/Time of Bid Receipt	Total Bid
Hancock Pool Services, Inc. P.O. Box 670345 Houston, Texas 77267-0345	11/09/2016 9:30 a.m.	\$67,000.00
Sweetwater Pools 10408 Rockley Road Houston, Texas 77099	11/09/2016 9:31 a.m.	\$94,975.00

STANDARD FORM OF AGREEMENT

STATE OF TEXAS §
 §
 COUNTY OF HARRIS §

This **AGREEMENT** is made and entered into this 19th day of December, 2016, by and between the **CITY OF BELLAIRE, TEXAS**, of the County of Harris and State of Texas, duly incorporated and existing under and by virtue of the Constitution and laws of the State of Texas, acting by and through the undersigned Mayor, as attested to by the City Clerk of the **CITY OF BELLAIRE, TEXAS**, thereunto duly authorized to do so, hereinafter referred to as "**CITY**," and **HANCOCK POOL SERVICES, INC.**, a corporation, hereinafter referred to as "**CONTRACTOR**."

WITNESSETH:

That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the **CITY**, the **CONTRACTOR** hereby agrees with the **CITY** to commence and provide the following:

services, materials, and equipment necessary to re-plaster the Leisure pool of the Bellaire Town Square Family Aquatic Center for the City of Bellaire, for an amount not to exceed \$75,000.00, plus expenses related to the potential repair of extensive cracks in the pool shell,

in accordance with the conditions and costs stated in the **CONTRACTOR'S PROPOSAL** attached hereto and marked "Attachment 1," all of which are made a part hereof, and collectively evidence and constitute the entire **Contract**.

The **CITY** agrees to pay the **CONTRACTOR** in current funds for the performance of the **Contract** in accordance with the **CONTRACTOR'S PROPOSAL** submitted therefore which forms a part of this **Contract** and to make payment on account thereof as provided therein.

The undersigned person executing this **Contract** and all other documents executed simultaneously herewith, does certify and attest that he or she is executing the same in his or her capacity as herein stated as an officer of said corporation.

IN WITNESS WHEREOF, the Mayor of the **CITY OF BELLAIRE, TEXAS**, as attested to by the City Clerk of the **CITY OF BELLAIRE, TEXAS**, hereunto, have executed this **AGREEMENT** in the year and date first above written, under the authority granted to them under the provisions of Ordinance No. 16-____, an Ordinance duly enacted by the City Council of the **CITY OF BELLAIRE, TEXAS**, on December 19, 2016.

CITY OF BELLAIRE, TEXAS

Andrew S. Friedberg, Mayor
City of Bellaire, Texas

ATTEST:

Tracy L. Dutton, TRMC
City Clerk
City of Bellaire, Texas

APPROVED AS TO FORM:

Alan P. Petrov, City Attorney
City of Bellaire, Texas

IN WITNESS WHEREOF, the **CONTRACTOR**, whose name is hereinafter set out, does certify and attest that he or she has executed this **Agreement** in his or her capacity as herein stated, for and on behalf of said corporation, and that he or she has authority to do so.

HANCOCK POOL SERVICES, INC.

Printed Name:

Title:

Witness:

Printed Name:

Title:



ORDINANCE NO. 16-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AUTHORIZING THE MAYOR AND THE CITY CLERK OF THE CITY OF BELLAIRE, TEXAS, TO EXECUTE AND ATTEST, RESPECTIVELY, FOR AND ON BEHALF OF THE CITY OF BELLAIRE, TEXAS, A *STANDARD FORM OF AGREEMENT* WITH HANCOCK POOL SERVICES, INC., IN A FORM AS ATTACHED HERETO AND MARKED EXHIBIT "A," FOR THE PERFORMANCE AND PROVISION OF ANY AND ALL SERVICES, MATERIALS, AND EQUIPMENT NECESSARY FOR THE FY 2017 BELLAIRE TOWN SQUARE FAMILY AQUATIC CENTER LEISURE POOL RE-PLASTER PROJECT IN AN AMOUNT NOT TO EXCEED \$75,000.00.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

THAT the Mayor and the City Clerk of the City of Bellaire, Texas, are each hereby authorized to execute and attest, respectively, for and on behalf of the City of Bellaire, Texas, a *Standard Form of Agreement* with Hancock Pool Services, Inc., in a form as attached hereto and marked Exhibit "A," for the performance and provision of any and all services, materials, and equipment necessary for the FY 2017 Bellaire Town Square Family Aquatic Center Leisure Pool Re-Plaster Project in an amount not to exceed \$75,000.00 (Bid No. 17-001, FY 2016 Bellaire Town Square Family Aquatic Center Leisure Pool Re-Plaster Project).

PASSED and **APPROVED** this 19th day of December, 2016.

(SEAL)

ATTEST:

Tracy L. Dutton, TRMC
City Clerk

SIGNED:

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

City of Bellaire
General Conditions of Agreement

1. Definitions and Interpretation

- 1.1 **Owner, Contractor and Professional.** The Owner, the Contractor and the Professional are those persons or organizations identified as such in the Agreement. The term Professional means person authorized to act as a representative of the entity designated by the Owner to provide engineering or other professional services required in connection with the preparation and performance of this Contract.
- 1.2 **Contract Documents.** The contract documents shall consist of all of the documents contained, assembled and bound with these General Conditions of Agreement, including, whether or not labeled Notice to Bidders, (Advertisement) Proposal, signed Agreement, Performance and Payment Bond (if required, see section 4.05), Special Bonds (when required), General Condition of Agreement, Special conditions of Agreement, (if any), Insurance Certificate, Technical Specifications, Plans and all modifications thereof incorporated in any of the documents before the execution of the Agreement, and any other document, whether or not labeled which shall become a part of the set of documents bound together with the General Conditions of Agreement.

The contract documents are complementary, and what is called for by any one shall be as binding as if called for by all. Any conflicts between any of the contract documents shall be resolved first by reference to these General Conditions of Agreement; and in the event the General Conditions of Agreement do not address such conflict, then the designated Professional shall resolve any conflict by a written interpretation, copies of which shall be forwarded to all parties to the Contract, and the original shall be attached to and become a part of these General Conditions of Agreement and thus a part of the contract documents.

- 1.3 **Subcontractor.** The term "subcontractor", as employed herein, includes only those having a direct contract with the Contractor for performance of work on the project contemplated by these contract documents. Owner shall have no responsibility to any subcontractor employed by Contractor for performance of work on the project contemplated by these contract documents, and any such subcontractor shall look exclusively to Contractor for any payments due subcontractor.
- 1.4 **Written Notice.** Written Notice shall be deemed to have been duly served if delivered in person to the individual or to a member of the firm or to an officer of the corporation for whom it is intended, or if delivered at or sent by Certified Mail, Return Receipt Requested, to the last known business address or registered office of such individual, firm or corporation.

- 15 **Work.** Unless otherwise stipulated, the Contractor shall provide and pay for all materials, supplies, machinery, equipment, tools, superintendence, labor, services, insurance, and all water, services of any nature whatsoever necessary for the execution and completion of the work covered by the contract documents. Unless otherwise specified, all materials shall be new, and both workmanship and materials shall be of good quality. The Contractor shall, if required by the Professional as representative of the Owner, furnish satisfactory evidence as to the kind and quality of materials. Materials or work described in words, which so applied, have well-known, technical or trade meaning shall be held to refer to such recognized standards. All work shall be done and all materials shall be furnished in strict conformity with the contract documents.
- 16 **Extra Work.** The term "Extra Work", as used in this Contract, shall be understood to mean and include all work that may be required by the Professional as representative of the Owner, to be done by the Contractor to accomplish any change, alternation or addition to the work shown upon the plans or reasonably implied by the specifications, and which shall, prior to the commencement of such work, be authorized in writing by the Professional.
- 17 **Working Day.** A "working day" is defined as any day not including Saturdays, Sundays or any city holidays, in which weather or other conditions not under the control of the Contractor, will permit construction of the principal units of the work for a period of not less than seven (7) hours between 7:00AM and 6:00PM.
- 18 **Calendar Day.** A "calendar day" is any day of the week or month, no days being excepted.
- 19 **Substantially Completed.** The term "substantially completed", as used in this Contract, means that the structure or project contemplated by the contract documents has been made suitable for use or occupancy or the facility is in a condition to serve its intended purpose, but still may require minor miscellaneous work and adjustment.
- 1.10 **Interpretation of Words and Phrases.** Whenever the words "directed", "permitted", "designated", "required", "considered necessary", "prescribed" or words of like import are used, it shall be understood that the direction, requirement, permission, order, designation or prescription of the Professional as the Owner's representative is intended. Similarly, the words "approved", "acceptable", "satisfactory", or words of like import shall mean that no exception is taken, but does not relieve Contractor of responsibility for performance of project requirements.

Whenever in the Specifications or drawings accompanying this Agreement, the terms of description of various qualities relative to finish, workmanship or other qualities of

similar kind which cannot, from their nature, be specifically and clearly described and specified, but are necessarily described in general terms, the fulfillment of which must depend on individual judgment, then, in all such cases, any question of the fulfillment of said Specifications shall be decided by the Professional as the Owner's representative, and said work shall be done in accordance with his interpretations of the meaning of the words, terms or clauses defining the character of the work.

- 1.11 **Special Conditions.** In the event special conditions are contained herein as part of the contract documents and said special conditions conflict with any of the general conditions contained in this Contract, then in such event the special conditions shall control.

2. Rights and Responsibilities of the Owner

- 21 **Adequacy of Design.** It is understood that the Owner believes it has employed competent engineers and/or designers. It is, therefore, agreed that the Owner shall be responsible for the adequacy of the design, sufficiency of the contract documents, the safety of the structure and the practicability of the operations of the completed project, provided that the Contractor has complied with the requirements of the said contract documents, all approved modifications thereof and additions and alterations thereto approved in writing by the Owner. The burden of proof of such compliance shall be upon the Contractor to show that he has complied with the requirements of the contract documents and approved modifications thereof and all approved additions and alterations thereto, as the same shall have been interpreted by the Professional.
- 22 **Right of Entry.** The Owner reserves the right to enter the property or location on which the work herein contracted for is to be constructed or installed, for itself or such agent or agents as it may select, for the purpose of inspecting the work, or for the purpose of constructing or installing such collateral work as the Owner may desire. The Owner shall have the right to make inspections at all reasonable times, and the Contractor shall have no cause to complain if his work shall be delayed by reason of such inspection, construction or installation of collateral work.
- 23 **Ownership of Drawings.** All drawings, specifications and copies thereof furnished by the Professional shall not be reused on other work and, with the exception of the sets forming the part of the signed contract documents, are to be returned to the Professional on request at the completion of the work. All drawings, specifications and models are the property of the Owner.
- 24 **Changes and Alterations.** The Contractor further agrees that the Owner may make such changes and alterations as the Owner may see fit, in the line, grade, form, dimensions, plans or materials for the work herein contemplated, or any part thereof, either before or after the beginning of construction, without

affecting the validity of this Contract and the accompanying Performance and/or Payment Bonds.

If such changes or alterations diminish the quantity of the work to be done, they shall not constitute the basis for a claim for damages or anticipated profits on the work that may be dispensed with. If the amount of work is increased and the work can fairly be classified under the specifications, such increase shall be paid for according to the quantity actually done and at the unit price, if any, established for such work under this Contract, except as hereinafter provided for unit price items under Article 6 of this Contract; otherwise, such additional work shall be paid for as provided under Article 7 hereof for Extra Work. In case the Owner shall make such changes or alterations as shall make useless any work already done or material already furnished or used in said work, then the Owner shall compensate the Contractor for any material or labor so used and for any actual loss occasioned by such change due to actual expense's incurred in preparation for the work as originally planned.

- 25 **Damages.** In the event the Contractor incurs damages in the course of the completion of the work by the act, negligence, omission, mistake or default of the Owner or of the Professional or of any other Contractor employed by the Owner upon the work, thereby causing loss to the Contractor, the Owner agrees that it will reimburse the Contractor for such loss. In the event the Owner incurs damages in the course of the work by the act, negligence, omission, mistake or default of the Contractor, or should the Contractor unreasonably delay the progress of the work being done by others on the job so as to cause loss for which the Owner becomes liable, then the Contractor shall reimburse the Owner for such loss.

3. Rights and Responsibilities of the Professional

- 3.1 **Owner-Professional Relationship.** The Professional shall serve as the Owner's representative during construction. The duties, responsibilities and limitations on the authority of the Professional as the Owner's representative during construction are set forth in the contract documents; and the Professional shall not have authority to extend the Owner's liability or to bind the Owner for any additional liability of any nature whatsoever without the written consent of the Owner. The Professional shall constantly advise the Owner as to the progress of the work, and any instructions by the Owner to the Contractor shall be issued through the Professional.

It is the intent of this Agreement that there shall be no delay in the execution of the work; therefore, written decisions or directions rendered by the Professional as the Owner's representative shall be promptly carried out, and any claim arising therefrom shall be adjusted as hereinafter provided. Unless otherwise specified, it is mutually agreed between the parties to this Agreement that the Professional shall review all work included herein and shall have the authority to issue written stop work orders whenever such stoppage may be necessary to insure the proper execution of the Contract.

- 32 **Keeping of Plans and Specifications Accessible.** The Professional shall furnish the Contractor with an adequate and reasonable number of copies of all Plans and Specifications without expense to the Contractor, and the Contractor shall keep one copy of the same constantly accessible on the job site, with the latest revisions noted thereon. The Contractor shall be responsible for preserving the Plans and Specifications for reference and review by the Owner or the Professional.
- 33 **Preliminary Approval.** The Professional shall not have the power to waive the obligations imposed under this Contract for the furnishing by the Contractor of good material, and for performing good work as herein described, and in full accordance with the Plans and Specifications, without alteration, deletion or change. No failure or omission of the Professional to discover, object to or condemn any defective work or material shall release the Contractor from the obligation to fully and properly perform the Contract, including without limitation, the obligation to at once tear out, remove and properly replace any defective work or material at any time prior to final acceptance, upon discovery of such defective work or material; provided, however, that the Professional shall, upon request of the Contractor, inspect and accept or reject any material furnished, and in the event the material has been once accepted by the Professional, such acceptance shall be binding on the Owner, unless it can be clearly shown that such material furnished does not meet the specifications for this work.

Any questioned work may be ordered taken up or removed for re-examination by the Professional prior to final acceptance, and if found not to be in accordance with the specifications for said work, all expense of removing, re-examination and replacement shall be borne by the Contractor; otherwise the expense thus incurred shall be allowed as Extra Work and shall be paid for by the Owner, provided that where inspection or approval is specifically required by the Specifications prior to performance of certain work, should the Contractor proceed with such work without requesting prior inspection or approval, he shall bear all expense of taking up, removing and replacing this work if so directed by the Professional.

- 34 **Inspection by Professional.** The Professional shall make periodic visits to the site to observe the progress and quality of the executed work and to determine if such work generally meets the essential performance and design features and the technical, functional and/or engineering requirements of the contract documents, and is in all other respects being performed in compliance with the contract documents. However, the Professional shall not be responsible for making detailed, exhaustive, comprehensive or continuous on-site inspections to check the quality and or quantity of the work, nor shall the Professional be in any way responsible, directly or indirectly, for the construction means, methods, techniques, sequences, quality, procedures, programs, safety precautions or lack of the same incident to the work being

performed or any part thereof. The Professional shall use reasonable care to prevent deviation from the intent and substance of the contract documents by the Contractor in the performance of the work and any part thereof and, on the basis of such on site observations, will keep the Owner informed of the progress of the work and will endeavor to guard the Owner against defects and deficiencies in the work of the Contractor. Notwithstanding any other provision of this Agreement or any other contract document, the Professional shall not be in any way responsible or liable for any acts, errors, omissions or negligence of the Contractor, any subcontractors' agents, servants or employees or any other person, firm or corporation performing or attempting to perform any of the work.

- 35 **Lines and Grades.** Unless otherwise specified, all lines and grades shall be furnished by the Professional. Whenever necessary, construction work shall be suspended to permit performance of this work, but such suspension will be as brief as practicable and the Contractor shall be allowed no extra compensation therefore. The Contractor shall have no claim against the Owner for suspension of work to permit performance of this work. The Contractor shall give the Professional ample notice of the time and place where lines and grades will be needed. All stakes, marks and other markers shall be carefully preserved by the Contractor, and in case of careless destruction or removal by him, his subcontractors or employees, such stakes, marks or markers shall be replaced by the Professional at the Contractor's expense.
- 36 **Determination of Questions and Disputes.** In order to prevent delays and disputes and to discourage litigation, it is agreed that the Professional shall, in all cases, determine the amounts and quantities of the several kinds of work which are to be paid for under this Contract. The Professional shall determine all questions in relation to said work and the construction thereof, as well as all claims, disputes and other matters in question, between the Contractor and the Owner relating to the execution or progress of the work or the interpretation of the contract documents. In the event the Professional shall become aware of or shall receive information that there is a dispute or a possible dispute as to the reasonable interpretation of the terms and conditions of the contract shall, within a reasonable time, provide a written interpretation of the contract documents or a written decision on all claims of the parties hereto and on all questions arising relative to the execution of the work, copies of which shall be delivered to all parties to the Contract; and the original thereof shall become a part of the contract documents and shall be binding and final as to all parties to the Contract.
- 37 **Objections.** In the event the Professional renders any decision which, in the opinion of either the Owner or the Contractor, is not in accordance with the meaning and intent of this Contract, either party may, within thirty (30) days of receipt of such decision, file its written objection to the decision with the

Professional; and the Professional shall, upon receipt of such written objection and within twenty (20) days thereafter, review the same and render a written affirmation or modification of the original interpretation, which shall become a part of the contract documents. Either party who shall remain aggrieved after the Professional has rendered his affirmation or modification of his previous decision, shall have the right, within a period not to exceed sixty (60) days after the Professional has filed his affirmation or modification of the decision with the City Clerk of the City of Bellaire, Texas to file suit in the District Court of Harris County, Texas, seeking a declaratory judgment or other relief to determine the intent of the contract documents. If any aggrieved party shall fail to file such a petition with the District Court within the time specified, the decision of the Professional shall become final and binding and non-appealable.

- 38 **Recommendation of Payment.** The Professional shall review the Contractor's application for payment and supporting documents, shall determine the amount owed to the Contractor and shall provide written recommendation to the Owner for payment to the Contractor in such amount. Such recommendation of payment to the Contractor shall constitute a representation to the Owner of the Professional's judgment that the work has progressed to the point indicated, to the best of his knowledge, information and belief; however, such recommendation of an application for payment to the Contractor shall not be deemed to be a representation by the Professional that any examination has been made to determine how or for what purpose Contractor has used the monies paid on account of the contract price. In addition, upon review of the Contractor's application for payment and supporting documents, the Professional shall certify to the Owner that no dispute exists between the Contractor and the Professional as to the amount or sufficiency of such payment. As a condition of final payment, the Contractor shall execute an Agreement for Final Payment and Contractor's Sworn Release, in a form as included herein and made a part of these contract documents, being its agreement to accept the amount recommended by the Professional as full payment for the work that has been completed as set out in the Contractor's application for payment and supporting data.

4. **Rights and Responsibilities of the Contractor**

- 4.1 **Independent Contractor.** Contractor is, and shall remain, an independent Contractor, solely responsible for the manner and method of completing the work under this Contract, with full and exclusive power and authority to direct, supervise and control his own employees and to determine the means, method and manner of performing such work, so long as such methods do not adversely affect the completed improvements or any other property abutting or adjoining the work area, the Owner and Professional being interested only in the result obtained and conformity of such completed improvements to the Plans, Specifications and Contract. The fact that the Owner or the

Professional as the Owner's representative shall have the right to observe Contractor's work during his performance and to carry out the other prerogatives which are expressly reserved to and vested in the Owner and the Professional hereunder, is not intended to and shall not at any time change or affect the status of the Contractor as an independent Contractor with respect to either the Owner or the Professional as the Owner's representative or to the Contractor's own employees or to any other person, firm or corporation.

- 42 **Contractor's Understanding.** It is understood and agreed that the Contractor has, by careful examination, satisfied himself as to the nature and location of the work, the conformation of the ground, the character, quality and quantity of the materials to be encountered, the character of equipment and facilities needed preliminary to and during the prosecution of the work, the general and local conditions, and all other matters which in any way affect the work under this Contract. It is further understood that the Contractor has satisfied himself as to the terms, meaning and intent of all of the contract documents and understands the meaning of all parts of such documents or other factors affecting the work, which were not previously understood. No verbal agreement or conversation with any officer, agent or employee of the Owner or the Professional, either before or after the execution of this Contract, shall affect or modify any of the terms or obligations herein contained.
- 43 **Laws and Ordinances.** The Contractor shall at all times observe and comply with all federal, state or local laws, ordinances and regulations, regardless of whether the same are adopted before or after the execution of this Contract, which in any manner affect the Contract or the work, and shall indemnify, save and hold harmless the Owner and the Professional against any claim arising out of the violation of any such laws, ordinances and regulations, whether by the Contractor or his employees. If the Contractor observes that the Plans and Specifications are at variance with federal or state laws or the ordinances or regulations of the City of Bellaire, Texas, he shall promptly notify the Professional in writing, and any necessary changes shall be made as provided in the Contract for changes in the work. If the Contractor performs any work knowing it to be contrary to such laws, ordinances, rules and regulations, and without such notice to the Professional, he shall bear all costs arising therefrom.

The Owner is a municipal corporation of the State of Texas, and the law from which it derives its powers, insofar as the same regulates the objects for which, or the manner in which, or the conditions under which the Owner may enter into contracts, shall be controlling and shall be considered as part of this Contract to the same effect as though embodied herein. The Code of Ordinances of the City of Bellaire, Texas, and other applicable regulations of the City of Bellaire, Texas shall be deemed to be embodied in this Contract.

- 4.4 **Assignment and Subletting.** The Contractor further agrees that he will retain personal control and will give his personal attention to the fulfillment of this Contract and that he will not assign, by power of attorney or otherwise, or sublet said Contract without the written consent of the Professional, and that no part or feature of the work will be sublet to anyone objectionable to the Professional or Owner. In addition, the Owner reserves the right to disapprove the subletting of this Contract or any portion hereof on any basis whatsoever. The Contractor further agrees that the subletting of any portion or feature of the work or materials required in the performance of this Contract shall not relieve the Contractor from his obligations to the Owner, as provided for by this Agreement.
- 4.5 **Performance and Payment Bonds.** In the event the contract price shall be in excess of \$25,000.00, the Contractor shall execute a separate Performance and Payments Bond. In the event the contract shall be in excess of \$25,000.00 the Contractor shall execute a Payment Bond, each in the sum of one hundred percent (100%) of the total contract price, which shall be increased at any time to cover any change orders, additives or add-ons, in accordance with the provisions of Texas Government Code, Chapter 2253, Performance and Payment Bonds Required. All required bonds shall be submitted on forms supplied by the Owner for this purpose, guaranteeing the faithful performance of the work and fulfillment of any guarantees required, and further guaranteeing payment to all persons supplying labor and materials or furnishing him any equipment in the execution of the Contract. It is agreed that the Contract shall not be in effect until such Performance and Payment Bonds are furnished and approved by the Owner.

Each such bond shall be executed by a corporate surety or corporate sureties duly authorized to do business in the State of Texas. The cost of the premium for the Performance and Payment Bonds shall be included in the Contractor's proposal.

- 4.6 **Insurance.** The Contractor, at his own expense, shall procure, maintain and keep in force throughout the life of this Contract, and for one additional year, insurance as hereinafter specified. Such insurance shall be carried with an insurance company licensed to transact business in the State of Texas and shall cover all operations in connection with this Contract, whether performed by the Contractor or a subcontractor, or separate policies shall be provided covering the operation of each subcontractor.

No policy shall be written on a "claim made" form. The Owner shall be named as an additional insured on Contractor's Commercial General Liability, Automobile Liability and excess or Umbrella Liability policies. Owner may waive the additional insured requirement under the Commercial General Liability policy if an Owner's and Contractor's Protective Liability policy with general aggregate limits of \$2,000,000.00, with \$1,000,000.00 per occurrence limit, is provided. The contractual liability coverage in the Commercial General Liability policy shall not be excluded.

The following insurance coverage's will be carried and certified.

1. Workers Compensation Insurance and Employer's Liability Insurance. Workers Compensation Insurance shall be provided as required by state statute covering all employees employed on a work, whether employed by the Contractor or any subcontractor on the job. The Employer's Liability Insurance shall have limits as follows:

Bodily injury by accident:	\$ 500,000.00	each accident
Bodily injury by disease:	500,000.00	policy limit
Bodily injury by disease:	500,000.00	each employee

It shall also be endorsed to waive the carrier's right of subrogation against the Owner.

2. Commercial General Liability Insurance, which shall have the following limits:

General Aggregate Limit:	2,000,000.00
Products Completed Operations Aggregate Limit:	2,000,000.00
Personal and Advertising Injury Limit:	1,000,000.00
Each Occurrence Limit:	1,000,000.00
Fire Damage Limit:	50,000.00
Medical Expense Limit:	5,000.00

It shall be endorsed to waive the carrier's right of subrogation against the Owner. It shall also be endorsed to specify that the above limits apply separately to each location.

3. Automobile Liability Insurance, which shall have the following limits:

Bodily Injury Per Person	250,000.00
Bodily Injury Per Accident	500,000.00
Property Damage	250,000.00

Or a policy providing combined single limits of \$750,000.00. It shall be endorsed to waive the carrier's right of subrogation against the Owner.

4. Owner, at its own discretion, may require any umbrella or excess limits liability policy.

In the event the Contractor shall fail to provide insurance as herein required, or be subject to claim, demand or litigation growing out of or arising from a claim not contemplated herein, such failure on the part of the Contractor shall not serve to release or in any way discharge or shift the liability of the Contractor to the Professional or Owner; but the Contractor does herein agree to indemnify and hold the Professional and Owner harmless from any and all claims growing out of or arising by reason of the circumstances herein enumerated, or any other claims or demands made by any person, growing out of or arising by reason of the work performed by the Contractor.

4.7 **Certificate of Insurance.** Before work on this Contract is commenced, the Contractor and each subcontractor shall submit to the Owner for approval, certificates of insurance covering each insurance policy carried and offered as evidence of compliance with the above insurance requirements, signed by an authorized representative of the insurance company, setting forth:

1. The name and address of the insured;
2. The location of the operations to which the insurance applies;
3. The name of the policy and type or types of insurance in force thereunder on the date borne by such certificate;
4. The expiration date of the policy and the limit or limits of liability thereunder on the date borne by such certificate;
5. A statement that the insurance of the type afforded by the policy applies to all of the operations of whatever character, which are undertaken by the insured during the performance of this Contract, provided such operations are required in the performance of the Contract;
6. A provision that the policy may be cancelled only by mailing written notice to the named insured at the address shown in the policy stating when, not less than fifteen (15) days thereafter, cancellation of such policy shall be effective, with a copy of such letter of intent to the Owner.

4.8 **Contractor's Duty and Superintendence.** The Contractor shall give adequate attention to the faithful prosecution and completion of this Contract and shall keep on the work, during its progress, a competent superintendent and any necessary assistants, all satisfactory to the Professional as the Owner's representative. The superintendent shall represent the Contractor in his absence and shall act as the employee or agent of the Contractor, and all directions given to him shall be binding as if given to the Contractor. Adequate supervision by competent and reasonable representatives of the Contractor is essential to the proper performance of the work, and lack of such supervision shall be grounds for suspending operations of the Contractor.

The work, from its commencement to completion, shall be under the exclusive charge and control of the Contractor, and all risk in connection therewith shall be borne by the Contractor. Neither the Owner nor the Professional as the Owner's representative will be

responsible for the acts or omissions of the Contractor, its subcontractors or any of its agents or employees, or any other persons performing any of the work.

- 4.9 **Character of Workers.** The Contractor agrees to employ only orderly and competent workers, skillful in the performance of the type of work required under this Contract, to do the work, and agrees that whenever the Professional shall inform him in writing that any worker or workers on the work are, in his opinion, incompetent, unfaithful or disorderly, or in the Professional's opinion, are not using their best efforts for the progress of the work, such worker or workers shall be discharged from the work and shall not again be employed on the work without the Professional's written consent.
- 4.10 **Equipment, Materials, Construction Plant and Buildings.** The Contractor shall provide all labor, tools, equipment, machinery and materials necessary in the prosecution and completion of this Contract where it is not otherwise specifically provided that the Owner shall furnish same; and further, the Contractor shall be responsible for the care, preservation, conservation and protection of all materials, supplies, machinery, equipment, tools, apparatus, accessories, facilities, all means of construction and any and all parts of the work, whether the Contractor has been paid, partially paid or not paid for such work, until the entire work is finally completed and accepted.

The building of structures for housing workers, or the erection of tents or other forms of protection, will be permitted only at such places as the Professional shall direct, and the sanitary conditions of the grounds in or about such structures shall at all times be maintained in a manner satisfactory to the Professional. Any structures of any nature constructed or erected by the Contractor for the purposes herein set out, shall be the sole responsibility of the Contractor as to the proper erection or construction thereof; and the Contractor agrees to indemnify and hold the Professional and Owner harmless from any claims of any nature whatsoever brought against either of them for damages allegedly sustained by anyone by reason of the erection, construction or maintenance of Contractor's buildings.

- 4.11 **Sanitation.** Necessary sanitary conveniences for the use of laborers on the work site, properly secluded from public observation, shall be constructed and maintained by the Contractor in such manner and at such points as shall be approved by the Professional, and their use shall be strictly enforced. Any structures of any nature constructed or erected by the Contractor for the purposes herein set out, shall be the sole responsibility of the Contractor as to the proper erection or construction thereof, and the Contractor agrees to indemnify and hold the Professional and Owner harmless from any claims of any nature whatsoever brought against either of them for damages allegedly sustained by anyone by reason of the erection, construction or maintenance of Contractor's buildings.

- 4.12 **Cleaning and Maintenance.** The Contractor shall at all times keep and maintain the premises free from accumulation of debris caused by the work, and at the completion of the work, he shall remove all such debris and also his tools, scaffolding and surplus materials and shall leave the work broom-clean or its equivalent. The work shall be left in good order and condition. In case of dispute, the Owner may remove the debris and charge the cost to the Contractor.
- 4.13 **Performance of Work.** It is further agreed that it is the intent of this Contract that all work must be done and all material must be furnished in accordance with the generally accepted practice for such materials furnished or work completed.
- 4.14 **Right of Owner to Modify Methods and Equipment.** If at any time the methods or equipment used by the Contractor are found to be inadequate to secure the quality of work with the rate of progress required under this Contract, the Owner or the Professional as the Owner's representative may order the Contractor in writing to increase their safety or improve their character and efficiency, and the Contractor shall comply with such order.

If at any time the working force of the Contractor is inadequate for securing the progress herein specified, the Contractor shall, if so ordered in writing, increase his force or equipment, or both, to such an extent as to give reasonable assurance of compliance with the schedule of progress.

- 4.15 **Layout of Work.** Except as specifically provided herein, the Contractor shall be responsible for laying out all work and shall accomplish this work in a manner acceptable to the Professional. At Contractor's request, the Professional will check the Contractor's layout of all major structures and any other layout work done by the Contractor, but this check does not relieve the Contractor of the responsibility for correctly locating all work in accordance with the Plans and Specifications.
- 4.16 **Shop Drawings.** The Contractor shall submit to the Professional, with such promptness as to cause no delay in his own work or in that of any other Contractor, four (4) checked copies, unless otherwise specified, of all shop and/or setting drawings and schedules required for the work of the various trades, and the Professional shall pass upon them with reasonable promptness, making desired corrections. The Contractor shall make any corrections required by the Professional, file with him two (2) corrected copies and furnish such other copies as may be needed. The Professional's acceptance of such drawings or schedules shall not relieve the Contractor from responsibility for deviations from drawings or specifications, unless he has, in writing, called the Professional's attention to such deviations at the time of the submission, and the Professional has acknowledged such deviations in writing, nor shall it relieve him from responsibility for errors of any sort in shop drawings or

schedules. It shall be the Contractor's responsibility to fully and completely review all shop drawings to ascertain their effect on his ability to perform the required contract work in accordance with the Plans and Specifications and within the contract time.

Such review by the Professional shall be for the sole purpose of determining the sufficiency of said drawings or schedules to result in finished improvements in conformity with the Plans and Specifications, and shall not relieve the Contractor of his duty as an independent Contractor as previously set forth, it being expressly understood and agreed that the Professional does not assume any duty as an independent Contractor as previously set forth, it being expressly understood and agreed that the Professional does not assume any duty to pass upon the propriety or adequacy of such drawings or schedules, or any means or methods reflected thereby, in relation to the safety of either person or property during Contractor's performance hereunder, and any action taken by the Professional shall not relieve the Contractor of his responsibility and liability, as set out in the contract documents.

- 4.17 **Professional-Contractor Relationship; Observations.** It is agreed by the Contractor that the Professional, as the Owner's representative, shall be and is hereby authorized to appoint such subordinate engineers, supervisors or observers as the said Professional may from time to time deem proper to observe the materials furnished and the work done under this Agreement, and to see that said material is furnished and said work is done in accordance with the specifications therefore. The Contractor shall furnish all reasonable aid and assistance required by the subordinate engineers, supervisors or observers for the proper observation and examination of the work. The Contractor shall regard and obey the directions and instructions of any subordinate engineers, supervisors or observers so appointed, when such directions and instructions are consistent with the obligations of this Agreement and accompanying Plans and Specifications, provided, however, should the Contractor object to any orders by any subordinate engineer, supervisor or observer, the Contractor may within six (6) days, make written appeal to the Professional for his decision.
- 4.18 **Observation and Testing.** The Owner or the Professional as the Owner's representative shall have the right at all reasonable times to observe and test the work. The Contractor shall make all necessary arrangements and provide proper facilities and access for such observation and testing at any location wherever work is in preparation or progress. The Contractor shall ascertain the scope of any observation which may be contemplated by the Owner or the Professional and shall give ample notice as to the time each part of the work will be ready for such observation. The Owner or the Professional may reject any work found to be defective or not in accordance with the contract documents, regardless of the stage of its completion or the time or place of discovery of such errors, and regardless of whether the Professional has previously accepted the work through oversight or otherwise. If any work is

covered without approval or consent of the Owner, it must; if requested by the Owner or the Professional, be uncovered for examination, at the sole expense of the Contractor. In the event that any part of the work is being fabricated or manufactured at a location where it is not convenient for the Owner or the Professional to make observations of such work or require testing of said work, then in such event, the Owner or the Professional may require the Contractor to furnish the Owner or the Professional with certificates of inspection, testing or approval made by persons competent to perform such tasks at the location where that part of the work is being manufactured or fabricated. All such tests will be in accordance with the methods prescribed by the American Society for Testing and Materials or such other applicable organization as may be required by law or the contract documents.

If any work which is required to be inspected, tested or approved, is covered up without written approval or consent of the Owner or the Professional, it must, if requested by the Owner or the Professional, be uncovered for observation and testing, at the sole expense of the Contractor. The cost of all such inspections, tests and approvals shall be borne by the Contractor unless otherwise provided herein. Any work which fails to meet the requirements of any such tests, inspections or approval, and any work which meets the requirements of any such tests or approval but does not meet the requirements of the contract documents shall be considered defective. Such defective work shall be corrected at the Contractor's expense.

Neither observations by the Owner or by the Professional, nor inspections, tests or approvals made by the Owner, the Professional or other persons authorized under this Agreement to make such inspections, tests or approvals, shall relieve the Contractor from his obligation to perform the work in accordance with the requirements of the contract documents.

- 4.19 **Defects and Their Remedies.** It is further agreed that if the work or any part thereof, or any material brought on the site of the work for use in the work or selected for the same, shall be deemed by the Professional as unsuitable or not in conformity with the Plans and Specifications, the Contractor shall, after receipt of written notice thereof from the Professional, forthwith remove such material and rebuild or otherwise remedy such work so that it shall be in full accordance with this Contract. It is further agreed that any such remedial action contemplated herein shall be at Contractor's expense.
- 4.20 **Liability for Proper Performance.** Engineering construction drawings and specifications, as well as any additional instructions and information concerning the work to be performed, passing from or through the Professional, shall not be interpreted as requiring or allowing the Contractor to deviate from the Plans and Specifications contained as a part of the contract documents, the intent of such drawings, specifications and any other such instructions being to define with particularity the agreement of the parties as to the work the Contractor is to perform. Contractor shall be fully and

completely liable and contractually bound, at his own expense, for design, construction, installation and use or non-use of all items and methods instant to the performance of the Contract, including, without limitation, the adequacy of all temporary supports, shoring, bracing, scaffolding, machinery or equipment, safety precautions or devices, similar items or devices used by him during construction, and work performed either directly or incident to construction, and for all loss, damage or injury incident thereto, either to person or property, whether such damage be suffered by the Professional, the Owner or any other person not a party to this Contract.

Any review of work in progress or any visit or observation during construction, or any clarification of Plans, and Specifications by the Professional or Owner, or any agent, employee or representative of either of them. Whether through personal observation on the project site or by means of review of shop drawings for construction or construction processes, or by other means or methods, is agreed by the Contractor to be for the purpose of observing the extent and nature of work completed or being performed, as measured against the drawings and specifications which are part of the Contract, or for the purpose of enabling the Contractor to more fully understand the Plans and Specifications so that the completed construction work will conform thereto, and shall in no way relieve the Contractor from full and complete responsibility for proper performance of his work on the project, including, without limitation, the propriety of means and methods of the Contractor in performing said Contract, and the adequacy of any designs, plans or other facilities for accomplishing such performance. Any action by the Professional or the Owner in visiting or observing during construction, or any clarification of Plans and Specifications shall not constitute a waiver of Contractor's liability for damages as herein set out. Deviation by the Contractor from Plans and Specifications, whether called to the Contractor's attention or not, shall in no way relieve Contractor from his responsibility to complete all work in accordance with said Plans and Specifications, and further shall not relieve Contractor of his liability for loss, damage or injury as herein set out.

- 421 **Protection Against Accident to Employees and the Public.** The Contractor shall take out and procure a policy or policies of Workers Compensation Insurance with an insurance company licensed to transact business in the State of Texas, which policy shall comply with the Worker's Compensation laws of the State of Texas. The Contractor shall at all times exercise reasonable precautions for the safety of employees and others on or near the work and shall comply with all applicable provisions of federal, state and municipal laws and building and construction codes. All machinery and equipment and other physical hazards shall be guarded in accordance with the "Manual of Accident Prevention in Construction" of the Associated General Contractors of America, except where incompatible with federal, state or municipal laws or regulations. The Contractor shall provide machinery guards, safe walkways, ladders, bridges, gangplanks and other safety devices.

The safety precautions actually taken and their adequacy shall be the sole responsibility of the Contractor, in his sole discretion as an independent Contractor. Inclusion of this paragraph in the Agreement, as well as any notice which may be given by the Owner or the Professional as the Owner's representative concerning omissions under this paragraph as the work progresses, are intended as reminders to the Contractor of his duty and shall not be construed as any assumption of duty to supervise safety precautions by either the Contractor or any of his subcontractors.

4.22 **Protection of Adjoining Property.** The Contractor shall employ proper means to protect the adjacent or adjoining property or properties in any way encountered, which might be injured or seriously affected by any process of construction to be undertaken under this Agreement, from any damage or injury by reason of said process of construction; and he shall be liable for any and all claims for such damage on account of his failure to fully protect all adjoining property. The Contractor agrees to indemnify, save and hold harmless the Owner and the Professional against any claim or claims for damages due to any injury to any adjacent or adjoining property, arising or growing out of the performance of this Contract.

4.23 **Protection Against Claims of SubContractors, Laborers, Material-men and Furnishers of Machinery, Equipment and Supplies.** The Contractor agrees that he will indemnify, save and hold the Owner and the Professional harmless from all claims growing out of the lawful demands of subcontractors, laborers, workers, mechanics, material-men and furnishers of machinery and parts thereof, equipment, power tools and all supplies, including commissary, incurred in the furtherance of the performance of this Contract. When so desired by the Owner, the Contractor shall furnish satisfactory evidence that all obligations of the nature hereinabove designated have been paid, discharged or waived.

If the Contractor fails to do so, then the Owner may, at the option of the Owner, either pay directly any unpaid bills of which the Owner has written notice, or withhold from the Contractor's unpaid compensation a sum of money deemed reasonably sufficient to liquidate any and all such lawful claims until satisfactory evidence is furnished that liabilities have been fully discharged, whereupon payments to the Contractor shall be resumed in full, in accordance with the terms of this Contract.

Any and all communications between any parties under this paragraph shall be in writing.

4.24 **Protection Against Royalties or Patent Invention.** The Contractor shall pay all royalties and license fees and shall provide for the use of any design, device, material or process covered by letters patent or copyright, by suitable legal agreement with the patentee or Owner thereof. The Contractor shall defend all suits or claims for infringement of any patent or copyright and shall indemnify, save and hold the Owner and the Professional harmless from any

loss on account thereof, except that the Owner shall defend all such suits and claims and shall be responsible for all such loss when a particular design, devise, material or process or the product of a particular manufacturer or manufacturers is specified or required by the Owner; provided, however, if a choice of alternate design, device, material or process is allowed to the Contractor, then the Contractor shall indemnify, save and hold the Owner harmless from any loss on account thereof. In addition, if the material or process specified or required by the Owner is an infringement, the Contractor shall be responsible for such loss unless he promptly gives written notice to the Owner of such infringement.

- 425 **Indemnification.** The Contractor shall be solely responsible for the safety of himself, his employees and all other persons, as well as for the protection of the improvements being erected and the property of himself or any other person, as a result of his operations hereunder. The Contractor agrees to indemnify and hold the Professional and the Owner harmless from any claims or demands of any nature whatsoever made by any employee, employees, agents or subcontractors of Contractor, or by any union, trade association, workers' association or other groups, associations or individuals, allegedly representing employees of the Contractor, in any dispute between the Contractor and his employees, directly or indirectly involving, growing out of or arising from claims by such employees for wages, salary, working conditions or any other complaint or claim which may be made.

The Contractor, his sureties and insurance carriers shall defend, indemnify and hold harmless the Owner and the Professional and their respective officers, agents and employees from and against all damages, claims, losses, demands, suits, judgments and costs of any character whatsoever, including reasonable attorney's fees and expenses, and shall be required to pay any judgment therefore, with costs, which may be obtained against the Owner and/or the Professional or any of their officers, agents or employees, arising out of or resulting from the performance of the work, provided that any such damages, claim, loss, demand, suit, judgment, cost or expense:

1. Is attributable to bodily injury, sickness, disease or death or injury to or destruction of tangible property, including the loss of use resulting there from; and
2. Is caused in whole or in part by any negligent act or omission of the Contractor, any subcontractor, their agents or employees, or anyone directly or indirectly employed by any one of them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

The obligation of the Contractor under this Agreement shall not extend to the liability of the Professional, his agents or employees, arising out of the preparation or approval of maps, drawings, reports, surveys, designs or specifications, or the giving of or the failure

to give directions or instructions by the Professional, his agents or employees, provided such giving or failure to give is the primary cause of the injury or damage.

- 4.26 **Losses From Natural Causes.** All loss or damage to the Contractor arising out of the nature of the work to be done or from any unforeseen circumstance in the prosecution of the same, or from the action of the elements, or from unusual obstructions or difficulties which may be encountered in the prosecution of the work, shall be sustained and borne by the Contractor at his won cost and expense.

5. Prosecution and Progress

- 5.1 **Time and Order of Completion.** It is the meaning and intent of this Contract, unless otherwise herein specifically provided, that the Contractor shall be allowed to prosecute his work at such times and seasons, in such order of precedence, and in such manner as shall be most conducive to economy of construction; provided, however, that the order and time of prosecution shall be such that the work shall be substantially completed as a whole and in part, in accordance with this Contract, the Plans and Specifications, and within the time of completion designated in the Proposal; provided, also, that when the Owner is having other work done, either by contract or by its own force, the Professional may direct the time and manner of constructing the work done under this Contract, so that conflict will be avoided and the construction of the various works being done for the Owner shall be harmonized.

The Contractor shall submit, at such times as may reasonably be requested by the Professional, schedules which shall show the order in which the Contractor proposes to carry on the work, with dates on which the Contractor will start the several parts of the work, and estimated dates of completion of the several parts.

- 5.2 **Extension of Time.** The Contractor agrees that he has submitted his Proposal in full recognition of the time required for the completion of this project, taking into consideration the average climatic range and industrial conditions prevailing in this locality, and has considered the liquidated damage provisions as hereinafter set forth and that he shall not be entitled to, nor will he request, an extension of time on this Contract, except when completion of the work has been delayed by an act of neglect of the Owner, the Professional, or any employee of either, by other Contractors employed by the Owner, by changes ordered in the work, by strikes, lockouts, fires and unusual delays by common carriers, by unavoidable cause or causes beyond the Contractor's control, or delay. The Contractor shall give the Professional prompt notice in writing, of the cause of such delay; and within ten (10) days, after receipt of a written request for an extension of time from the Contractor, supported by all requested documentation, the Professional shall submit such written request, together with his written recommendation, to the City Council

of the City of Bellaire, Texas, for consideration, and the City Council shall grant an extension of time for completing the work, sufficient to compensate for the delay.

- 5.3 **Hindrances and Delays.** In executing the Contract Agreement, the Contractor agrees that in undertaking to complete the work within the time herein fixed, he has taken into consideration and made allowances for all hindrances and delays incident to such work, whether growing out of delays in securing material or workmen or otherwise. No claim shall be made by the Contractor for damages resulting from hindrances or delays from any cause during the progress of any portion of the work embraced in this Contract, except where the work is stopped by order of the Owner, or the Professional as the Owner's representative for the Owner's convenience, in which event such expense as in the judgment of the Professional is caused by such stoppage of said work shall be paid by the Owner to the Contractor.
- 5.4 **Liquidated Damages for Delay.** It is understood and agreed that time is of the essence and that the Contractor will commence said work on the date specified and will complete said work within the time specified in the Proposal. It is expressly understood and agreed, by and between the Contractor and the Owner, that the time for the completion of the work described herein is reasonable time for the completion of the same, taking into consideration the average climatic range and conditions and usual industrial conditions prevailing in this locality. The Contractor further agrees to pay, as liquidated damages and not as penalty, a sum of money in dollars as set out in the Proposal and Bid, estimated, computed, determined and agreed upon because of the uncertainty and difficulty of measuring actual damages, for every day that the work called for by the Contract shall remain uncompleted and unfinished; and the Contractor further agrees that the Owner may deduct and retain such liquidated damages out of the money due Contractor under the terms of this Contract.

6. Measurement and Payment

- 6.1 **Discrepancies and Omissions.** It is agreed that it is the intent of this Contract that all work described in the Proposal, the Plans and Specifications and other contract documents, is to be done for the prices quoted by the Contractor and that such price shall include all appurtenances necessary to complete the work in accordance with the intent of these contract documents as interpreted by the Professional. If the Contractor finds any discrepancies or omissions in these Plans, Specifications or contract documents, he should notify the Professional and obtain a clarification before the bids are received, and if no such request is received by the Professional prior to the opening of bids, then it shall be considered that the Contractor fully understands the work to be included and has provided sufficient sums in his Proposal to complete the work in accordance with these Plans and Specifications. It is further understood that

any request for clarification must be submitted no later than five (5) days prior to the opening of bids.

- 62 **Quantities and Measurements.** No extra or customary measurements of any kind will be allowed, but the actual measured and/or computed length, area, solid contents, number and weight only shall be considered, unless otherwise specifically provided.
- 63 **Estimated Quantities.** This Agreement, including the Specifications, Plans and estimate, is intended to show clearly all work to be done and material to be furnished hereunder. Where the estimated quantities are shown for the various classes of work to be done and material to be furnished under this Contract, they are approximate and are to be used only as a basis for estimating the probable cost of the work and for comparing the proposals offered for the work. It is understood and agreed that the actual amount of work to be done and the materials to be furnished under this Contract may differ somewhat from the estimates and that the items listed or estimated quantities stated shall not give rise to a claim by the Contractor against the Owner for compensation, unless the work shall have actually been authorized and performed and material supplied.

Where payment is based on the unit price method, the Contractor agrees that he will make no claim for damages, anticipated profits or otherwise, on account of any differences which may be found between the quantities of work actually done and the material actually furnished under this Contract and the estimated quantities contemplated and contained in the Proposal.

- 64 **Price of Work.** In consideration of the furnishing of all necessary labor, equipment and material and the completion of all work by the Contractor, and upon the completion of all work and the delivery of all materials embraced in this Contract in full conformity with the specifications and stipulations herein contained, the Owner agrees to pay to the Contractor the prices set forth in the Proposal attached hereto, which is made a part of this Contract, for the material actually used and services actually performed; however, the Owner does not assume any obligation to pay for any services or materials not actually authorized and used. The Contractor hereby agrees to receive such prices as payment in full for furnishing all materials and all labor required for the aforesaid work, and for all expenses incurred by him, and for full performance of the work and the whole thereof in the manner and according to this Agreement, the attached Plans and Specifications and contract documents, and the requirements of the Professional.
- 65 **Payments.** No payments made or certificates given shall be considered as conclusive evidence of the performance of the Contract, either in whole or in part, nor shall any certificate or payment be considered as acceptance of defective work. Contractor shall, at any time requested during the progress of the work, furnish the Owner or the Professional with a verifying certificate

showing the Contractor's total out standing indebtedness in connection with the work. Before final payment is made, the Contractor shall satisfy the Owner, by affidavit or otherwise, that there are no outstanding liens against Owner's premises by reason of any work under the Contract. Acceptance by Contractor of final payment of the contract price shall constitute a waiver of all claims against Owner which have not theretofore been timely filed as provided in this Contract.

- 66 **Partial Payments.** On or before the tenth day of each month, the Contractor shall prepare and submit the Professional, for approval or modification, an application for partial payment, being a statement showing as completely as practicable, the total value of the work done by the Contractor up to and including the last day of the preceding month; said statement shall also include the value of sound materials delivered on the site of the work that are to be fabricated into the work. The Professional shall then review such statement and application for partial payment and the progress of the work made by the Contractor and, if found to be in order, shall prepare a certificate for partial payment and shall deliver his certification for payment to the Owner and the Contractor.

The Contractor shall then, prior to payment by the Owner, certify and attest to the certification that he is in accord with the certification and agrees to accept the amounts set out therein and the total set out therein for the work and for the prices contained in the certification. If the Contractor does not agree or desires to protest the Professional's certification, the same shall not be certified by the Professional to the Owner for payment until such dispute has been resolved, and the Contractor agrees that any claim by the Contractor for additional compensation, of any nature whatsoever, not contained in the Professional's certification, shall be waived, and further contracts and agrees, upon acceptance of the payment, that this shall constitute full and final payment for work performed by the Contractor contained in the Contractor's statement which shall be attached to the Professional's certification.

The Owner shall then pay the Contractor, within thirty (30) days of receipt of the Professional's recommendation for payment, the total amount of the Professional's Certificate of Partial Payment, less percent (%) of the amount thereof, which percent (%) shall be retained until final payment, and further less all previous payments and all further sums that may be retained by the Owner under the terms of this Agreement. It is understood, however, that in case the whole work be near to completion, as certified by the Professional, and some unexpected or unusual delay occurs, through no neglect or fault on the part of the Contractor, the Owner may, upon written recommendation of the Professional, pay a reasonable and equitable portion of the retained percentage to the Contractor, or the Contractor, at the Owner's option, may be relieved of the obligation to fully complete the work, and thereupon, the Contractor shall receive, at the Owner's option, payment of the balance due him under the Contract, subject only to the conditions set forth under "6.09 Final Payment."

- 6.7 **Use of Completed Portions.** The Owner shall have the right to take possession of and use any completed or partially completed portions of the work, notwithstanding that the time for completing the entire work or such portions may not have expired; but such taking possession and use shall not be deemed an acceptance of any work not completed in accordance with the contract documents. If such prior use increases the cost of or delays the work, the Contractor shall be entitled to such extra compensation or extension of time, or both, as may be determined in accordance with the provisions of this Agreement.

The Contractor shall notify the Professional, by letter executed by a duly qualified officer of Contractor, that in Contractor's opinion, the contract is "substantially completed." When so notifying the Professional, the Contractor shall furnish to the Professional, in writing, a detailed list of unfinished work. The Professional will review the Contractor's list of unfinished work and will add thereto such items as the Contractor failed to include. The substantial completion of the structure or facility shall not excuse the Contractor from performing all of the work undertaken, whether of a minor or major nature, and thereby completing the structure or facility in accordance with the contract documents.

- 6.8 **Final Completion and Acceptance.** Within ten (10) days after the Contractor has given the Professional written notice that the work has been completed or substantially completed, the Professional and the Owner shall inspect the work; and within said time, if the work be found to be completed or substantially completed in accordance with the contract documents, the Professional shall issue to the Owner and the Contractor his Certificate of Completion. Thereupon, it shall be the duty of the Owner, within ten (10) days, to issue a Certificate of Acceptance of the work to the Contractor or to advise the Contractor in writing of the reason for non-acceptance.
- 6.9 **Final Payment.** Upon the issuance of the Certificate of Completion and the Owner's Certificate of Acceptance, the Professional shall proceed to make final measurements and prepare a final statement of the value of all work performed and materials furnished under the terms of the Agreement and shall present the same to the Contractor for acceptance. The Contractor if he finds such statement to be in order, including all work upon which a claim for payment may be made, shall note his acceptance thereon; and by accepting the same, the Contractor agrees to release any and all claims of any nature whatsoever against the Owner or the Professional, growing out of or by reason of the performance of the Contract, the construction of the work, for extra work, or for any other reason whatsoever, either growing out of the Contractor and the documents attached thereto or otherwise. In addition, the Contractor shall execute a full and final release in a form provided by the Owner, a copy of which is attached to these contract documents and made a part hereof, which shall be resented to the Owner, with the Professional's final statement and any Change Orders or

additions or deletions therefrom, duly attested by the Contractor, requesting payment.

The Owner shall pay to the Contractor, on or after the 30th day and before the 35th day after the date of the Certificate of Completion, the balance due the Contractor under the terms of the Agreement, provided the Contractor has duly executed and returned all documents requiring execution or approval as herein provided, or as may be provided by the Owner, and that he has fully performed his contractual obligations under the terms of this Contract. Neither the Certificate of Acceptance nor the final payment nor any provision in the contract documents shall relieve the Contractor of the obligation for fulfillment of any warranty, which may be required by law or by the contract documents.

- 6.10 **Correction Of Work Before Final Payment.** The Contractor shall promptly remove from Owner's premises all materials condemned by the professional on account of failure to conform to the Contract, whether actually incorporated in the work or not, and Contractor shall, at his own expense, promptly replace such condemned materials with other materials conforming to the requirements of the Contract. The Contractor shall also bear the expense of restoring all work of other Contractors damaged by any such removal or replacement. If Contractor does not remove and replace any such condemned work within a reasonable time after receipt of a written notice from the Owner or the Professional, the Owner may remove and replace it at Contractors expense.
- 6.11 **Correction Of Work After Final Payment.** Neither the final payment nor certificate nor any provision in this Contact shall relieve the Contractor of responsibility for faulty materials or workmanship, and he shall remedy any defects due thereto and pay for any damage to other work resulting therefrom, which shall appear within a period of one (1) year from the date of substantial completion. The Owner of the Professional shall give notice of observed defects with reasonable promptness.
- 6.12 **Payments Withheld.** The Owner may, on account of subsequently discovered evidence, withhold or nullify the whole or part of any certificated or withhold partial or full payment to such extent as may be necessary to protect himself from loss on account of:
 1. Defective work not remedied;
 2. Claims filed or reasonable evidence indicating probable filing of claims;
 3. Failure of the Contractor to make payments properly to subcontractors or for material or labor;
 4. Damage to another Contractor;
 5. Reasonable doubt that the work can be completed for the unpaid balance of the contract amount;
 6. Reasonable indication that the work will not be completed within the contact time;

7. Failure on the part of the Contractor to execute any and all documents, releases or other documents presented to the Contractor for execution, as provided for herein or otherwise.

When the above grounds are removed or the Contractor provides a Surety Bond satisfactory to the Owner, which will protect the Owner in the amount withheld, payment may be made for the amounts withheld because of them. However, the Owner shall have the discretion of withholding or making payment in the event any of items 1 through 7 shall be applicable to the work or progress thereof.

61.3 Delayed Payments. Should the Owner fail to make payment to the Contractor of the sum named in any partial or final statement, when payment is due, after the same has been properly approved by both the Professional and the Contractor, and the Contractor has met all other conditions stipulated herein or in the contract documents entitling the Contractor to payment, then the Owner shall pay to the Contractor, in addition to the sum shown as due by such statement, interest thereon at the rate of six percent (6%) per annum from date due, as provided under "6.06 Partial Payments" and "6.09 Final Payment", until fully paid, which shall fully liquidate any injury to the Contractor growing out of such delay in payment; but the right is expressly reserved to the Contractor, in the event payments be not promptly made as provided under "6.06 Partial Payments", to at any time thereafter treat the Contract as abandoned by the Owner and to recover compensation as provided under "8. Abandonment Of Contract", unless such payments are withheld in accordance with the provisions of "6.12 Payments Withheld".

Extra Work And Claims

6.13 Change Orders. Without invalidating this Agreement, the Owner may, at any time or from time to time, order additions, deletions or revisions to the work; such changes will be authorized by Change Order to be prepared by the Professional for execution by the Owner and the Contractor. The Change Order shall set forth the basis for any change in contract price, as hereinafter set forth for Extra Work, and any change in contract time which may result from the change.

In the event the Contractor shall refuse to approve a Change Order which has been prepared by the Professional, the Professional may instruct the Contractor, in writing, to proceed with the work as set forth in the Change Order, and the Contractor may make a claim against the Owner for Extra Work involved therein. However, the Contractor shall only be entitled to payment upon the execution of the final certification and release in a form as provided for herein, and Contractor shall approve such certification before the Owner shall be obligated to make payment.

6.14 Minor Changes. The Professional may authorize minor changes in the work not inconsistent with the overall intent of the contract documents and not

involving an increase in contract price. If the Contractor believes that any minor change or alteration authorized by the Professional involves Extra Work or entitles him to an increase in the contract price, the Contractor shall make written request to the Professional for a written Field Order.

In such case, the Contractor, by copy of his communication to the Professional or otherwise in writing, shall advise the Owner of his request to the Professional for a written Field Order and that the work involved may result in an increase in the contract price.

Any request by the Contractor for a change in contract price shall be made prior to beginning the work covered by the proposed change.

6.15 **Extra Work.** It is agreed that the Contractor shall perform all Extra Work under the direction of the Professional when presented with a written work order signed by the Professional, subject, however, to the right of the Contractor to require written confirmation of such Extra Work order by the Owner. It is agreed that the basis of compensation to the Contractor for work either added or deleted by a Change Order, or for which a claim for Extra Work is made, shall be determined by one or more of the following methods:

- Method (A) By agreed unit prices; or
- Method (B) By agreed lump sum; or
- Method (C) If neither Method (A) nor Method (B) be agreed upon before the Extra Work is commenced, then the Contractor shall be paid the "actual field cost" of the work, plus fifteen percent (15%).

In the event said Extra Work is performed and paid for under Method ©, then the provision of this paragraph shall apply and the "actual field cost" is hereby defined to include the cost to the Contractor of all workers, such as foremen, timekeepers, mechanics and laborers, and materials, supplies, trucks, rentals on machinery and equipment, for the time actually employed or used on such Extra Work, plus actual transportation charges necessarily incurred together with all power, fuel, lubricants, water and similar operating expenses, plus all necessary incidental expenses incurred directly on account of such Extra Work, including Social Security, Old Age Benefits and other payroll taxes, and a rateable proportion of premiums on Performance and Payment Bonds and Maintenance Bonds, Public Liability and Property Damage and Worker's Compensation, and all other insurance as may be required by law or ordinance, or directed by the Owner, or by them agreed to.

The Professional may direct the form in which accounts of the "actual field cost" shall be kept and the records of these accounts shall be made available to the Professional. The Professional or Owner may also specify in writing, before the work commences, the method of doing the work and the type and kind of machinery and equipment to be used; otherwise these matters shall be determined by the Contractor. Unless otherwise agreed upon, the prices for the use of machinery and equipment shall be

determined by using one hundred percent (100%), unless otherwise specified, of the latest schedule of Equipment Ownership Expense adopted by the Associated General Contractors of America where practicable, and the terms and prices for the use of machinery and equipment shall be incorporated in the written Extra Work Order. The fifteen percent (15%) of the "actual field cost" to be paid to the Contractor, shall cover and compensate him for his profit, overhead, general superintendence and field office expense, and all other elements of the cost and expense not embraced within the "actual field cost" as herein defined, save that where the Contractor's camp or field office must be maintained primarily on account of such Extra Work, then the cost to maintain and operate the same shall be included in the "actual field cost".

No claim for Extra Work of any kind will be allowed unless ordered in writing by the Professional. In case any orders or instructions, either oral or written, appear to the Contractor to involve Extra Work for which he should receive compensation or an adjustment in the construction time, he shall make written request to the Professional for written order authorizing such Extra Work. Should a difference or opinion arise as to what does or does not constitute Extra Work, or as to the payment therefore, and the Professional insists upon its performance, the Contractor shall proceed with the work after making written request for written order and shall an accurate account of the "actual field cost" thereof, as provided under Method (C). The Contractor shall then have the right to submit his claim directly to the Owner by proper certification and attestation, on forms provided by the Owner. If the Owner shall fail to pay or guarantee to pay said amount claimed within thirty (30) days of the date of submission, the Contractor shall have the right to file suit in the District Court of Harris County, Texas, for declaratory judgment or other relief, to determine his rights to such claim; and if he shall fail to file suit within sixty (60) days after the date of presentment to the Owner, the Contractor shall lose and forfeit his right to make such claim for Extra Work at any later date, and all claims held by the Contractor shall be deemed forfeited and forever barred if the Contractor shall accept final payment without having first filed suit in the District Court.

- 6.16 Time Of Filing Claims.** It is further agreed by both parties hereto that all questions of dispute or adjustment presented by the Contractor shall be in writing and filed with the Professional within thirty (30) days after the Professional has given any directions, order or instruction to which the Contractor desires to take exception. The Professional shall reply within thirty (30) days to such written exceptions by the Contractor and render his final decision in writing. In case the Contractor should desire to appeal from the Professional's decision directly to the Owner, such meeting to occur within ten (10) days after the date of the delivery to the Contractor of the Professional's final decision. If the Contractor shall still be aggrieved after a meeting with the Owner and/or his representative, the Contractor shall have sixty (60) days after the date of the delivery to the Contractor of the Professional's final decision, to appeal the same to the District Court of Harris, County, Texas, by filing suit for declaratory judgment or other appropriate relief. In the event the Contractor shall fail, for any reason, to file suit, and shall accept final payment for all work completed, the Owner shall be released of any and all liability, and the action

by the Contractor in accepting final payment shall constitute a final bar and satisfaction of all claims held by the Contractor against the Owner.

7. Abandonment of Contract

- 7.1 **Abandonment by Contractor.** In case the Contractor should abandon and fail or refuse to resume work within ten (10) days after written notification from the Owner or the Professional, or if the Contractor fails to comply with the orders of the Professional when such orders are consistent with the contract documents, then and in that case, where Performance and Payment Bonds exist, the sureties on these bonds shall be notified in writing and directed to complete the work, and a copy of said notice shall be delivered to the Contractor.

After receiving said notice of abandonment, the Contractor shall not remove from the work any machinery, equipment, tools, materials or supplies then on the job, but the same, together with any materials and equipment under contract for the work, may be held for use on the work by the Owner or the surety on the Performance Bond, or another Contractor in completion of the work; and the Contractor shall not receive any rental or credit therefore, it being understood that the use of such equipment and materials will ultimately reduce the cost to complete the work and be reflected in the final settlement.

Where there is not Performance Bond or in case the surety should fail to commence compliance with the notice for completion herein above provided for within ten (10) days after the service of such notice, then the Owner may provide for completion of the work in either of the following elective manners:

- (a) The Owner may thereupon employ such force of workers and use such machinery, equipment, tools and supplies to said Contractor, and expense so charged shall be deducted and paid by the Owner out of such monies as may be due or that may thereafter at any time become due to the Contractor under and by virtue of this Agreement. In case such expense is less than the sum which would have been payable under this Contract if the same had been completed by the Contractor, then said Contractor shall receive the difference. In case such expense is greater than the sum which would have been payable under this Contract if the same had been completed by said Contractor, then the Contractor and/or his surety shall pay the amount of such excess to the Owner; or
- (b) The Owner, under sealed bids, under the times and procedures provided for by law, may let the contract for completion of the work under substantially the same terms and conditions which are provided in this Contract. In case of any increase in cost to the Owner under the new Contract, as compared to what would have been the cost under this Contract, such increase shall be charged to the Contractor, and the surety shall be and remain in bound therefore. However, should the

cost to complete any such new Contract prove to be less than what would have been the cost to complete under this Contract, the Contractor and/or his surety shall be credited therewith.

When the work shall have been substantially completed, the Contractor and his surety shall be so notified and Certificates of Completion and Acceptance, as hereinabove provided, shall be issued. A complete itemized statement of the contract accounts, certified by the Professional as being correct, shall then be prepared and delivered to the Contractor and his surety, whereupon the Contractor and/or his surety shall pay the balance due as reflected by said statement, within fifteen (15) days after the date of such Certificate of Completion. The Owner, prior to incurring an obligation to make payment hereunder, shall have such statement of completion attested to by the Contractor as accurate, and upon payment of the sum stated therein, the Owner shall be entitled to full and final release of any claims or demands by the Contractor.

In the event the statement of accounts shows that the cost to complete the work is less than that which would have been the cost to the Owner had the work been completed by the Contractor under the terms of this Contract, or when the Contractor and/or his surety shall pay the balance shown to be due by them to the Owner, then all machinery, equipment, tools or supplies left on the site of the work shall be turned over to the Contractor and/or his surety. Should the cost to complete the work exceed the cost to complete the work exceed the contract price, and the Contractor and/or his surety fail to pay the amount due the Owner within the time designated above, and there remains any machinery, equipment, tools, materials or supplies on the site of the work, notice thereof, together with an itemized list of such equipment and materials, shall be mailed to the Contractor and his surety at the respective addresses designated in the Contract, provided, however, that actual written notice given in any manner will satisfy this condition. After mailing or whether giving of such notice, such property shall be held at the risk of the Contractor and his surety, subject only to the duty of the Owner to exercise ordinary care to protect such property. After fifteen (15) days from the date of such notice, the Owner may sell such property, equipment, tools, materials or supplies, and apply the net sum derived from such sale made at either public or private sale, with or without notice, as the Owner may elect. The Owner shall release any machinery, equipment, tools, materials or supplies, which remain on the work, and belong to persons other than the Contractor or his surety, to their proper Owners. The books on all operations provided herein shall be open to the Contractor and his surety.

- 7.2 **Abandonment by Owner.** In case the Owner shall fail to comply with the terms of this Contract and should fail or refuse to comply with said terms within ten (10) days after written notification by the Contractor, then the Contractor may suspend or wholly abandon the work, and may remove therefrom all machinery, tools and equipment, and all materials on the site of the work that have not been included in payments to the Contractor and have not been wrought into the work. And thereupon, the Professional shall make an estimate of the total amount earned by the Contractor, which estimate shall include the value of all work actually completed by said Contractor (at the prices stated in

the attached Proposal where unit prices are used), the value of all partially completed work at a fair and equitable price, and the amount of all Extra Work performed at the prices agreed upon, or provided for by the terms of this Contract, and a reasonable sum to cover the cost of any provisions made by the Contractor to carry the whole work to completion and which cannot be utilized. The Professional shall then make a final statement of the balance due the Contractor by deducting from the above estimate all previous payments by the Owner and all other sums that may be retained by the Owner under the terms of this Agreement, and shall present the same to the Contractor for the Contractor's approval; and upon the Contractor's approving the same as being true, correct and accurate, and upon payment of said sum, the Contractor shall release the Owner of any and all liability growing out of or by reason of said Contract, and then the same shall be presented to the Owner, who shall pay to the Contractor, on or before thirty (30) days after the date of notification by the Contractor of the balance shown by said final statement as due the Contractor under the terms of this Agreement.

8. Arbitration

- 8.01 Any party to this Contract, upon the written agreement and acquiescence of all other parties, may submit any question or dispute under the terms and provisions of the contract documents, to arbitration under such procedure and agreements as the parties shall make in writing prior to arbitration.

The results of arbitration shall be binding and shall constitute an amendment to the contract documents when accepted in writing by the parties to the Contract.

Bellaire Town Square Family Aquatic Center Leisure Pool Re-Plaster Specifications

Work Included:

- A. All preparation of the swimming pool structures and labor and materials required to provide swimming pool plaster and new frame and grates to the Bellaire Pool.

Quality Assurance:

- A. All work for this project shall be performed and supervised by a Commercial Swimming Pool Contractor with a minimum of five (5) years' experience plastering pools.
- B. Qualifications.
 - 1. The contractor to perform this work shall have been successfully engaged in this respective trade for at least five (5) years immediately prior to the commencement of this work, and shall demonstrate to the approval of the Owner's Representative that their record of workmanship is satisfactory. (Please provide three (3) references.)
 - 2. For actual construction operations, use only thoroughly trained and experienced workers completely familiar with the materials and methods specified.
 - 3. Provide at least one person who shall be present at all times during execution of the work and who shall be thoroughly qualified with the type of materials being installed.
 - 4. Standards: Swimming Pool Plaster shall be designed to comply with the published standards of the State and Local Health Department. In addition meet requirements of applicable portions of the most current edition of the National Plaster Council.
 - 5. Standards: All Swimming Pool Frame and Grates shall be designed and comply with published standards to meet all VGBA Federal requirements.

Start-Up:

- A. Contractor must start the week of January 9, 2017
- B. Owner will furnish all start-up chemicals.
- C. Contractor will furnish labor to condition and balance the pool water properly to the following specifications:
 - 1. Calcium Hardness: 220-280 ppm
 - 2. Total Alkalinity: 100 ppm
 - 3. Chlorine Residual: 1.50 -2.00 ppm
 - 4. pH: 7.2 – 7.6

Environmental Conditions:

- A. No plastering shall be done under unsuitable conditions of weather or temperature. No plastering shall be done when prevailing temperature is 40 degrees Fahrenheit or less.
- B. Do not install plaster during rain and, if rain commences after plastering has begun, immediately protect the plaster from rain by all means necessary until the plaster has set.
- C. Do not install plaster during wind greater than 10 mph and, if wind commences after plastering has begun, immediately protect the plaster from wind by all means necessary until plaster has set.

Bellaire Town Square Family Aquatic Center Leisure Pool Re-Plaster Specifications

Plaster Color:

- A. Swimming Pool Plaster shall be white in color.
- B. Beach Entry shall be Blue Quartz

Pre-Bid:

- A. The pre-bid meeting will be held at the Bellaire Recreation Center, 7008 Fifth Street, Bellaire, TX 77401 on **Wednesday, November 2, 2016** at **1:00 pm**. It is highly recommended that all prospective bidders attend the pre-bid meeting.

Discrepancies:

- A. In the event of discrepancies, immediately notify Owner's Representative.

Scope of Work:

- A. The contractor shall be responsible for draining the water out of the pool at the start of the project. The contractor will be responsible for draining any water which enters the pool after the initial draining.
- B. The removal of all hydrostatic valves in the pool floor and installation of relief valves will be done upon draining of the pool to insure against pool flotation.
- C. Removal of all existing Frame and Grates and installation of all new Frame and Grates to meet VGBA requirements.
- D. Double saw cut around all perimeter tile, floor tile, lights, vacuum lines, returns, lane lines, rope anchors, touch pads, drains and any other appurtenances being sure to completely remove plaster to allow for a uniform plaster finish at all exposed interior fixtures.
- E. Strip off; chip off 100% of the entire old cementations surface coating to hardest surface or original Gunitite Shell.
- F. The entire plaster surface is to be washed and scrubbed with 20 baum muriatic acid as many times needed in order to remove any foreign materials and rough surfaces with approval of project manager.
- G. Apply a solution of soda and water to the surface for acid neutralization. The accumulating acid and soda solutions shall be disposed of in an environmentally safe manner, based on federal, state, and local guidelines and law.
- H. The plaster coating shall consist of four parts white Portland cement, seven parts ground white marble and not more than 1% calcium. The mixture shall be applied to the shell in two coats. The finish coat shall be troweled finished to a smooth uniform finish. The plaster finish shall be a minimum 3/8" thick throughout.
- I. Refilling the pool with water will be performed when needed, by contractor at the owner's expense. The owner will furnish necessary chemicals to balance the pool pH, the pool chlorine, the pool total alkalinity and the pool calcium hardness, immediately following the filling of the pool.

Bellaire Town Square Family Aquatic Center Leisure Pool Re-Plaster Specifications

- J. Contractor will be responsible for all clean-up of job and pool area back to original condition or better.
- K. Owner will be responsible for the restart of the pool circulation and filter system.

Additional Work:

- A. Contractor to install all new frame and main drain grates.
- B. Contractor to install tile trim on steps and benches to NSPF code.
- C. Contractor to epoxy inject cracks (if needed 1st 20 feet).
- D. Contractor to epoxy all cracks over 20 feet.
- E. Contractor to install all new fittings and eyeballs.
- F. Contractor to install new artistry mosaic tiles in the beach entry. Please replace with 6 frogs of the same size. Frogs must be approved by City staff prior to installation.
- G. Contractor will be responsible for removing and re-installing frog tongue and pad on play feature to apply new plaster.
- H. Contractor to remove and re-install last section of slide to apply new plaster.
- I. Contractor to repair and replace all missing perimeter tile to match existing tile.
- J. Contractor will be responsible for all light fixtures to be secure after plaster and replace all lights and make sure they are in working order.

Warranty:

- A. Contractor to provide written warranty of at least one year and complete warranty parameters to owner at the completion of the job. The contractor will provide two copies.
- B. Submit warranties prior to payment.
- C. Warranties shall commence in accordance with the requirements in the general conditions.

Time line:

- A. Begin Work: Week of January 9, 2017
- B. Scheduled Completion : Week of February 24, 2017

Contract Closeout:

- A. Closeout procedures including final submittals such as operation and maintenance data, warranties, and spare parts and maintenance materials.

Closeout Procedures:

- A. Comply with the General Conditions of Agreement regarding Final Completion and Payment when work is complete and ready for final inspection.
- B. Complete or correct items on the punch list.

Final Cleaning:

- A. Execute Final Cleaning Prior to final inspection

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 12/19/16 07:00 PM
Department: Fire Department
Category: Ordinance
Department Head: Darryl Anderson
DOC ID: 2102 A

**SCHEDULED
ORDINANCE (ID # 2102)**

Item Title:

Consideration of and possible action on a request from the Bellaire Fire Department to purchase one (1) Ferarra Rescue Body Pumper ("Pumper") in the amount of \$695,174.00 from Hall Motors and to purchase additional equipment necessary to outfit said Pumper from various manufacturers and/or suppliers in an amount not to exceed \$92,492.33, and authorizing the Mayor of the City of Bellaire, Texas, to execute, for and on behalf of the City of Bellaire, Texas, any and all necessary documentation associated with the purchase of said Pumper contingent on the approval of financing for same and authorizing the Mayor and the City Manager of the City of Bellaire, Texas, to execute, for and on behalf of the City of Bellaire, Texas, any and all necessary documentation associated with the purchase of additional equipment necessary to outfit the Pumper contingent on approval of financing for same and in accordance with purchasing policies adopted by the City of Bellaire, Texas - Submitted by Darryl Anderson, Fire Chief.

Background/Summary:

Bellaire Fire Department has two fire apparatus pumpers. One is the 2003 Pierce pumper which is the first response apparatus. The other one is the reserve/volunteer vehicle. The current reserve vehicle was placed into service in 1989. This fire truck served as the first response vehicle until sent to reserve in 2003. The unit is currently 26 years old and it scores in the "Poor, qualifies for replacement this year if budget allows", by the City of Bellaire Vehicle and Equipment Replacement Policy. National Fire Protection Agency's recommendation for a Type I Fire apparatus is for 25 year to replace. This vehicle has exceeded that guideline.

Bellaire Fire Department wishes to utilize the efficiencies of cooperative inter-agency purchase agreements: Through such a cooperative agreement Bellaire is able to utilize the base price bid awarded by H-GAC, to Ferarra Fire Apparatus and has the ability to add or subtract options based on the Fire Department's requirements. This makes the cooperative inter-agency purchase agreement process very cost-effective in terms of both staff time and purchase price.

More about H-GAC: As a unit of local government, H-GAC strives to make the governmental procurement process more efficient by establishing competitively priced contracts for goods and services, and providing the customer service necessary to help its members achieve their procurement goals. All contracts available to participating members of H-GAC have been awarded through a public competitive procurement process that complies with state statutes.

Previous Council Action Summary:

This purchase was approved in the FY2017 budget

Fiscal Impact:

The financing will spread over a 12 year period with annual payments slightly over the annual \$75,000 allocated in the FY 2017 adopted budget as well as in the Vehicle Equipment Replacement fund. Based on the 15 year replacement schedule the lease/purchase of the body pumper would be \$1,125,000 whereas a 12 year financing equates to \$900,000 in principal payments or a \$225,000 savings not including interest costs.

City Attorney Review:

Yes

Recommendation:

Chief Anderson recommends passage of the ordinance allowing this purchase.

ATTACHMENTS:

- Fire Truck Purchase Information (PDF)



City of Bellaire

Fire Department

(713) 662-8202 5101 Jessamine Bellaire, Texas 77401-4495 Fax (713) 662-8199

*"To provide an exceptional level of public safety through
our commitment to the community."*

Darryl Anderson

Fire Chief

Alton Moses

Asst. Chief/Fire Marshal

Cmdr. Deacon Tittel

Training Coordinator

Cmdr. Albert Figueroa

EMS Coordinator

Cmdr. Philip Dickinson

Communication Coordinator

Fire Apparatus Cost Summary Sheet

H-GACBuy

Ferarra Fire Apparatus furnished by Hall Motors

Base Unit	\$358,502.00
Published Options	\$291,548.00
Unpublished Options (not to exceed 25% of Base+Published Option)	\$ 43,124.00
H-GAC Order Processing Charge	<u>\$ 2,000.00</u>

Total H-GACBuy \$695,174.00

Additional Equipment necessary to outfit the truck

Rescue Tools

e-Spreader	\$ 9,079.00
e-Cutter	\$ 8,480.00
Freight (est)	\$ 100.00

Total Rescue Tools \$ 17,659.00

Thermal Imaging Camera Package

Thermal Imaging Camera (2) @ 6809.00	\$ 13,618.00
Thermal Throttle 2@ 929.00	\$ 1,858.00
LDX Screen Catcher 2@ 743.00	\$ 1,486.00
LDX 5Yr Battery Warranty 2@ 499.00	\$ 998.00

Total TIC \$ 17,960.00

Loose Fire Equipment

Hose 5", 3", 2.5", 1.75"	\$ 17,636.75
Portable Hand Lights	\$ 1,893.35
Multi-gas Detector	\$ 361.40
Vent Saw	\$ 1,943.20
Extinguisher	\$ 167.55

Attachment: Fire Truck Purchase Information (2102 : Fire Apparatus Purchase)

Firefighting Tools & Mounts	\$ 2,574.61
Appliances (Fire Connections)	\$ 1,610.69
Appliance Mounts	\$ 199.90
Nozzles & Monitors	\$ 8,843.37
Extrication Equipment	<u>\$ 6,303.45</u>

Total Loose Equip \$ 41,534.27

Wards NO-Smoke Exhaust System (Proprietary) \$ 8,739.06

Wards Total \$ 8,739.06

Technology-to include laptop, software, mounts etc.

~Total Tech \$ 5,000.00

Radio Equipment

~Radio Total \$ 1,600.00

Total Cost to Finance \$787,666.33


CONTRACT PRICING WORKSHEET
For MOTOR VEHICLES Only
Contract No.:

FS12-15

Date Prepared:

12-Dec

This Worksheet is prepared by Contractor and given to End User. If a PO is issued, both documents MUST be faxed to H-GAC @ 713-993-4548. Therefore please type or print legibly.

Buying Agency:	City of Bellaire Fire Department	Contractor:	Hall Motors
Contact Person:	Fire Chief Darryl Anderson	Prepared By:	Eric Adams
Phone:	713-662-8202	Phone:	800-443-9006
Fax:	713-662-8199	Fax:	225-567-7679
Email:	danderson@bellairetx.gov	Email:	erica@ferrarafire.com

Product Code:	JC05	Description:	Cinder Custom Pumper
----------------------	------	---------------------	----------------------

A. Product Item Base Unit Price Per Contractor's H-GAC Contract: 35850

B. Published Options - Itemize below - Attach additional sheet(s) if necessary - Include Option Code in description if applicable.

(Note: Published Options are options which were submitted and priced in Contractor's bid.)

Description	Cost	Description	Cost
34: Add Double Frame Rails ILO Single	1556	35: Add Framerail Coating, Ferrara F-Shield	280
37: Delete 12" Chrome Front Bumper	-922	41: Add Engine, ISL450 Horsepower ILO ILS350	852
43: Add Cab, XMFD ILO MFD	980	45: Add Raised Roof Cab Option, 8"	239
47: Add Notched Lower Rear Cab, MVP Applications	2046	53: Add Back Up Pump, Cab Tilt	62
58: Add Cab Compartment, Pike Pole (MVP Applications)	837	173: Add 10-1/2" HD Frame Rail Front Bumper	340
176: Add Recessed Pockets, Front Bumper Sides	169	179: Add Bumper Extension, 10" - 28"	98
180: Add Compartment, Front Bumper x 3	1383	185: Add Full Width T/P Cover, Front Bumper Compartment	151
187: Add Front Brakes, Disc ILO "S" Cam	647	189: Add Front Wheels, Polished Aluminum ILO Steel	85
190: Add Front S/S Trim, Baby Moons/Lug Nut Covers	134	203: Add Rear Wheels, Polished Aluminum ILO Steel	152
205: Add Rear S/S Trim Wheel Trim, Lincoln Hats	193	Subtotal From Additional Sheet(s):	26158
233: Add Alternator, 430 AMP ILO 320 AMP	325	Subtotal B:	29154

C. Unpublished Options - Itemize below / attach additional sheet(s) if necessary.

(Note: Unpublished options are items which were not submitted and priced in Contractor's bid.)

Description	Cost	Description	Cost
04-G6-1020: 35,000-Pound Rear Axle ILO Standard	5467	16-M2-2620: Add Radio Charger Installation x 4	50
16-M2-4220: Add TIC Charger Installation x 2	250	Subtotal From Additional Sheet(s):	3640
16-M2-4620: Add Handlight Charger Installation x 4	500	Subtotal C:	4312

Check: Total cost of Unpublished Options (C) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B).	For this transaction the percentage is:	7
---	--	---

D. Total Cost Before Any Applicable Trade-In / Other Allowances / Discounts (A+B+C)

Quantity Ordered:	1	X Subtotal of A + B + C:	693174	=	Subtotal D:	693174
--------------------------	---	---------------------------------	--------	---	--------------------	--------

E. H-GAC Order Processing Charge (Amount Per Current Policy)	Subtotal E:	200
---	--------------------	-----

F. Trade-Ins / Other Allowances / Special Discounts / Freight / Installation

Description	Cost	Description	Cost
		Subtotal F:	

Delivery Date:	300	G. Total Purchase Price (D+E+F):	695174
-----------------------	-----	---	--------

Rescue Pumper Information

APPARATUS BEING REPLACED

Ladies and gentlemen of the Council I would like to say Thank You for approving the initial funding of a new Rescue Pumper for the Fire Department. The apparatus that we are scheduled to replace is a 1989 Sutphen pumper (E31) that was delivered late spring of 1990. The apparatus has served us well for the past 26 years; but as older vehicles tend to do, maintenance has become costly. For fiscal year 2016 the maintenance cost for E31 was over \$15,700 and was out of service for more than a month (partly due to finding replacement parts) requiring us to utilize West University Place Fire Department's reserve pumper. When E31 was accepted from the manufacturer it had lap belts only as the only personnel restraint system. Fire Department personnel later installed new seatbelts to include a lap and shoulder belt system for increased safety.

The role that E31 plays in the Fire Department is a first out pumper for the Volunteers and as a reserve pumper for the career side of the Department. To facilitate a smooth transition when switching into E31 it has the minimum required equipment kept on it, including hydraulic rescue tools (Jaws of Life). The storage capacity of E31 is approximately 125 ft³; which creates an issue when the pumper is in front line service because the 2003 Pierce Sabre (E30) has approximately 400 ft³ of storage space.

PROCESS USED TO DETERMINE REPLACEMENT

The process used to determine the replacement of E31 was the City of Bellaire's Vehicle and Equipment Replacement Policy approved in May of 2015. Appendix A of the Policy is the Decision-Making Criteria; it utilizes a point system with the following metrics:

1. Age: percentage of expected life
2. Maintenance and Repairs: percentage of cost to replace
3. Condition: body and chassis condition and performance
4. Usage Type: general function and status
5. Reliability: annual repairs and/or breakdowns

Each metric receives a score of 1 – 5; the total grade the apparatus receives from the above metrics will then indicate the need of replacement. The scoring parameters are:

1. 5 – 7 Excellent: do not replace
2. 8 – 11 Good: re-evaluate for replacement for next year's budget
3. 12 – 16 Fair: qualifies for replacement this year if M/R cost exceed 40% and 100% of expected life has passed
4. 17 – 21 Poor: qualifies for replacement this year if budget allows
5. 22 – 25 Inoperable: needs priority replacement

The City's Vehicle & Equipment Policy has been provided which includes a detailed explanation of the decision-making criteria. Utilizing the grading criteria set-forth by the Policy, E31 scored a 19 which places it in the Poor category qualifying for replacement this year if the budget allows.

SELECTION CRITERIA

The Fire Department selected five (5) fire apparatus manufacturers to request H-GAC pricing for BFD written specifications for a new Rescue Style Pumper with full depth and full height compartments along with certain safety and maintenance features. The specifications requested were developed by the Fire Department's Apparatus Committee with the mindset; that safety would be of the utmost importance, we (Bellaire Fire Department) must have the capabilities of responding to back to back requests for service with equipment on hand, and ease of maintenance and durability of the truck. The five (5) manufacturers we reached out to were Pierce Apparatus, E-One Apparatus, Ferrara Apparatus, Metro Fire Apparatus, and KME Apparatus; of these only three (3) responded (Pierce, E-One, and Ferrara) to the request for a specification sheet. Of the three (3) that responded only one, Ferrara Apparatus, took no exceptions to the specifications requested, one took one exception with acceptable justification and they could not meet the ergonomic positioning of the ladders that BFD requested, and the other took numerous exceptions to the specifications requested.

Safety

The Fire Department places safety as our top priority; so much so that it was the driving force of the new apparatus specifications. The truck is designed with the following safety features:

- A. Air bags: front and rear air bags for all seated occupants
- B. Multiple cameras: rear view back-up camera and a camera on the right side of the truck. The camera on the right side allows the Engine Operator (driver) to monitor activities on the right side of the truck without leaving the pump panel.
- C. Ladder compartment located on the frame rail of the truck (approximately waste height); this is of importance because the industry standard for ladder compartments in Rescue style Pumpers are set at 5'7". Having the ladders accessible at a lower height can reduce strain and possible injury.
- D. Structural strength: the exterior of the skin will be constructed of 3/16" aluminum with solid seam welds.
- E. Fixed access to the top of the apparatus that ergonomically allows for 3 points of access will gaining access to upper storage areas of the truck. 3

Storage

The Bellaire Fire Department has three front line units one Command Vehicle, one Ambulance, and one Fire Truck. We are capable of mitigating a vast array of service requests; this capability requires us to carry the equipment necessary to respond immediately from call to call without hesitation. The increased storage capacity of the new apparatus (approximately 500 ft³) will

allow us to continue to serve our customers as they have come accustomed to, and will allow us to prepare for the future service needs of the City.

Maintenance

Maintenance on a vehicle is inevitable, especially on a fire truck. The requested specifications on the new truck will facilitate ease of access to otherwise difficult areas; which has the potential of saving money on labor expenses.

The required body construction and suspension will have the potential to decrease wear on the truck; the 3/16" body and skin construction will add to the structural rigidity to the vehicle and the 35,000-pound rear axle will ensure that we are not over weight after it is loaded with our equipment. When E30 was purchased it came with a 27,000-pound rear axle after the weight of the truck we were left with approximately 3,000 pounds to load on the truck.

The selected manufacturer will provide service technicians that are EVT (Emergency Vehicle Technician) certified per NFPA 1071, along with an area repair facility and technicians that are available to respond to the Fire Station for repairs and/or maintenance.

FINANCIAL RESPONSIBILITY

The quoted financial responsibility for this project will be \$787,666.33 with much of this amount coming from the purchase price of the truck. The purchase price of the truck is quoted at \$695,174, with the remaining \$92,492.33 being used for the purchase of the equipment to be mounted on the truck, including the following:

- 5" Supply hose – this will allow interoperability between us and West University Place, Southside Place, and Houston Fire Departments. This hose will connect to the fire hydrant and supply the truck with water to be used for suppression efforts and if need be we will be able to establish a water supply for a Houston Fire Department Ladder Truck. Large diameter hose has the ability of moving large amounts of water at a fraction of the friction loss encountered with smaller diameter hose lines. A 5" supply hose can be thought of laying an above ground water main into the fire truck while pumping a fire.
- Rescue Tools (Jaws of Life) – now we carry two sets of rescue tools one set on the first out truck and one on the reserve apparatus. The set on the reserve apparatus is the set we are replacing; they are a mismatched set of rescue tools the with the oldest one being from the early 90's. Two sets of tools would allow us to have a set on the reserve apparatus, as we do now, which will allow minimum delay when activating the reserve truck into first out status and have a set with the exact same capabilities as those on the first out truck. The biggest difference between the current set of rescue tools that we have are the cut strength. Our rescue cutters we currently have on the reserve truck have a cut strength of 168,000 psi and the rescue cutters we have on the first out truck have a cut strength of 269,000 psi. With the use of high strength metals (i.e. boron) and

double wall posts becoming more and more common in today's vehicles having a set of rescue tools with the capabilities to overcome them is of our best interest.

- Ward Diesel Filter System – the “No Smoke” exhaust system is mounted to the truck's exhaust and provides an at source capture of harmful diesel exhaust. The Ward's System is currently on all our diesel full apparatus, this eliminates the need for us to have hoses hanging from the ceiling, attaching to the exhaust, and venting the exhaust outside. It is a fully automatic system with limited operator interaction that connects to the starter, exhaust system, and reverse. The system is engaged when the vehicle starts and diverts the exhaust through a ceramic filter, and when the vehicle is placed into reverse, to back into the station, the system again diverts the exhaust gases through the ceramic filter.
- Thermal Imaging Camera (TIC) – they can bring sight back to firefighters in smoky conditions, assist in finding the seat of the fire, see victims, see how full a container of liquid may be, and allow us to find potential electrical fires in overheated wiring. A TIC can detect emitted heat energy through smoke, walls, doors, and drums of liquid. The use of a TIC upon arrival can help locate where the fire attack needs to begin, this will in turn can increase the survivability of victims still inside the structure. In conditions where the structure is full of smoke but the source of the fire can't be readily seen, the TIC affords us the opportunity to find the seat of the fire.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 12/19/16 07:00 PM
Department: Finance Administration
Category: Ordinance
Department Head: Terrence Beaman
DOC ID: 2109

**SCHEDULED
INFORMATION ITEM (ID
2109)**

Item Title:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute an equipment financing agreement with a bank for the purpose of financing the amount of \$787,667.00 for the purchase of a new rescue body pumper and necessary equipment to outfit same for the City of Bellaire Fire Department. - Submitted by Terrence Beaman, Chief Financial Officer.

Background/Summary:

Financing for the body pumper in the amount of \$787,667.00 will be executed as a Municipal Equipment Lease/Purchase Agreement with a bank that has a local presence in the City of Bellaire. The financing will spread over a 12 year period with annual payments slightly over the annual \$75,000.00 allocated in the FY 2017 adopted budget as well as in the Vehicle Equipment Replacement fund. Based on the 15 year replacement schedule the lease/purchase of the body pumper would be \$1,125,000.00 whereas a 12 year financing equates to \$900,000.00 in principal and interest payments or a \$225,000.00 savings.

The Finance Department reached out to three (3) banking institutions requesting proposals for financing. These are local banks with whom the City has had past relationships. The banks are:

- Frost Bank
- Amegy Bank
- Bank of America

Bank of America did not respond back with a proposal.

The terms proposed by the other two banks are still being reviewed and a final recommendation will be presented to Council prior to Monday's council meeting

Previous Council Action Summary:

On September 19, 2016, Council adopted the FY 2017 Budget.

On December 19, 2016, Council approved the purchase of the new rescue body pumper.

Fiscal Impact:

This item will be financed with expenditures from Vehicle and Equipment Replacement Fund.

City Attorney Review:

Yes

Recommendation:

CFO Terrence Beaman recommends approval of the Ordinance for financing the purchase of the new rescue body pumper.

ATTACHMENTS:

- Ordinance - Financing of Rescue Pumper (DOC)



ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AUTHORIZING THE MAYOR OF THE CITY OF BELLAIRE, TEXAS, TO EXECUTE AN EQUIPMENT FINANCING AGREEMENT WITH A BANK, IN A FORM AS ATTACHED HERETO AND MARKED EXHIBIT "A," FOR THE PURPOSE OF FINANCING THE AMOUNT OF \$787,667.00 FOR THE PURCHASE OF A NEW RESCUE BODY PUMPER AND NECESSARY EQUIPMENT TO OUTFIT SAME FOR THE BELLAIRE FIRE DEPARTMENT.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

THAT the Mayor of the City of Bellaire, Texas, is hereby authorized to execute, for and on behalf of the City of Bellaire, Texas, an Equipment Financing Agreement with a bank [name to be filled in], in a form as attached hereto and marked Exhibit "A," for the purpose of financing the amount of \$787,667.00 for the purchase of a new rescue body pumper and necessary equipment to outfit same for the Bellaire Fire Department.

PASSED, APPROVED, and ADOPTED at its Regular Session held on December 19, 2016.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 12/19/16 07:00 PM
Department: Finance Administration
Category: Ordinance
Department Head: Terrence Beaman
DOC ID: 2108

**SCHEDULED
ORDINANCE (ID # 2108)**

Item Title:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, granting to CenterPoint Energy Texas Gas Operations, the right, privilege and franchise to construct, install, extend, remove, replace, abandon, operate and maintain its facilities within the public rights-of-way of the City of Bellaire, Texas, for the transportation, delivery, sale and distribution of natural gas; containing other provisions relating to the foregoing subject; providing for severability and providing an effective date 60 days after its final passage - Submitted by Terrence Beaman, Chief Financial Officer.

Background/Summary:

The City of Bellaire's gas tax franchise agreement with CenterPoint is set to expire January 31, 2017. At the previous two Council meetings, there was an item to renew the CenterPoint Gas Tax Franchise agreement. The City Charter states that "all ordinances granting, amending, renewing, or extending franchises for public utilities shall be read at three separate regular meetings of the City Council." Tonight is the third reading of three.

The franchise agreement is essentially a lease agreement for the use of the City's right-of-way. The franchise fee is compensation to the City for that use. The existing agreement provides 3% of gross receipts as a franchise fee. Based on the 3% fee, the City collected approximately \$114,000 in calendar year 2015. Calendar year 2016 is coming in lower than calendar year 2015 based on declining usage as a result of a milder winter.

CenterPoint is proposing a 5% fee for the new agreement, which is the maximum fee allowed by state law, and seems to be the rate being applied in new agreements in our area. The 5% proposed fee, based on usage for calendar year 2015 will generate approximately \$190,000 in annual revenues to the City for calendar year 2016 or approximately a 66% increase in revenues from calendar year 2015.

This increase will be borne by Bellaire residents as the franchise fee paid is a pass-through for the utility whereas the resident pays CenterPoint and then CenterPoint remits the fees to the City.

The City Attorney added language for an additional requirement for CenterPoint to provide the City written notification of work in the right-of-way, even when the work is considered routine maintenance and would not otherwise require a permit from the City. The City Attorney wanted to make sure that the City always had notice of what CenterPoint was doing in the City. Centerpoint accepted this addition and added an additional clarification that the notification can be by email.

Previous Council Action Summary:

First Reading on November 21, 2016 and Second Reading on December 5, 2016.

Fiscal Impact:

Revenues for FY 2017 will increase approximately \$34,000.

City Attorney Review:

Yes

Recommendation:

CFO Terrence Beaman recommends adoption of 3rd reading of this ordinance.

ATTACHMENTS:

- CenterPoint Gas Operations - 12 14 Bellaire Agreement (clean) (PDF)
- CenterPoint Gas Operations - 12 14 Bellaire Agreement (redlined) (PDF)

**CITY OF BELLAIRE
ORDINANCE NO. 2016-_____**

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., DBA CENTERPOINT ENERGY TEXAS GAS OPERATIONS, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, INSTALL, EXTEND, REMOVE, REPLACE, ABANDON, OPERATE AND MAINTAIN ITS FACILITIES WITHIN THE PUBLIC RIGHTS-OF-WAY OF THE CITY OF BELLAIRE, TEXAS FOR THE TRANSPORTATION, DELIVERY, SALE AND DISTRIBUTION OF NATURAL GAS; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE

Section 1. GRANT OF AUTHORITY. Subject to the terms, conditions and provisions of this ordinance, the right, privilege and franchise is hereby granted to CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, hereinafter called “Company”, to construct, install, extend, remove, replace, abandon, operate and maintain its facilities within the Public Rights-of-Way of the City of Bellaire, Texas for the transportation, delivery, sale and distribution of natural gas within the corporate limits of the City of Bellaire, as the same are now and as the same may from time to time be extended.

Section 2. DEFINITIONS.

- A. “City” shall mean the City of Bellaire, Texas.
- B. “Company” shall mean CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, a Delaware Corporation, and shall not mean any of its affiliates and subsidiaries who shall have no right, privilege or franchise granted hereunder.
- C. “Facilities” shall mean pipes, pipelines, natural gas mains, laterals, feeders, regulators, meters, fixtures, connections and attachments and other instrumentalities and appurtenances, used in or incident to providing transportation, distribution, supply and sales of natural gas for heating, lighting, power and any other purposes for which natural gas may now or hereafter be used.
- D. “Public Rights-of-Way” shall mean the areas in, under, upon, over, across, and along any and all of the present and future Streets or streams now or hereafter owned or controlled by City.
- E. “Street” shall mean the surface and the space above and below any public street, road, highway, alley, bridge, sidewalk, or other public place or way.

Section 3. TERM OF FRANCHISE. This Franchise shall become effective on the Effective Date described in Section 21 and shall be in full force and effect for a term of twenty-five (25) years.

Section 4. CONSTRUCTION AND MAINTENANCE OF NATURAL GAS DISTRIBUTION SYSTEM. All Facilities installed by Company shall be of sound material and good quality, and shall be laid so that they will not interfere with the artificial drainage of the City or its underground fixtures, or with navigation in or the natural drainage of any stream. All Facilities shall be installed in accordance with applicable Federal and State regulations and in the absence of such regulations in accordance with accepted industry practice. Within the Public Rights-of-Way, the location and route of the Facilities by the Company shall be subject to the reasonable and proper regulation, direction and control of the City or the City official to whom such duties have been delegated. Such regulation shall include, but not be limited to, the right to require in writing to the extent provided in Section 13 the relocation of Company's Facilities at Company's cost within the Public Rights-of-Way of the City whenever such relocation shall be reasonably necessary to accommodate the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities. Company shall keep current and up-to-date maps showing the physical location of Company's facilities and make available for inspection by the City at no cost during normal working hours.

Section 5. STREETS TO BE RESTORED TO GOOD CONDITION. Except as otherwise provided below, Company and its contractors shall obtain a permit from the City at no cost prior to work in the Public Rights-of-Way in order to give the City reasonable notice of the dates, location and nature of all work to be performed on its Facilities within the Public Rights-of-Way. For work involving open trenching, boring, cutting, excavating and the like in, under, upon, over, across, or along paved Streets, Company shall provide the City with a traffic control plan as part of the permitting request. If the City has not acted on a request for a permit within seven (7) business days of receipt of the request, the permit shall be deemed granted. No permit shall be required to initiate promptly emergency repairs or repairs as may be required by the rules and regulations of the Railroad Commission of Texas and the Texas One-Call Statute (Texas Utilities Code, Chapter 251, and any successor statutes) provided, however, that the Company or its Contractor shall provide notice of such emergency repair to the City's Director of Community Development as soon as practical, but in no event more than 24 hours after the initiation of any emergency repair. No permit shall be required to perform any routine maintenance provided that the Company or its Contractor provides written notification, which may be provided electronically, of such routine maintenance to the City's Director of Community Development at least 48 hours in advance of initiating such work. "Routine maintenance" shall mean, non-emergency repairs, not taking longer than 6 hours on City designated major thoroughfares and in public school zones between 9 AM and 3 PM, and not taking longer than 10 hours on other Public Rights-of-way between 8 AM and 6 PM where the paved surface of the rights-of-way, including the sidewalk and curbs, is not broken and there is no trenching in the unpaved surfaces of the rights-of-way beyond 24 inches. Company and contractors performing work for Company shall not be required to obtain any permits for relocations of Facilities requested by the City, provided that the relocated Facilities are placed in the location designated by the City and the relocation is otherwise in accordance with the City's request to relocate. No permit shall be required for the Company and its contractors to park vehicles in the Streets and other Public Rights-of-Way when necessary for routine maintenance, emergency work or work requested by the City.

Section 6. QUALITY OF SERVICE. The service furnished hereunder to the City and its inhabitants shall be in accordance with the quality of service rules of the Railroad

Commission of Texas, state and federal regulations. Company shall furnish the grade of service to its customers as provided by its rate schedules and shall maintain its system in reasonable operating condition during the continuance of this Franchise. An exception to this requirement is automatically in effect, but only for so long as is necessary, when caused by a shortage in materials, supplies and equipment beyond the control of the Company as a result of fires, strikes, riots, storms, floods and other casualties, governmental regulations, limitations and restrictions as to the use and availability of materials, supplies and equipment and as to the use of the services, and unforeseeable and unusual demands for service. In any of such events the Company shall do all things reasonably within its power to restore normal service as quickly as practicable.

Section 7. PAYMENT TO THE CITY. In consideration of the rights and privileges herein granted, the administration of the Franchise by the City, the temporary interference with the use of Public Rights-of-Way and cost and obligations undertaken by the city in relation thereto and in lieu of any license, charge, fee, street or alley rental or other character of charge for use and occupancy of the Streets, alleys, and public places of the City, and in lieu of any inspection fee, the Company agrees to pay to the City franchise fees in the amount and manner described herein.

Company agrees to pay to the City quarterly during the continuance of this Franchise a sum of money equal to five percent (5%) of the Company's gross receipts for the preceding calendar quarter received by the Company from the sale of gas within the corporate limits of the City plus seven cents (7¢) per Mcf for natural gas transported by Company for its Transport Customers during such quarter. "Transport Customer" means any person or entity for whom Company transports gas through the distribution system of Company within the corporate limits of City for consumption within the corporate limits of City. The franchise fees hereunder shall be calculated for the calendar quarters ending March 31, June 30, September 30, and December 31 and shall be payable on or before the fifteenth day of May, August, November, and February following the quarter for which payment is made, beginning with the first such date following the Effective Date of this Franchise and each August 15th, November 15th, February 15th, and May 15th thereafter; provided, however, the first such payment shall be prorated as necessary to reflect only those gross receipts received and transportation volumes delivered by Company after the Effective Date of this Franchise. In no event shall the Company be required to remit to the City franchise fee amounts that for any reason whatsoever are not fully recoverable from its customers. Upon receipt of the above amount of money, the Finance Department shall deliver to the Company a receipt for such amount. If any payment due date required herein falls on a weekend or bank holiday, payment shall be made on or before the close of business of the first working day after the payment due date.

Section 8. ANNEXATIONS BY CITY. This Franchise shall extend to and include any and all territory that is annexed by the City during the term of this Franchise. Within sixty (60) days from the receipt of notice from the City of any such annexation, the Company shall assure that any and all customers within such annexed territory are included and shown on its accounting system as being within the corporate limits of the City of Bellaire. After such sixty (60) day period the payment provisions specified in Section 7 of this Franchise shall apply to gross receipts and transport fees received by the Company from customers located within such annexed territory. Company shall true-up its map of City boundaries to the City's map on an annual basis.

Section 9. NON-EXCLUSIVE FRANCHISE. Nothing contained in this Franchise shall ever be construed as conferring upon the Company any exclusive rights or privileges of any nature whatsoever.

Section 10. COMPLIANCE AND REMEDIES. (a) In the event the Company by act or omission violates any material term, condition or provision of this Franchise, the City shall notify the Company in writing of such violation. Should the Company fail or refuse to correct any such violation within thirty (30) days from the date of City's notice, the City shall, upon written notification to the Company, have the right to terminate this agreement. Any such termination and cancellation shall be by ordinance adopted by City Council; provided, however, before any such ordinance is adopted, the Company must be given at least sixty (60) days' advance written notice. Such notice shall set forth the causes and reasons for the proposed termination and cancellation, shall advise the Company that it will be provided an opportunity to be heard by City Council regarding such proposed action before any such action is taken and shall set forth the time, date and place of the hearing.

(b) Other than its failure, refusal or inability to pay its debts and obligations, including, specifically, the payments to the City required by this Franchise, the Company shall not be declared in default or be subject to any sanction under any provision of this Franchise in those cases in which performance of such provision is prevented by reasons beyond its control.

(c) The rights and remedies of City and Company set forth herein shall be in addition to, and not in limitation of, any other rights and remedies provided at law or in equity and City's exercise of any particular remedy shall not constitute a waiver of its rights to exercise any other remedy.

Section 11. RESERVE OF POWERS. Except as otherwise provided in this Franchise, the City by the granting of this Franchise does not surrender or to any extent lose, waive, impair or lessen the lawful powers, claims and rights, now or hereafter vested in the City under the Constitution and statutes of the State of Texas and under the Charter and Ordinances of the City of Bellaire or other applicable law, to regulate public utilities within the City and to regulate the use of the Streets by the Company; and the Company by its acceptance of this Franchise agrees that, except as otherwise provided in this Franchise, all lawful powers and rights, whether regulatory or otherwise, as are or as may be from time to time vested in or reserved to the City, shall be in full force and effect and subject to the exercise thereof by the City at any time and from time to time.

SECTION 12. INDEMNITY. THE COMPANY, ITS SUCCESSORS AND ASSIGNS, SHALL PROTECT AND HOLD THE CITY AND ITS OFFICERS, AGENTS, AND EMPLOYEES (COLLECTIVELY REFERRED TO IN THIS SECTION AS "THE CITY") HARMLESS AGAINST ANY AND ALL CLAIMS OR DEMANDS FOR DAMAGES TO ANY PERSON OR PROPERTY BY REASON OF THE CONSTRUCTION AND MAINTENANCE OF THE COMPANY'S NATURAL GAS DISTRIBUTION SYSTEM, OR IN ANY WAY GROWING OUT OF THE RIGHTS GRANTED BY THIS FRANCHISE, EITHER DIRECTLY OR INDIRECTLY, OR BY REASON OF ANY ACT, NEGLIGENCE OR NONFEASANCE OF THE COMPANY OR THE CONTRACTORS, AGENTS OR EMPLOYEES OF THE COMPANY OR ITS SUCCESSORS AND ASSIGNS, AND SHALL REFUND TO THE CITY ALL SUMS

WHICH THE CITY MAY BE ADJUDGED TO PAY ON ANY SUCH CLAIM, OR WHICH MAY ARISE OR GROW OUT OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED OR BY THE ABUSE THEREOF, AND THE COMPANY OR ITS SUCCESSORS AND ASSIGNS SHALL INDEMNIFY AND HOLD THE CITY HARMLESS FROM AND ON ACCOUNT OF ALL DAMAGES, COSTS, EXPENSES, ACTIONS, AND CAUSES OF ACTION THAT MAY ACCRUE TO OR BE BROUGHT BY, A PERSON, PERSONS, COMPANY OR COMPANIES AT ANY TIME HEREAFTER BY REASON OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED, OR OF THE ABUSE THEREOF.

Section 13. RELOCATION OF FACILITIES. The Company shall, upon written request of the City, relocate its Facilities within Public Rights-of-Way at Company's own expense, exclusive of Facilities installed for service directly to City, whenever such shall be reasonably necessary on account of the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities. City shall bear the costs of all relocations of Facilities installed for service directly to City and of any relocation of other Facilities requested by City for reasons other than the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by the City of City utility lines or drainage facilities.

Section 14. GOVERNMENTAL FUNCTION. All of the regulations and activities required by this Franchise are hereby declared to be governmental and for the health, safety and welfare of the general public.

Section 15. RECORDS AND REPORTS. (a) Books of Account. The Company shall keep complete and accurate books of accounts and records of its business and operations under and in connection with this Franchise. All such books of accounts and records shall be kept at the company's principal office in Houston, Texas.

(b) Access by City. The City may conduct an audit or other inquiry or may pursue a cause of action in relation to the payment of the franchise fee only if such audit, inquiry, or pursuit of a cause of action concerns a payment made less than three (3) years before the commencement of such audit, inquiry, or pursuit of a cause of action. Each party shall bear its own costs of any such audit or inquiry. Upon receipt of a written request from the City, all books and records related to Company's operations under this Franchise shall be made available for inspection and copying no later than thirty (30) days from receipt of such request.

(c) Interest on Underpayments and Overpayments. (1) Amounts due to City for late payments shall include interest, compounded daily equal to the return on equity plus three percent (3%) granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. (2) If the City identifies, as a result of a franchise fee compliance review, amounts owed by the Company from prior periods or prior underpayments, then the Company shall pay simple interest on such amounts equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. Said interest shall be payable on such sums from the date the initial payment was due until it is paid and shall not be billed to customers. (3) Amounts due Company for past overpayments shall include simple interest equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers

within the corporate limits of the City; provided, however, if there is a change in the approved return on equity during the time period subject to the City's audit or inquiry, then for each time period during which there was an overpayment, the approved return on equity in effect during such time period shall be used in calculating interest under this subparagraph (c). Interest payable on such sums shall be credited to customers.

Section 16. EASEMENT. In consideration for the compensation set forth in Section 7, City agrees that if City sells, conveys, or surrenders possession of any portion of the Public Right-of-Way that is being used by Company pursuant to this Franchise, City, to the maximum extent of its right to do so, shall first grant Company an easement for such use and the sale, conveyance, or surrender of possession of the Public Right-of-Way shall be subject to the right and continued use of Company.

Section 17. ORIGINAL JURISDICTION OVER RATES AND SERVICES. Pursuant to Section 103.003 of the Gas Utility Regulatory Act, the City hereby elects to surrender to the Railroad Commission of Texas the City's exclusive original jurisdiction over the rates, operations and services of the Company effective as of the Effective Date of this Franchise and for the term of this Franchise. Notwithstanding the above surrender of the City's exclusive original jurisdiction over the rates, operations and services of the Company, such surrender shall not affect in any manner the City's rights and privileges pursuant to the provisions of the Gas Utility Regulatory Act as currently enacted, or as amended, or in any successor legislation, or as otherwise provided at law for the City to both participate in any ratemaking proceeding at the Railroad Commission of Texas which affects the City's gas rates, and to recover from the Company any reasonable expenses incurred by the City in its participation in such a ratemaking proceeding as provided for in law.

Section 18. ACCEPTANCE. The Company shall, within thirty (30) days following the final passage and approval of this Franchise, file with the City Clerk of the City of Bellaire a written statement signed in its name and behalf in the following form:

"To the Honorable Mayor: and City Council of the City of Bellaire:

CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, its successors and assigns, hereby accepts the attached Franchise Ordinance and agrees to be bound by all of its terms and provisions."

CENTERPOINT ENERGY RESOURCES CORP.,
DBA CENTERPOINT ENERGY TEXAS GAS
OPERATIONS

By:

Randal M. Pryor, Division Vice President,
Regional Operations

Dated this _____ day of _____ 2016.

Section 19. SEVERABILITY. If any provision, section, subsection, sentence, clause or phrase of this Franchise is for any reason held to be unconstitutional, void, or invalid or for any reason unenforceable, the validity of the remaining portions of this Franchise shall not be affected thereby, it being the intent the City of Bellaire in adopting this Franchise that no portion hereof or provision hereof shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision or regulation and, to this end, all provisions of this ordinance are declared to be severable.

Section 20. NOTICES. Every notice, order, petition, documents or other direction or communication to be served upon the City or the Company shall be deemed sufficiently given if sent by registered or certified mail, return receipt requested. Every such communication to the Company shall be sent to:

CenterPoint Energy Resources Corp.
Vice President Regulatory Relations
PO Box 4567
Houston, TX 77210-4567

With a copy to:
General Counsel, Gas Division
PO Box 2628
Houston, TX 77252-2628
Every such communication to the City or the City Council shall be sent to the:

Mayor, City of Bellaire

Bellaire, Texas _____

With a Copy to:

City Clerk

Bellaire, Texas _____

Section 21. PUBLICATION, PASSAGE AND EFFECTIVE DATE. This Franchise, having been published, at the expense of the Company, once each week for four (4) consecutive weeks in the official newspaper of the City of Bellaire following its final passage, shall take effect and be in force from and after the first day of the month following sixty (60) days after its final passage, provided the Company's acceptance is filed pursuant to Section 18. ("Effective Date"). The Company shall pay the cost of those publications.

Section 22. REPEAL OF PREVIOUS ORDINANCES. This Franchise replaces the Franchise agreement with the Company, dated July 6, 1998 granted by City of Bellaire, Texas

Ordinance No. 98-031 which ordinance is hereby repealed as of the Effective Date of this Franchise. Any claims of City or Company thereunder are hereby waived.

Section 23. COMPLIANCE WITH CHARTER AND ORDINANCES. This Franchise, the rights granted hereby and the operations and activities performed by Company pursuant hereto shall be subject to applicable provisions of the Charter of the City of Bellaire, Texas. Except to the extent otherwise expressly provided herein, the Franchise and rights granted hereby and the operations and activities performed by Company pursuant hereto, shall be subject to all valid ordinances and regulations of the City insofar as such ordinances and regulation (a) do not shorten the term hereof or terminate, abrogate, or materially and adversely affect the Franchise and right granted to Company hereby, (b) do not conflict with or are not inconsistent with the terms and provisions contained in this ordinance, (c) or prevent or interfere with Company's Federal and State regulatory obligations. All such conflicting or inconsistent ordinances are hereby repealed to the extent of such conflict or inconsistency.

Read in full and passed and adopted on first reading at a regular meeting of the City Council of Bellaire, Texas, on the _____ day of _____, 2016 and approved by the Mayor.

Read in full and passed and adopted on second reading at a regular meeting of the City Council of Bellaire, Texas, on the _____ day of _____, 2016 and approved by the Mayor.

Read in full and passed and adopted on third reading at a regular meeting of the City Council of Bellaire, Texas, on the _____ day of _____, 2016 and approved by the Mayor.

APPROVED:

MAYOR OF THE CITY OF
BELLAIRE, TEXAS

ATTEST:

CITY CLERK OF BELLAIRE, TEXAS

THE STATE OF TEXAS §
 §
 COUNTY OF HARRIS §

I, the duly appointed, qualified and acting City Clerk of Bellaire, Texas, do hereby certify that the above and foregoing ordinance was read on first reading at a regular meeting of the City Council of said Bellaire, Texas, held on the ____ day of _____, 2016; that written notice of the date, place and subject of said meeting was posted on a bulletin board located at a place convenient to the public in the City Hall for at least 72 hours preceding the day of said meeting; that the Mayor _____, and _____ Council members:

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

were present at said meeting and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Clerk; that the above and foregoing ordinance was read on second reading at a regular meeting of the City Council of said Bellaire, Texas held on the ____ day of _____ 2016; that written notice of the date, place and subject of said meeting was posted on a bulletin board located at a place convenient to the public in the City Hall for at least 72 hours preceding the day of said meeting; that the Mayor _____, and _____ Council members:

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

were present at said meeting and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Clerk; that the above and foregoing ordinance was read on third reading at a regular meeting of the City Council of said Bellaire, Texas held on the ____ day of _____ 2016; that written notice of the date, place and subject of said meeting was posted on a bulletin board located at a place convenient to the public in the City Hall for at least 72 hours preceding the day of said meeting; that the Mayor _____, and _____ Council members:

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

were present at said meeting and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Clerk; and that the same has been duly filed with the City Clerk and recorded by the City Clerk in full in the books for the purpose of recording the ordinances of the City of Bellaire, Texas.

EXECUTED under my hand and the official seal of the City of Bellaire, Texas at said
City, this _____ day of _____, 2016.

City Clerk
City of Bellaire, Texas

[SEAL]

Attachment: CenterPoint Gas Operations - 12 14 Bellaire Agreement (clean) (2108 : CenterPoint)

**CITY OF BELLAIRE
ORDINANCE NO. 2016-____**

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., DBA CENTERPOINT ENERGY TEXAS GAS OPERATIONS, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, INSTALL, EXTEND, REMOVE, REPLACE, ABANDON, OPERATE AND MAINTAIN ITS FACILITIES WITHIN THE PUBLIC RIGHTS-OF-WAY OF THE CITY OF BELLAIRE, TEXAS FOR THE TRANSPORTATION, DELIVERY, SALE AND DISTRIBUTION OF NATURAL GAS; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE

Section 1. GRANT OF AUTHORITY. Subject to the terms, conditions and provisions of this ordinance, the right, privilege and franchise is hereby granted to CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, hereinafter called "Company", to construct, install, extend, remove, replace, abandon, operate and maintain its facilities within the Public Rights-of-Way of the City of Bellaire, Texas for the transportation, delivery, sale and distribution of natural gas within the corporate limits of the City of Bellaire, as the same are now and as the same may from time to time be extended.

Section 2. DEFINITIONS.

- A. "City" shall mean the City of Bellaire, Texas.
- B. "Company" shall mean CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, a Delaware Corporation, and shall not mean any of its affiliates and subsidiaries who shall have no right, privilege or franchise granted hereunder.
- C. "Facilities" shall mean pipes, pipelines, natural gas mains, laterals, feeders, regulators, meters, fixtures, connections and attachments and other instrumentalities and appurtenances, used in or incident to providing transportation, distribution, supply and sales of natural gas for heating, lighting, power and any other purposes for which natural gas may now or hereafter be used.
- D. "Public Rights-of-Way" shall mean the areas in, under, upon, over, across, and along any and all of the present and future Streets or streams now or hereafter owned or controlled by City.
- E. "Street" shall mean the surface and the space above and below any public street, road, highway, alley, bridge, sidewalk, or other public place or way.

Section 3. TERM OF FRANCHISE. This Franchise shall become effective on the Effective Date described in Section 21 and shall be in full force and effect for a term of twenty-five (25) years.

{00184030.DOCX }

Attachment: CenterPoint Gas Operations - 12 14 Bellaire Agreement (redlined) (2108 : CenterPoint)

Section 4. CONSTRUCTION AND MAINTENANCE OF NATURAL GAS DISTRIBUTION SYSTEM. All Facilities installed by Company shall be of sound material and good quality, and shall be laid so that they will not interfere with the artificial drainage of the City or its underground fixtures, or with navigation in or the natural drainage of any stream. All Facilities shall be installed in accordance with applicable Federal and State regulations and in the absence of such regulations in accordance with accepted industry practice. Within the Public Rights-of-Way, the location and route of the Facilities by the Company shall be subject to the reasonable and proper regulation, direction and control of the City or the City official to whom such duties have been delegated. Such regulation shall include, but not be limited to, the right to require in writing to the extent provided in Section 13 the relocation of Company's Facilities at Company's cost within the Public Rights-of-Way of the City whenever such relocation shall be reasonably necessary to accommodate the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities. Company shall keep current and up-to-date maps showing the physical location of Company's facilities and make available for inspection by the City at no cost during normal working hours.

Section 5. STREETS TO BE RESTORED TO GOOD CONDITION. Except as otherwise provided below, Company and its contractors shall obtain a permit from the City at no cost prior to work in the Public Rights-of-Way in order to give the City reasonable notice of the dates, location and nature of all work to be performed on its Facilities within the Public Rights-of-Way. For work involving open trenching, boring, cutting, excavating and the like in, under, upon, over, across, or along paved Streets, Company shall provide the City with a traffic control plan as part of the permitting request. If the City has not acted on a request for a permit within seven (7) business days of receipt of the request, the permit shall be deemed granted. No permit shall be required to initiate promptly emergency repairs or repairs as may be required by the rules and regulations of the Railroad Commission of Texas and the Texas One-Call Statute (Texas Utilities Code, Chapter 251, and any successor statutes) provided, however, that the Company or its Contractor shall provide notice of such emergency repair to the City's Director of Community Development as soon as practical, but in no event more than 24 hours after the initiation of any emergency repair. No permit shall be required to perform any routine maintenance provided that the Company or its Contractor provides written notification, which may be provided electronically, of such routine maintenance to the City's Director of Community Development at least 48 hours in advance of initiating such work. "Routine maintenance" shall mean, non-emergency repairs, not taking longer than 6 hours on City designated major thoroughfares and in public school zones between 9 AM and 3 PM, and not taking longer than 10 hours on other Public Rights-of-way between 8 AM and 6 PM where the paved surface of the rights-of-way, including the sidewalk and curbs, is not broken and there is no trenching in the unpaved surfaces of the rights-of-way beyond 24 inches. Company and contractors performing work for Company shall not be required to obtain any permits for relocations of Facilities requested by the City, provided that the relocated Facilities are placed in the location designated by the City and the relocation is otherwise in accordance with the City's request to relocate. No permit shall be required for the Company and its contractors to park vehicles in the Streets and other Public Rights-of-Way when necessary for routine maintenance, emergency work or work requested by the City.

Section 6. QUALITY OF SERVICE. The service furnished hereunder to the City and its inhabitants shall be in accordance with the quality of service rules of the Railroad

{00184030.DOCX }

Formatted: Font: Times New Roman,

Formatted: Font: Times New Roman,

Formatted: Font: Times New Roman,

Formatted: Font: Times New Roman,

Formatted: Highlight

Formatted: Font: Times New Roman,

Commission of Texas, state and federal regulations. Company shall furnish the grade of service to its customers as provided by its rate schedules and shall maintain its system in reasonable operating condition during the continuance of this Franchise. An exception to this requirement is automatically in effect, but only for so long as is necessary, when caused by a shortage in materials, supplies and equipment beyond the control of the Company as a result of fires, strikes, riots, storms, floods and other casualties, governmental regulations, limitations and restrictions as to the use and availability of materials, supplies and equipment and as to the use of the services, and unforeseeable and unusual demands for service. In any of such events the Company shall do all things reasonably within its power to restore normal service as quickly as practicable.

Section 7. PAYMENT TO THE CITY. In consideration of the rights and privileges herein granted, the administration of the Franchise by the City, the temporary interference with the use of Public Rights-of-Way and cost and obligations undertaken by the city in relation thereto and in lieu of any license, charge, fee, street or alley rental or other character of charge for use and occupancy of the Streets, alleys, and public places of the City, and in lieu of any inspection fee, the Company agrees to pay to the City franchise fees in the amount and manner described herein.

Company agrees to pay to the City quarterly during the continuance of this Franchise a sum of money equal to five percent (5%) of the Company's gross receipts for the preceding calendar quarter received by the Company from the sale of gas within the corporate limits of the City plus seven cents (7¢) per Mcf for natural gas transported by Company for its Transport Customers during such quarter. "Transport Customer" means any person or entity for whom Company transports gas through the distribution system of Company within the corporate limits of City for consumption within the corporate limits of City. The franchise fees hereunder shall be calculated for the calendar quarters ending March 31, June 30, September 30, and December 31 and shall be payable on or before the fifteenth day of May, August, November, and February following the quarter for which payment is made, beginning with the first such date following the Effective Date of this Franchise and each August 15th, November 15th, February 15th, and May 15th thereafter; provided, however, the first such payment shall be prorated as necessary to reflect only those gross receipts received and transportation volumes delivered by Company after the Effective Date of this Franchise. In no event shall the Company be required to remit to the City franchise fee amounts that for any reason whatsoever are not fully recoverable from its customers. Upon receipt of the above amount of money, the City Secretary Finance Department shall deliver to the Company a receipt for such amount upon the Company's request. If any payment due date required herein falls on a weekend or bank holiday, payment shall be made on or before the close of business of the first working day after the payment due date.

Section 8. ANNEXATIONS BY CITY. This Franchise shall extend to and include any and all territory that is annexed by the City during the term of this Franchise. Within sixty (60) days from the receipt of notice from the City of any such annexation, the Company shall assure that any and all customers within such annexed territory are included and shown on its accounting system as being within the corporate limits of the City of Bellaire. After such sixty (60) day period the payment provisions specified in Section 7 of this Franchise shall apply to gross receipts and transport fees received by the Company from customers located within such annexed territory. Company shall true-up its map of City boundaries to the City's map on an annual basis.

{00184030.DOCX }

Section 9. NON-EXCLUSIVE FRANCHISE. Nothing contained in this Franchise shall ever be construed as conferring upon the Company any exclusive rights or privileges of any nature whatsoever.

Section 10. COMPLIANCE AND REMEDIES. (a) In the event the Company by act or omission violates any material term, condition or provision of this Franchise, the City shall notify the Company in writing of such violation. Should the Company fail or refuse to correct any such violation within thirty (30) days from the date of City's notice, the City shall, upon written notification to the Company, have the right to terminate this agreement. Any such termination and cancellation shall be by ordinance adopted by City Council; provided, however, before any such ordinance is adopted, the Company must be given at least sixty (60) days' advance written notice. Such notice shall set forth the causes and reasons for the proposed termination and cancellation, shall advise the Company that it will be provided an opportunity to be heard by City Council regarding such proposed action before any such action is taken and shall set forth the time, date and place of the hearing.

(b) Other than its failure, refusal or inability to pay its debts and obligations, including, specifically, the payments to the City required by this Franchise, the Company shall not be declared in default or be subject to any sanction under any provision of this Franchise in those cases in which performance of such provision is prevented by reasons beyond its control.

(c) The rights and remedies of City and Company set forth herein shall be in addition to, and not in limitation of, any other rights and remedies provided at law or in equity and City's exercise of any particular remedy shall not constitute a waiver of its rights to exercise any other remedy.

Section 11. RESERVE OF POWERS. Except as otherwise provided in this Franchise, the City by the granting of this Franchise does not surrender or to any extent lose, waive, impair or lessen the lawful powers, claims and rights, now or hereafter vested in the City under the Constitution and statutes of the State of Texas and under the Charter and Ordinances of the City of Bellaire or other applicable law, to regulate public utilities within the City and to regulate the use of the Streets by the Company; and the Company by its acceptance of this Franchise agrees that, except as otherwise provided in this Franchise, all lawful powers and rights, whether regulatory or otherwise, as are or as may be from time to time vested in or reserved to the City, shall be in full force and effect and subject to the exercise thereof by the City at any time and from time to time.

SECTION 12. INDEMNITY. THE COMPANY, ITS SUCCESSORS AND ASSIGNS, SHALL PROTECT AND HOLD THE CITY AND ITS OFFICERS, AGENTS, AND EMPLOYEES (COLLECTIVELY REFERRED TO IN THIS SECTION AS "THE CITY") HARMLESS AGAINST ANY AND ALL CLAIMS OR DEMANDS FOR DAMAGES TO ANY PERSON OR PROPERTY BY REASON OF THE CONSTRUCTION AND MAINTENANCE OF THE COMPANY'S NATURAL GAS DISTRIBUTION SYSTEM, OR IN ANY WAY GROWING OUT OF THE RIGHTS GRANTED BY THIS FRANCHISE, EITHER DIRECTLY OR INDIRECTLY, OR BY REASON OF ANY ACT, NEGLIGENCE OR NONFEASANCE OF THE COMPANY OR THE CONTRACTORS, AGENTS OR EMPLOYEES OF THE COMPANY OR ITS SUCCESSORS AND ASSIGNS, AND SHALL REFUND TO THE CITY ALL SUMS

{00184030.DOCX }

WHICH THE CITY MAY BE ADJUDGED TO PAY ON ANY SUCH CLAIM, OR WHICH MAY ARISE OR GROW OUT OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED OR BY THE ABUSE THEREOF, AND THE COMPANY OR ITS SUCCESSORS AND ASSIGNS SHALL INDEMNIFY AND HOLD THE CITY HARMLESS FROM AND ON ACCOUNT OF ALL DAMAGES, COSTS, EXPENSES, ACTIONS, AND CAUSES OF ACTION THAT MAY ACCRUE TO OR BE BROUGHT BY, A PERSON, PERSONS, COMPANY OR COMPANIES AT ANY TIME HEREAFTER BY REASON OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED, OR OF THE ABUSE THEREOF.

Section 13. RELOCATION OF FACILITIES. The Company shall, upon written request of the City, relocate its Facilities within Public Rights-of-Way at Company's own expense, exclusive of Facilities installed for service directly to City, whenever such shall be reasonably necessary on account of the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities. City shall bear the costs of all relocations of Facilities installed for service directly to City and of any relocation of other Facilities requested by City for reasons other than the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by the City of City utility lines or drainage facilities.

Section 14. GOVERNMENTAL FUNCTION. All of the regulations and activities required by this Franchise are hereby declared to be governmental and for the health, safety and welfare of the general public.

Section 15. RECORDS AND REPORTS. (a) Books of Account. The Company shall keep complete and accurate books of accounts and records of its business and operations under and in connection with this Franchise. All such books of accounts and records shall be kept at the company's principal office in Houston, Texas.

(b) Access by City. The City may conduct an audit or other inquiry or may pursue a cause of action in relation to the payment of the franchise fee only if such audit, inquiry, or pursuit of a cause of action concerns a payment made less than three (3) years before the commencement of such audit, inquiry, or pursuit of a cause of action. Each party shall bear its own costs of any such audit or inquiry. Upon receipt of a written request from the City, all books and records related to Company's operations under this Franchise shall be made available for inspection and copying no later than thirty (30) days from receipt of such request.

(c) Interest on Underpayments and Overpayments. (1) Amounts due to City for late payments shall include interest, compounded daily equal to the return on equity plus three percent (3%) granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. (2) If the City identifies, as a result of a franchise fee compliance review, amounts owed by the Company from prior periods or prior underpayments, then the Company shall pay simple interest on such amounts equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. Said interest shall be payable on such sums from the date the initial payment was due until it is paid and shall not be billed to customers. (3) Amounts due Company for past overpayments shall include simple interest equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers

{00184030.DOCX }

within the corporate limits of the City; provided, however, if there is a change in the approved return on equity during the time period subject to the City's audit or inquiry, then for each time period during which there was an overpayment, the approved return on equity in effect during such time period shall be used in calculating interest under this subparagraph (c). Interest payable on such sums shall be credited to customers.

Section 16. EASEMENT. In consideration for the compensation set forth in Section 7, City agrees that if City sells, conveys, or surrenders possession of any portion of the Public Right-of-Way that is being used by Company pursuant to this Franchise, City, to the maximum extent of its right to do so, shall first grant Company an easement for such use and the sale, conveyance, or surrender of possession of the Public Right-of-Way shall be subject to the right and continued use of Company.

Section 17. ORIGINAL JURISDICTION OVER RATES AND SERVICES. Pursuant to Section 103.003 of the Gas Utility Regulatory Act, the City hereby elects to surrender to the Railroad Commission of Texas the City's exclusive original jurisdiction over the rates, operations and services of the Company effective as of the Effective Date of this Franchise and for the term of this Franchise. Notwithstanding the above surrender of the City's exclusive original jurisdiction over the rates, operations and services of the Company, such surrender shall not affect in any manner the City's rights and privileges pursuant to the provisions of the Gas Utility Regulatory Act as currently enacted, or as amended, or in any successor legislation, or as otherwise provided at law for the City to both participate in any ratemaking proceeding at the Railroad Commission of Texas which affects the City's gas rates, and to recover from the Company any reasonable expenses incurred by the City in its participation in such a ratemaking proceeding as provided for in law.

Section 18. ACCEPTANCE. The Company shall, within thirty (30) days following the final passage and approval of this Franchise, file with the City ~~Secretary-Clerk~~ of the City of Bellaire a written statement signed in its name and behalf in the following form:

"To the Honorable Mayor: and City Council of the City of Bellaire:

CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, its successors and assigns, hereby accepts the attached Franchise Ordinance and agrees to be bound by all of its terms and provisions."

CENTERPOINT ENERGY RESOURCES CORP.,
DBA CENTERPOINT ENERGY TEXAS GAS
OPERATIONS

By:

Randal M. Pryor, Division Vice President,
Regional Operations

Dated this _____ day of _____ 2016.

{00184030.DOCX }

Section 19. SEVERABILITY. If any provision, section, subsection, sentence, clause or phrase of this Franchise is for any reason held to be unconstitutional, void, or invalid or for any reason unenforceable, the validity of the remaining portions of this Franchise shall not be affected thereby, it being the intent the City of Bellaire in adopting this Franchise that no portion hereof or provision hereof shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision or regulation and, to this end, all provisions of this ordinance are declared to be severable.

Section 20. NOTICES. Every notice, order, petition, documents or other direction or communication to be served upon the City or the Company shall be deemed sufficiently given if sent by registered or certified mail, return receipt requested. Every such communication to the Company shall be sent to:

CenterPoint Energy Resources Corp.
Vice President Regulatory Relations
PO Box 4567
Houston, TX 77210-4567

With a copy to:
General Counsel, Gas Division
PO Box 2628
Houston, TX 77252-2628

Every such communication to the City or the City Council shall be sent to the:

Mayor, City of Bellaire

Bellaire, Texas _____

With a Copy to:

City ~~Secretary~~Clerk

Bellaire, Texas _____

Section 21. PUBLICATION, PASSAGE AND EFFECTIVE DATE. This Franchise, having been published, at the expense of the Company, once each week for four (4) consecutive weeks in the official newspaper of the City of Bellaire following its final passage, shall take effect and be in force from and after the first day of the month following ~~thirty days after receipt by the Company's acceptance filed pursuant to Section 18~~sixty (60) days after its final passage, provided the Company's acceptance is filed pursuant to Section 18. ("Effective Date"). The Company shall pay the cost of those publications.

{00184030.DOCX }

Attachment: CenterPoint Gas Operations - 12 14 Bellaire Agreement (redlined) (2108 : CenterPoint)

Section 22. REPEAL OF PREVIOUS ORDINANCES. This Franchise replaces the Franchise agreement with the Company, dated July 6, 1998, granted by City of Bellaire, Texas Ordinance No. 98-031 which ordinance is hereby repealed as of the Effective Date of this Franchise. Any claims of City or Company thereunder are hereby waived.

Section 23. COMPLIANCE WITH CHARTER AND ORDINANCES. This Franchise, the rights granted hereby and the operations and activities performed by Company pursuant hereto shall be subject to applicable provisions of the Charter of the City of Bellaire, Texas. Except to the extent otherwise expressly provided herein, the Franchise and rights granted hereby and the operations and activities performed by Company pursuant hereto, shall be subject to all valid ordinances and regulations of the City insofar as such ordinances and regulation (a) do not shorten the term hereof or terminate, abrogate, or materially and adversely affect the Franchise and right granted to Company hereby, (b) do not conflict with or are not inconsistent with the terms and provisions contained in this ordinance, (c) or prevent or interfere with Company's Federal and State regulatory obligations. All such conflicting or inconsistent ordinances are hereby repealed to the extent of such conflict or inconsistency.

Read in full and passed and adopted on first reading at a regular meeting of the City Council of Bellaire, Texas, on the _____ day of _____, 2016 and approved by the Mayor.

Read in full and passed and adopted on second reading at a regular meeting of the City Council of Bellaire, Texas, on the _____ day of _____, 2016 and approved by the Mayor.

Read in full and passed and adopted on third reading at a regular meeting of the City Council of Bellaire, Texas, on the _____ day of _____, 2016 and approved by the Mayor.

APPROVED:

MAYOR OF THE CITY OF
BELLAIRE, TEXAS

ATTEST:

CITY CLERK OF BELLAIRE, TEXAS

{00184030.DOCX }

Attachment: CenterPoint Gas Operations - 12 14 Bellaire Agreement (redlined) (2108 : CenterPoint)

THE STATE OF TEXAS §
 §
 COUNTY OF HARRIS §

I, the duly appointed, qualified and acting City Clerk of Bellaire, Texas, do hereby certify that the above and foregoing ordinance was read on first reading at a regular meeting of the City Council of said Bellaire, Texas, held on the ____ day of _____, 2016; that written notice of the date, place and subject of said meeting was posted on a bulletin board located at a place convenient to the public in the City Hall for at least 72 hours preceding the day of said meeting; that the Mayor _____, and _____ Council members:

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

were present at said meeting and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Clerk; that the above and foregoing ordinance was read on second reading at a regular meeting of the City Council of said Bellaire, Texas held on the ____day of _____2016; that written notice of the date, place and subject of said meeting was posted on a bulletin board located at a place convenient to the public in the City Hall for at least 72 hours preceding the day of said meeting; that the Mayor _____, and _____ Council members:

{00184030.DOCX }

Attachment: CenterPoint Gas Operations - 12 14 Bellaire Agreement (redlined) (2108 : CenterPoint)

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

were present at said meeting and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Clerk; that the above and foregoing ordinance was read on third reading at a regular meeting of the City Council of said Bellaire, Texas held on the ____ day of _____ 2016; that written notice of the date, place and subject of said meeting was posted on a bulletin board located at a place convenient to the public in the City Hall for at least 72 hours preceding the day of said meeting; that the Mayor _____, and _____ Council members:

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

were present at said meeting and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Clerk; and that the same has been duly filed with the City Clerk and recorded by the City Clerk in full in the books for the purpose of recording the ordinances of the City of Bellaire, Texas.

{00184030.DOCX }

EXECUTED under my hand and the official seal of the City of Bellaire, Texas at said
City, this _____ day of _____, 2016.

City Clerk
City of Bellaire, Texas

[SEAL]

{00184030.DOCX }

Attachment: CenterPoint Gas Operations - 12 14 Bellaire Agreement (redlined) (2108 : CenterPoint)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 12/19/16 07:00 PM
Department: City Manager's Office
Category: Discussion
Department Head: Michelle Jordan
DOC ID: 2012

**SCHEDULED
ACTION ITEM (ID # 2012)**

Item Title:

Consideration of and possible action to approve the final design developed by Pierce, Goodwin, Alexander, and Linville (PGAL) for the Municipal Facilities Project - Submitted by Michelle Jordan, Project Manager.

Background/Summary:

Mr. Jeff Gerber, President and CEO of Pierce, Goodwin, Alexander, and Linville (PGAL) will present and discuss with City Council the final design for the City Hall / Civic Center and Police / Court buildings. The intent is to confirm that the design has not substantially changed from what was approved at the August 1, 2016 Council Meeting. The documents shown as part of this presentation have been available on the City of Bellaire Document Center since December 5, 2016 for additional review time.

Feedback has been received and incorporated from previous Council Meetings.

- Public conference and meeting rooms shown on previous designs have been maintained.
- Add / maintain transparency to the park - The lobby and gathering spaces in the City Hall / Civic center will still contain a large amount of glass to allow for views on to the Great Lawn, Loftin Park, the existing trees, and other landscaping elements.
- Protection of trees - The City has received a report from Jeff Hannawalt, Certified Arborist with Yellowstone Landscape Company. Mr. Hannawalt has performed an assessment on all trees in an around the construction area. He has identified species, diameter and condition for all of these trees. In addition, he has noted recommendations for various protection methods depending on the species, location, and condition. Recommendations (which vary from tree to tree) include:
 - Pruning
 - Hand excavation
 - Tree protection fencing
 - Limited grade changes
 - Fertilization and root stimulation
 - Raise crown

Also of significance is the condition of the large tree outside current Council Chambers, behind the donor recognition wall. This large tree has been identified as being in poor health. Suggestions are made to improve the health and life expectancy of this tree, but the arborist has noted a 50/50 chance of survival at 5 years from now.

While this is the final design of the building itself, there are still many decisions to be made during the next 18 months. Furniture, fixture, and equipment needs have been identified and documented, but specific technology and interior furniture / equipment selections will not be made until construction is nearing completion. This will allow us to be certain that we are purchasing or installing the most current version or model of a specific product. The City Council will consider a Guaranteed Maximum Price for Construction (GMP) in early Spring and can anticipated ancillary purchase request later in the process.

Previous Council Action Summary:

Mr. Gerber presented an earlier version of the plans on August 1, 2016 and June 20, 2016. Feedback was gathered at these meetings as well as at the June 28, 2016 tour of similar facilities. Additional updates were given at Council meetings on July 11, June 6, and May 16, 2016 as the project has progressed.

On August 1, 2016, Council approved the design plans with the following motion: "To approve the final schematic design for the Municipal Facilities Project, including appropriate measures for the protection of trees as recommended by an urban forester."

On June 20, 2016, Council was presented the plans and renderings specifically addressing the connection between interior spaces and the park.

On May 16, 2016, Council was presented with a summary of the accomplishments of the Ad Hoc 2.0 Committee, including the committee's input and recommendations regarding

- Exterior elevation and material selections
- Interior finishes and materials
- Overall style decisions
- Entrance and lobby strategies
- Exterior building signage
- Building relationships to the campus and the park
- Floor plan adjacencies and citizen interaction with the space

City Attorney Review:

N/A

Recommendation:

Michelle Jordan, Project Manager, recommends that Council approve the final design of the Municipal Facilities project buildings as presented by Jeff Gerber, PGAL.

ATTACHMENTS:

- Dec 19 reduced PDF Version.pdf (PDF)



3131 BRIARPARK DR.
SUITE 200
HOUSTON, TX 77042
(T) 713 622 1444
(F) 713 968 9333
TBPE REG. No. F-2742
www.pgall.com

PGAL

G.3.a.a



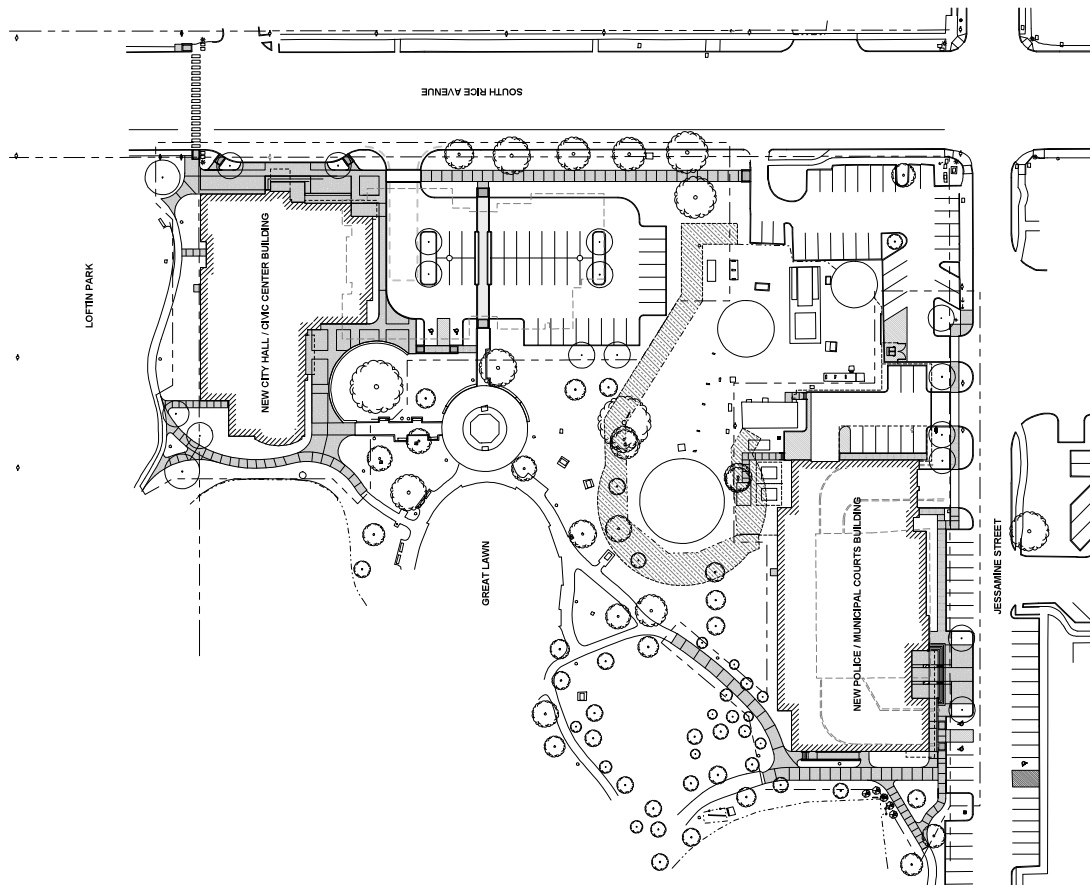
þÛ00ßxÎ Û ÓÊÖxÝxÐß0 ÛßÝx0xÎ xÚÍ ÐÎ Ñ00ÝÎ

ÐÑ0xÝ0 ñ ÓÊÖxÝxÐß0 ÝÑËÎÎ Î

3131 BRIARPARK DR.
SUITE 200
HOUSTON, TX 77042
(713) 422-1444
(713) 968-9333
TBPE REG. No. F-2742
www.pgall.com

PGAL

G.3.a.a



SITE PLAN | 1"=400' (1)

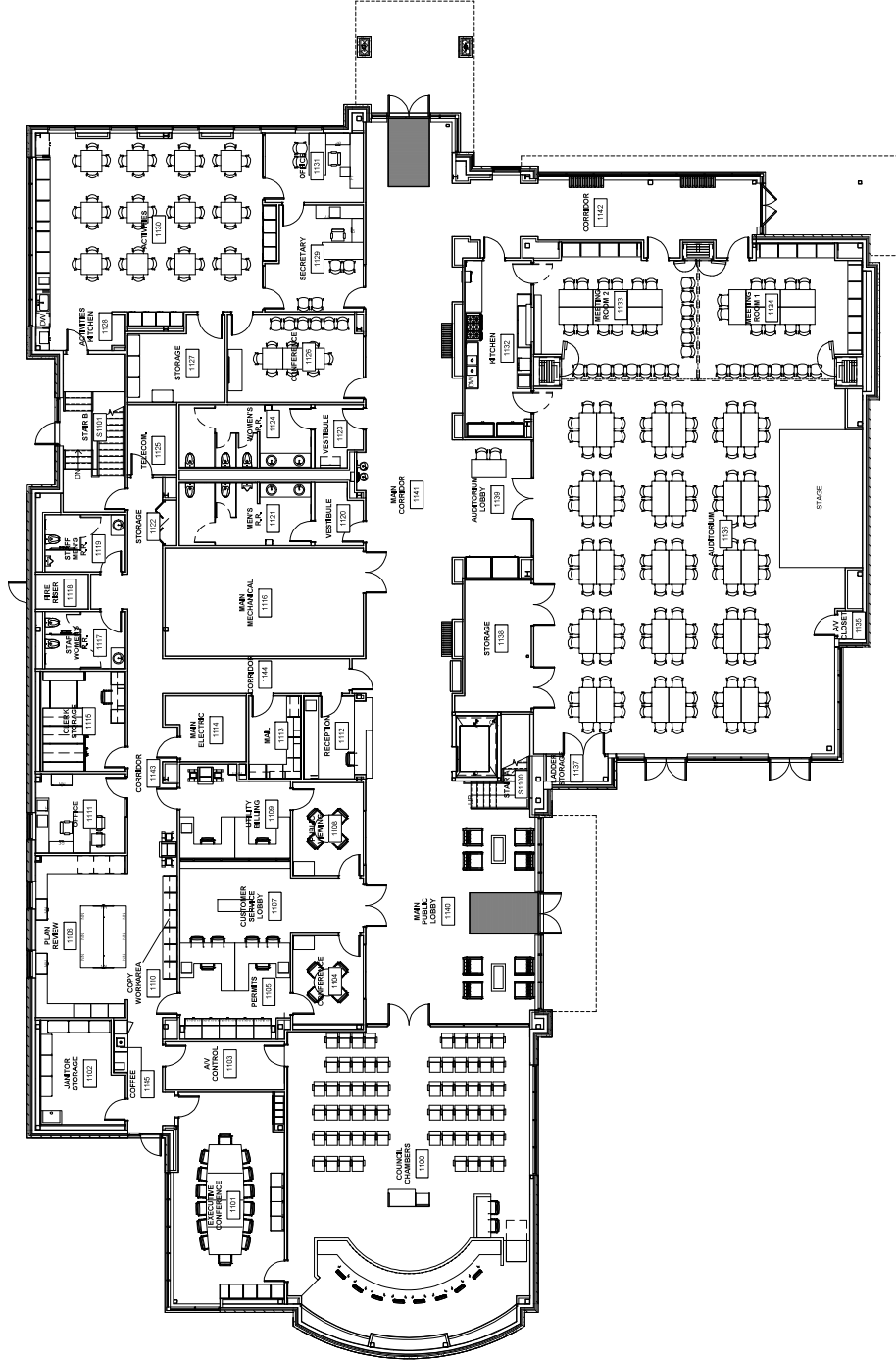
BELLAIRE MUNICIPAL FACILITIES
SITE PLAN





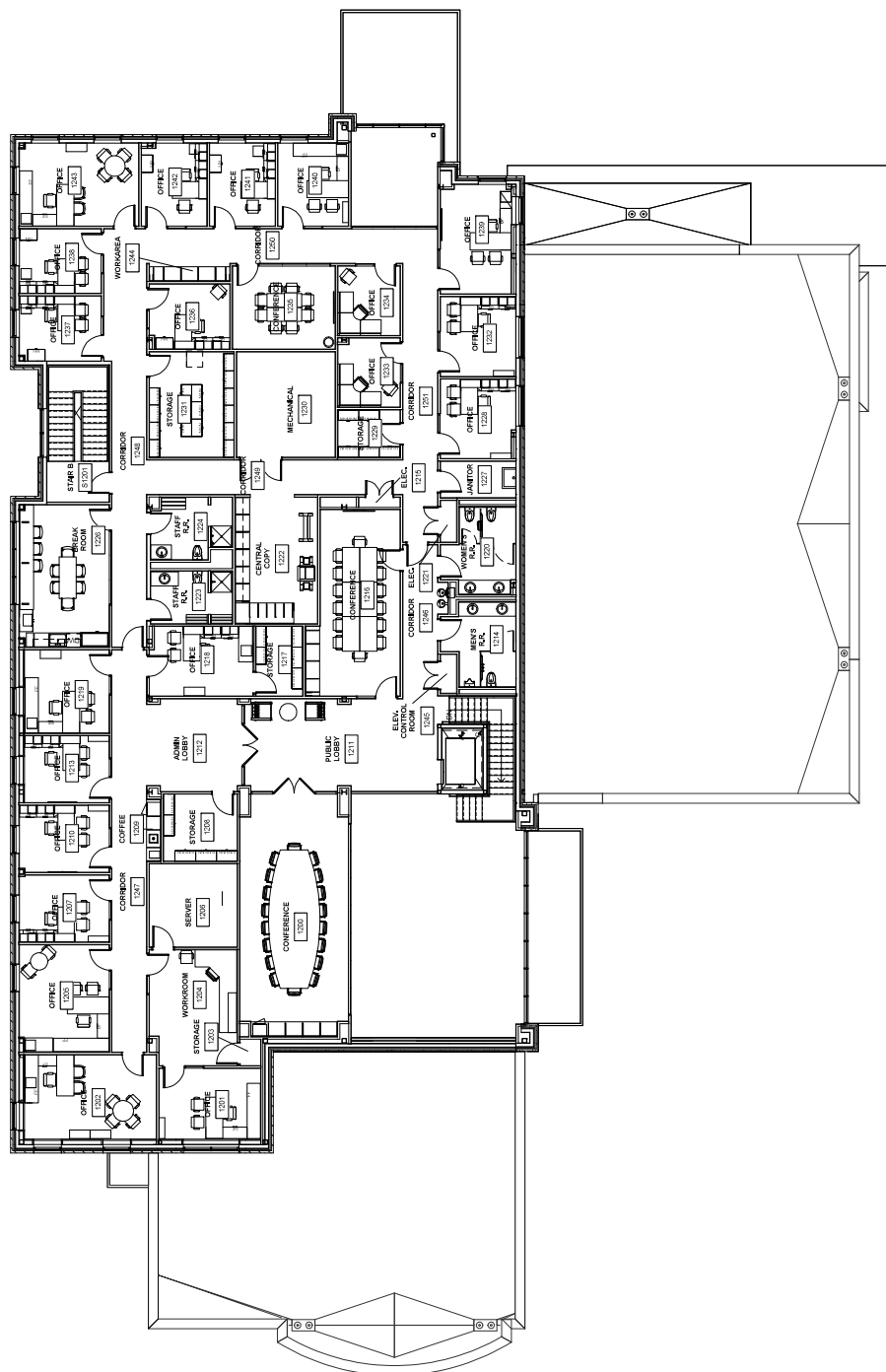
BELLAIRE MUNICIPAL FACILITIES
CITY HALL / CIVIC CENTER

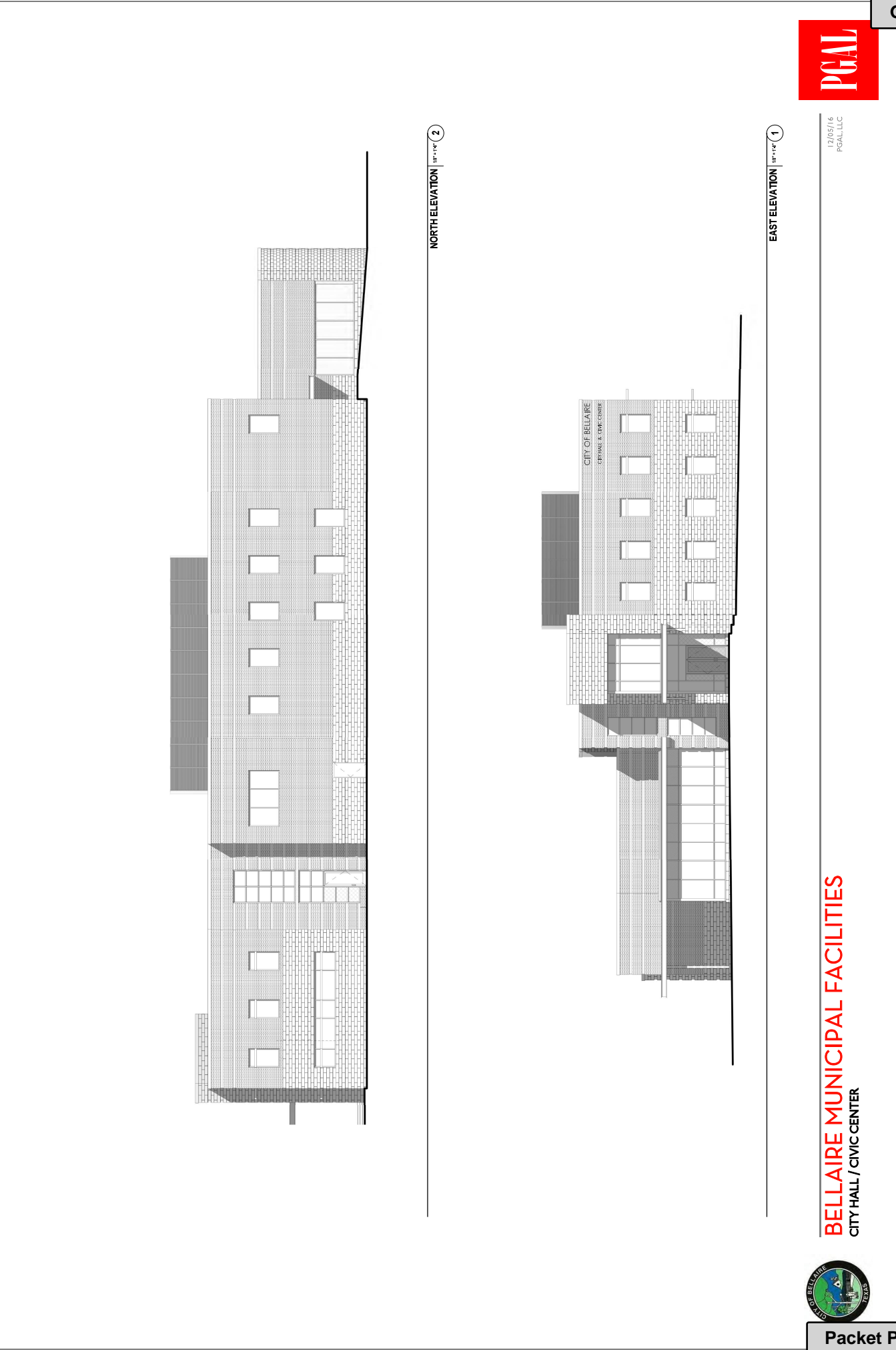
FIRST FLOOR PLAN 18' x 142' 1





SECOND FLOOR PLAN | 1/8" = 1'-0" | 1





NORTH ELEVATION | 1/8" = 1'-0" | 2

EAST ELEVATION | 1/8" = 1'-0" | 1



BELLAIRE MUNICIPAL FACILITIES
CITY HALL / CIVIC CENTER

12/05/16
PGAL, LLC

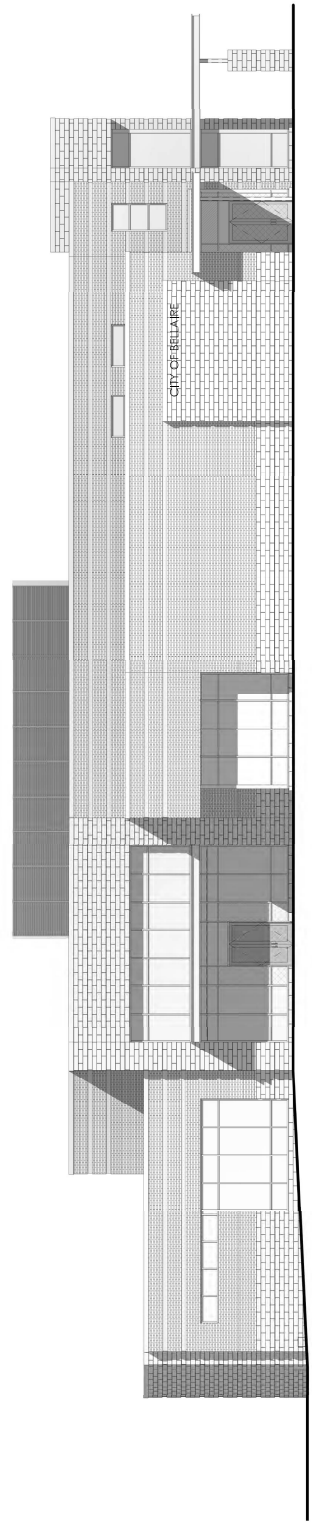
PGAL

G.3.a.a

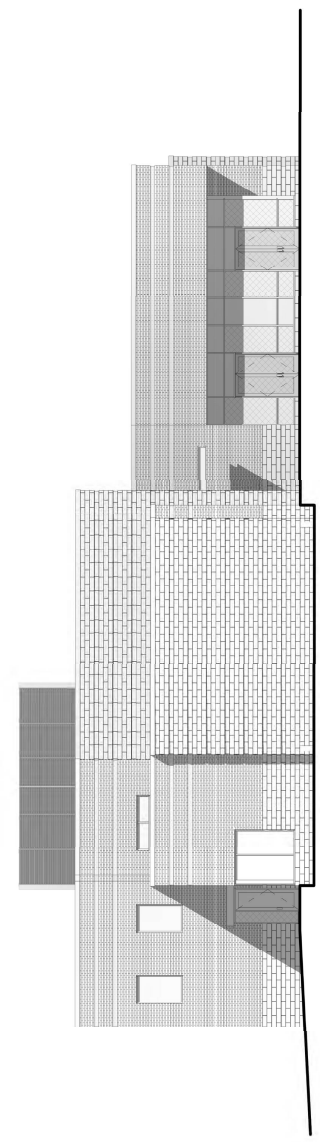


12/05/16
PG&AL, LLC

BELLAIRE MUNICIPAL FACILITIES
CITY HALL / CIVIC CENTER



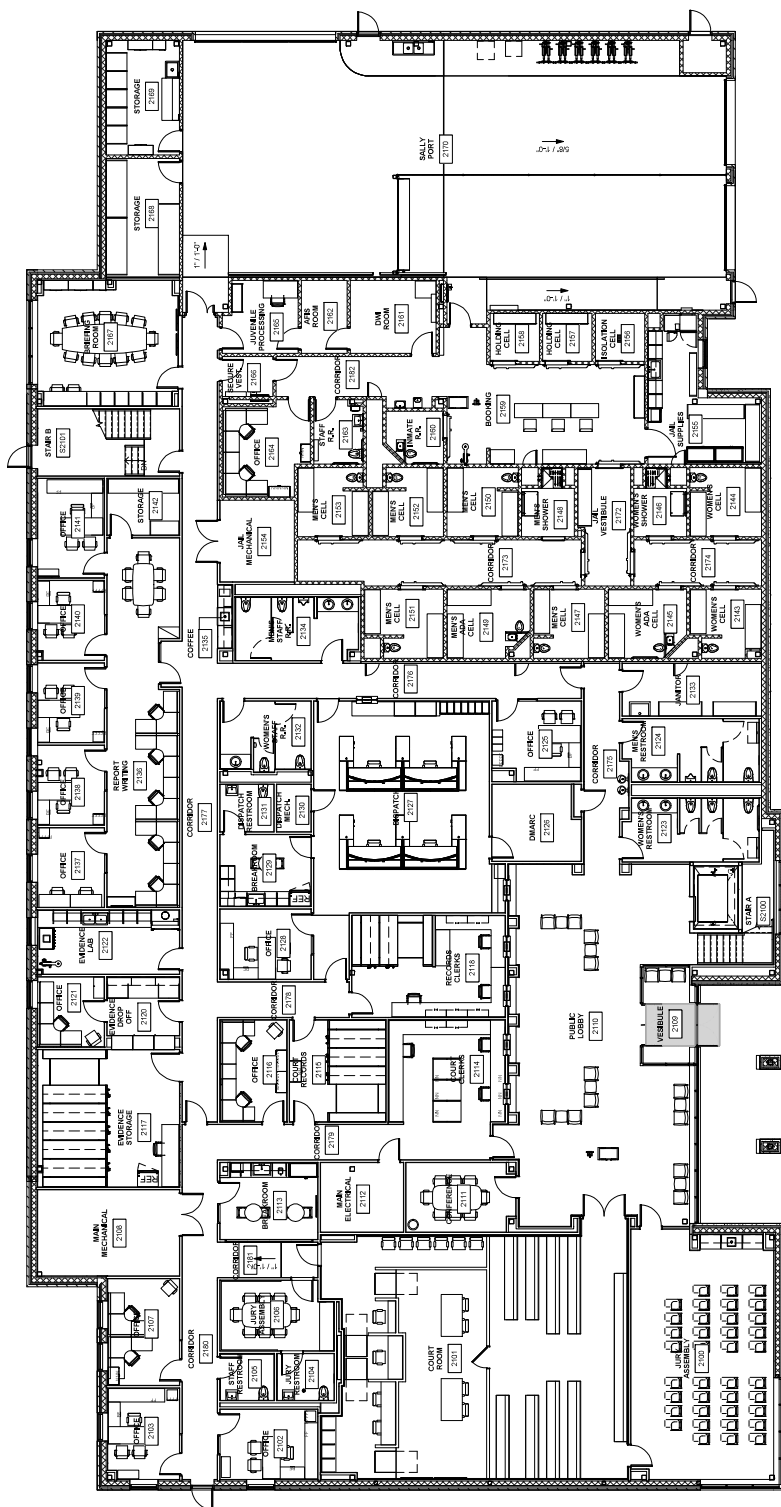
SOUTH ELEVATION | 1/8" = 1'-0" | 2



WEST ELEVATION | 1/8" = 1'-0" | 1



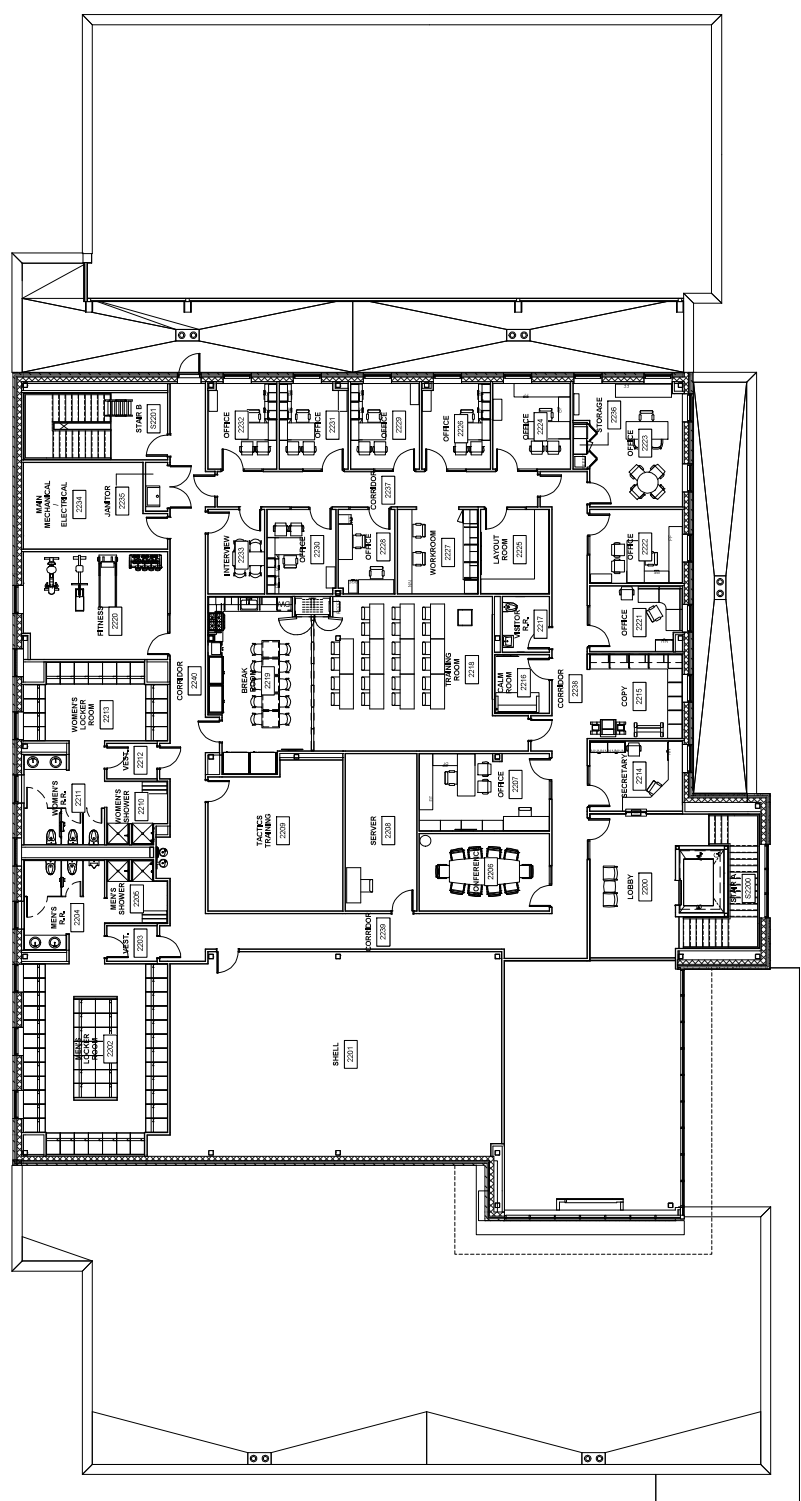
FIRST FLOOR PLAN 1





BELLAIRE MUNICIPAL FACILITIES
POLICE / MUNICIPAL COURTS

SECOND FLOOR PLAN 1/8"=1'-0" 1



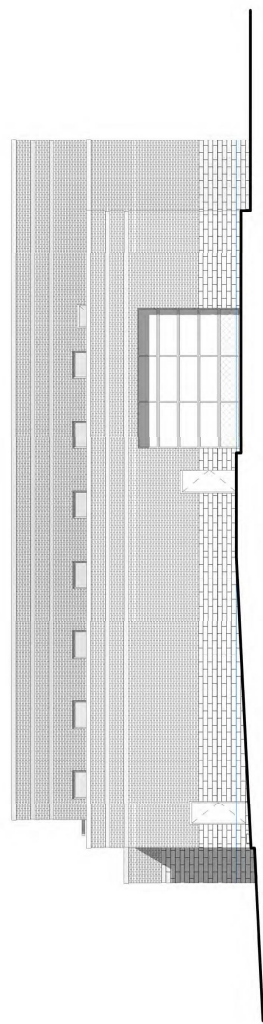
Attachment: Dec 19 reduced PDF Version.pdf (2012 : Consideration of and possible action to approve the final design)



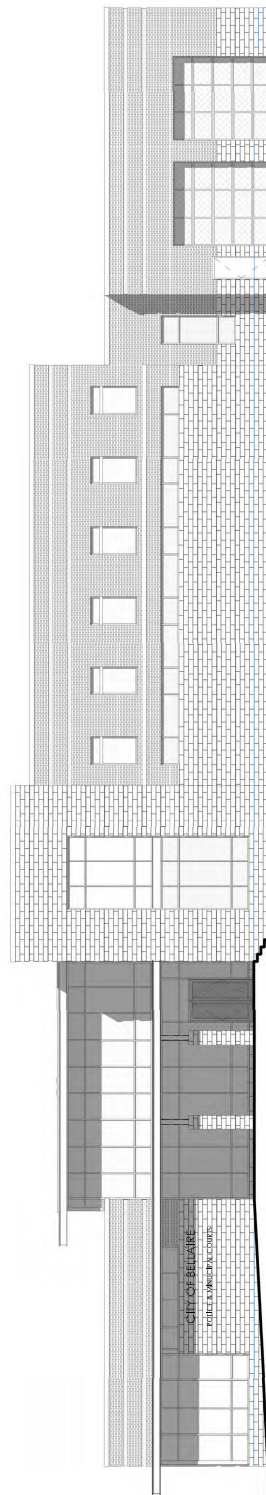
12/05/16
PG&AL, LLC



BELLAIRE MUNICIPAL FACILITIES
POLICE / MUNICIPAL COURTS



EAST ELEVATION | 1/8" = 1'-0" | 2



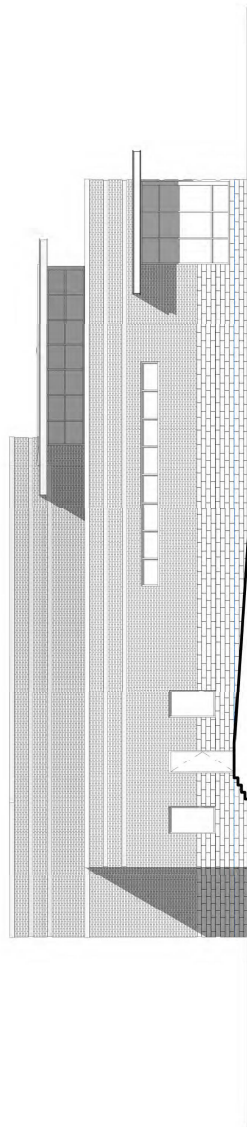
SOUTH ELEVATION | 1/8" = 1'-0" | 1



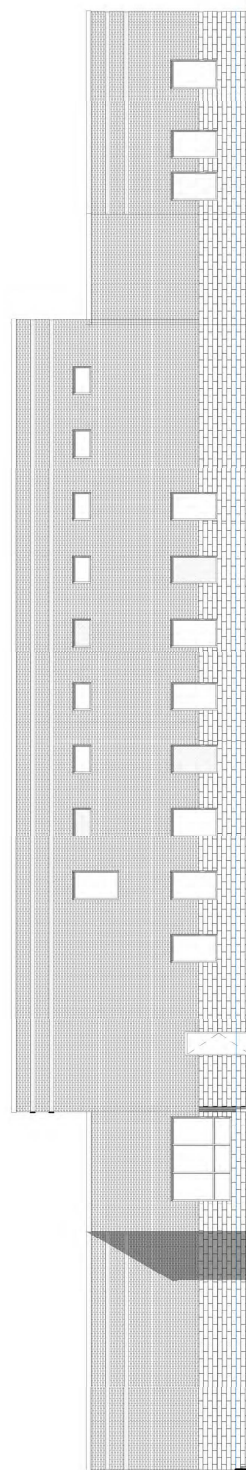
12/05/16
PG&AL, LLC



BELLAIRE MUNICIPAL FACILITIES
POLICE / MUNICIPAL COURTS



WEST ELEVATION | 1/8" = 1'-0" (2)



NORTH ELEVATION | 1/8" = 1'-0" (1)



3131 BRIARPARK DR.
SUITE 200
HOUSTON, TX 77042
(713) 622-1444
(713) 968-9333
TBP#REG. No. F-2742
www.pgall.com

PGAL

G.3.a.a

ATTACHMENT: Dec 19 reduced PDF Version.pdf (2012 : Consideration of and possible action to approve the final design)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 12/19/16 07:00 PM
Department: Finance Administration
Category: Bond
Department Head: Terrence Beaman
DOC ID: 2115

**SCHEDULED
ACTION ITEM (ID # 2115)**

Item Title:

Consideration of and possible action directing staff to proceed with preparation for and the acceptance of a Preliminary Official Statement and timetable for the sale of \$33,460,000 in General Obligation Bonds, Series 2017 - Requested by Terrence Beaman, Chief Financial Officer.

Background/Summary:

The proposed General Obligation Bonds, Series 2017 sale will be in the amount of \$33,460,000. The bonds are being issued pursuant to the applicable provisions of the Texas Constitution, the general laws of the State of Texas, an ordinance adopted by the City Council, and the City's Home Rule Charter. The bonds are direct obligations of the City, payable from an ad valorem tax levied within the limits prescribed by law on taxable property located within the City. Proceeds from the sale of the Series 2017 Bonds will be used for improvements to streets, drainage and sidewalks, construction and improvements of City buildings, water and wastewater improvements and paying the costs of issuing the Bonds.

Attached are the Preliminary Official Statement and the Bond Sale Timetable.

Previous Council Action Summary:

N/A

Fiscal Impact:

Principal and interest payments will be paid from property tax, water and waste water revenues that are already included in the FY 2017 adopted budget.

City Attorney Review:

Yes

Recommendation:

CFO Terrence Beaman recommends approval to proceed with preparation for the sale of General Obligation Bonds, Series 2017, the Timeline and the Preliminary Official Statement.

ATTACHMENTS:

- Timetable - Bellaire Bonds 2017 (PDF)
- POS Bellaire - GO Bonds 2017 (PDF)

CITY OF BELLAIRE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2017
S&P “AAA”
COUNCIL MEETS 1ST & 3RD MONDAY OF THE MONTH (7:00PM)

Draft
11/21/16

Tentative Timetable of Events

DECEMBER						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JANUARY						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Complete By	Day	Event	Parties
November 18	Friday	Send first draft of bond documents to the working group.	FA
November 29	Tuesday	Comments from the working group due on the first draft of the bond documents.	All
December 9	Friday	Second draft of the Preliminary Official Statement sent to the working group for review and comments.	FA
December 12	Monday	Send draft bond documents to Standard & Poor's Rating Service (S&P) for review. Request rating call.	FA
December 19	Monday	City Council meeting to consider financial plan for the General Obligation Bonds, Series 2017 (the Bonds).	C,FA,BC
January 4	Wednesday	Comments due on the second draft of bond documents.	All
Week of Jan. 2/9		Rating call with City Officials, Financial Advisor and S&P analysts, _____, _____, 2017 at _____.	C, FA
January 4	Wednesday	Send notice of the bond sale to the MAC to be published in the Texas Bond Reporter.	FA
January 9	Monday	Send second draft of bond documents for comments.	FA
		City to publish notice of the bond sale in the local paper.	C, BC
January 16	Monday	Receive S&P verbal rating.	FA

Attachment: Timetable - Bellaire Bonds 2017 (2115 : Approval to proceed with January 2017 General Obligation Bonds, Series 2017 Sale)

January 16	Monday	Comments due on second draft of bond documents.	All
January 18	Wednesday	Request CUSIPs for the Bonds.	FA
January 23	Monday	Competitive bond sale (Bids received until 11:00am).	FA, C,BC
January 23	Monday	City Council awards the Bonds and approves the Bond Ordinance.	C, BC, FA
January 24	Tuesday	Distribute draft of Final Official Statement (ōOSö).	FA
January 27	Friday	Comments due on draft OS.	ALL
January 30	Monday	Print and mail Final OS.	FA
February 23	Thursday	Deliver Bonds.	C, BC

Legend

City of Bellaire
Johnson Petrov LLP
US Capital Advisors

Issuer (C)
Bond Counsel (BC)
Financial Advisor (FA)

The Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor any offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**NEW ISSUE
BOOK-ENTRY-ONLY**

RATING: S&P Global Ratings AAA/stable
(See OTHER INFORMATION - Rating herein)

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, AND ASSUMING CONTINUING COMPLIANCE WITH CERTAIN COVENANTS AND THE ACCURACY OF CERTAIN REPRESENTATIONS, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, SUBJECT TO THE MATTERS DESCRIBED UNDER TAX MATTERS HEREIN AND IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS AND, EXCEPT AS DESCRIBED HEREIN, ON CORPORATIONS.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

\$33,460,000*
CITY OF BELLAIRE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2017
(A political subdivision of the State of Texas located in Harris County, Texas)

Dated Date: February 1, 2017
(Interest accrues from the date of delivery)

Due: February 15 See inside cover page

The City of Bellaire, Texas (the City) is issuing its General Obligation Bonds, Series 2017 (the Bonds). The Bonds are being issued by the City pursuant to the applicable provisions of the Texas Constitution, the general laws of the State of Texas, including particularly Chapter 1331, Texas Government Code, as amended (Chapter 1331), an election held within the City on November 8, 2005, November 5, 2013, November 8, 2016, the ordinance authorizing the issuance of the Bonds adopted by the City Council of the City (the City Council) (the Bond Ordinance), and the City's Home Rule Charter.

Interest on the Bonds will accrue from the initial Date of Delivery (defined below) to the Initial Purchaser and is payable commencing on August 15, 2017, and each February 15 and August 15 thereafter, until the earlier of redemption or maturity. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds are direct obligations of the City and are payable from and secured by a continuing direct annual ad valorem tax levied, within the limits prescribed by law, against all taxable property located within the City. See THE BONDS Sources of Payment herein.

The Bonds will be issued in fully-registered form and, when issued, will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (DTC), as the registered owner, pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by Amegy Bank National Association, Houston, Texas (the Paying Agent/Registrar) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See THE BONDS Book-Entry-Only System herein.

Proceeds from the sale of the Bonds will be used for (i) improvements to streets, drainage and sidewalks, (ii) construction and improvements of City buildings, (iii) water and wastewater improvements and, (iv) paying the costs of issuing the Bonds. See THE BONDS Purposes herein.

SEE INSIDE COVER FOR MATURITY SCHEDULE

The Bonds are subject to optional redemption prior to their scheduled maturities as described herein. See THE BONDS Optional Redemption herein.

If the principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined to create one or more term Bonds (the Term Bonds), each such Term Bond shall be subject to mandatory sinking fund redemption Commencing on February 15 of the first year of the serial maturities combined to create such Term Bond. See THE BONDS Mandatory Sinking Fund Redemption herein.

The Bonds are offered for delivery, when, as and if issued by the City and received by the Initial Purchaser listed below (the Initial Purchaser), subject to the approving opinion of the Attorney General of the State of Texas and Johnson Petrov LLP, Houston, Texas, Bond Counsel for the City. See LEGAL MATTERS herein and Form of Opinion of Bond Counsel attached hereto as Appendix D. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about February 23, 2017 (the Date of Delivery).

BIDS DUE: MONDAY, JANUARY 23, 2017 at 11:00 A.M. (CST)

* Preliminary, subject to change.

MATURITY SCHEDULE

\$33,460,000*
CITY OF BELLAIRE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2017
CUSIP Prefix ^(c): 078275

Due Feb. 15		Principal	Interest	Yield ^(b)	CUSIP No. Suffix ^(c)
2018		\$ 885,000			
2019		910,000			
2020		940,000			
2021		965,000			
2022		995,000			
2023		1,025,000			
2024		1,055,000			
2025		1,090,000			
2026		1,120,000			
2027	(a)	1,155,000			
2028	(a)	1,190,000			
2029	(a)	1,230,000			
2030	(a)	1,275,000			
2031	(a)	1,320,000			
2032	(a)	1,365,000			
2033	(a)	1,410,000			
2034	(a)	1,470,000			
2035	(a)	1,525,000			
2036	(a)	1,590,000			
2037	(a)	1,650,000			
2038	(a)	1,715,000			
2039	(a)	1,785,000			
2040	(a)	1,855,000			
2041	(a)	1,930,000			
2042	(a)	2,010,000			

(Interest accrues from date of delivery)

- (a) The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof on February 15, 2026, or any date thereafter at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS" ó Optional Redemption herein. Additionally, principal amounts designated in the above schedule may be combined to create one or more term bond, with each such term bond being subject to mandatory sinking fund redemption. See "THE BONDS" ó Mandatory Sinking Fund Redemption herein.
- (b) The initial reoffering prices or yields of the Bonds are furnished by the Initial Purchaser (as defined herein) and represent the initial offering prices or yields to the public, which may be changed by the Initial Purchaser at any time.
- (c) CUSIP numbers have been assigned to the Bonds by the CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Bonds. Neither the City nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

* Preliminary, subject to change.

CITY OFFICIALS, ADMINISTRATION AND CONSULTANTS

The City of Bellaire, Texas (the "City") was incorporated under the laws of the State of Texas (the "State") in 1918. The City has operated under a "Home Rule Charter" which provides for a "Council Manager" form of government since January 15, 1949. The City Council is comprised of a Mayor and six council members, all of whom are elected at large. The Mayor is elected for regular terms of two years, and the council members are elected for regular terms of four years. The Mayor shall not serve more than four consecutive terms in that position and no councilmember shall serve more than two consecutive terms as a councilmember.

Elected Officials

<u>Council Members</u>	<u>Position</u>	<u>Term Expires</u>	<u>Occupation</u>
Andrew S. Friedberg	Mayor	2018	Attorney
Roman F. Reed	Council Member	2018	Financial Advisor
Trisha S. Pollard	Council Member	2020	Attorney
Gus E. Pappas	Council Member	2020	Attorney
Pat McLaughlan	Council Member	2020	Retired
Michael Fife	Council Member	2018	Retired
David R. Montague	Council Member	2020	Retired

Appointed Positions

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Paul A. Hofmann	City Manager	2 Years
Diane K. White	Asst. City Manager	14 Years
Terrence Beaman	Chief Financial Officer	6 Months
Tracy L. Dutton	City Clerk	20 Years
Alan Petrov	City Attorney	21 Years

Consultants

Bond Counsel	Johnson Petrov LLP Houston, Texas
Certified Public Accountants	Whitely, Penn LLP Houston, Texas
Financial Advisor	USCA Municipal Advisors, LLC Houston, Texas

For Additional Information, Contact:

Mr. Paul A. Hofmann
City Manager
City of Bellaire
7008 South Rice Avenue
Bellaire, Texas 77401
Telephone: (713) 662-8222
phofmann@bellairetx.gov

Mr. Jim Gilley
Managing Director
USCA Municipal Advisors, LLC
4444 Westheimer, Suite G500
Houston, Texas 77027
Telephone: (713) 366-0555
jgilley@uscacal.com

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c 2-12") and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No broker, dealer, sales representative or any other person has been authorized by the City, the Financial Advisor, or the Initial Purchaser to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described in it and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy all securities other than those described on the inside cover page, nor shall there be an offer to sell, solicitation of an offer to buy or sale of such securities by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

All the summaries of the statutes, ordinances, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the City.

Certain information set forth herein has been obtained from the City and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Initial Purchaser.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after such Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Initial Purchaser has provided the following sentence for inclusion in this Official Statement. The Initial Purchaser has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchaser does not guarantee the accuracy or completeness of such information.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information of links contained herein are not incorporated into, and are not part of, this official statement for purposes of, and as that term is defined in the Rule.

TABLE OF CONTENTS

MATURITY SCHEDULE	ii	LEGAL MATTERS.....	14
CITY OFFICIALS, ADMINISTRATION, AND CONSULTANTS	iii	Legal Opinions.....	14
USE OF INFORMATION IN OFFICIAL STATEMENT.....	iv	Litigation.....	15
OFFICIAL STATEMENT SUMMARY	vi	No-Litigation Certificate	15
SELECTED FINANCIAL INFORMATION	viii	TAX MATTERS	15
INTRODUCTORY STATEMENT.....	1	Tax Exemption.....	15
THE BONDS.....	1	Additional Federal Tax Considerations.....	16
Purposes.....	1	Tax Legislation Changes.....	17
Sources and Uses.....	1	CONTINUING DISCLOSURE OF INFORMATION	17
Description.....	2	Annual Reports	17
Authority for Issuance	2	Event Notices.....	18
Sources of Payment	2	Availability of Information from EMMA.....	18
Optional Redemption.....	2	Limitations and Amendments.....	18
Mandatory Sinking Fund Redemption.....	2	Compliance with Prior Undertakings	19
Notice of Redemption.....	3	OTHER INFORMATION.....	19
Book-Entry-Only System.....	3	Rating.....	19
Paying Agent/Registrar.....	5	Financial Advisor.....	19
Ownership.....	5	Initial Purchaser	19
Transfers and Exchanges	5	GENERAL CONSIDERATIONS	20
Record Date for Interest Payment	6	Prices and Marketability.....	20
Replacement Bonds	6	Legal Investments and Eligibility to Secure Public Funds in Texas.....	20
Remedies in the Event of Default.....	6	Securities Laws	20
Defeasance.....	6	Sources and Compilation of Information.....	20
TAX INFORMATION.....	6	Forward Looking Statements.....	21
General	6	Approval of Official Statement.....	21
Authority for Ad Valorem Taxation	6	Certification of the Official Statement	21
Tax Rate Limitation.....	8	Audited Financial Statements	21
Effective Tax Rate And Rollback Tax Rate.....	9	APPENDIX A ó GENERAL FINANCIAL INFORMATION AND DEBT INFORMATION	
Municipal Sales Tax Collections.....	9	APPENDIX B ó ECONOMIC AND DEMOGRAPHIC INFORMATION	
SELECTED ISSUER INFORMATION.....	9	APPENDIX C ó SELECTED DATA FROM COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF BELLAIRE, TEXAS, FISCAL YEAR ENDED SEPTEMBER 30, 2015	
Capital Improvement Plan	9	APPENDIX D ó FORM OF OPINION OF BOND COUNSEL	
Authorized But Unissued General Obligation Debt ...	10		
Anticipated Issuance of Additional Debt	10		
Other Obligations	10		
Employee Retirement System and OPEB Liability	10		
Risks From Weather Events.....	10		
Environmental Considerations	11		
Area Topography and Land Subsidence	11		
Water Supply	11		
Financial Policies	11		
Deposits and Investments	12		

OFFICIAL STATEMENT SUMMARY

This Official Statement Summary is subject in all respects to the more complete information contained therein. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Official Statement Summary from the Official Statement or otherwise to use same without the entire Official Statement. Certain defined terms used in this Official Statement Summary are defined elsewhere in this Official Statement.

The Issuer	City of Bellaire, Texas.
The Bonds	\$33,460,000* City of Bellaire, Texas General Obligation Bonds, Series 2017 (the "Bonds"). The Bonds are being issued in the principal amounts, maturities, and at the rates per annum, set forth on the inside cover page hereof. The Bonds will be issued only in fully-registered form in integral multiples of \$5,000 principal amount.
Interest	The Bonds are dated February 1, 2017. Interest will accrue from the initial date of delivery of the Bonds to the Initial Purchaser at the rates indicated on the inside cover page hereof, with interest payable on August 15, 2017, and on each February 15 and August 15 thereafter until the earlier of redemption or maturity.
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is Amegy Bank National Association, Houston, Texas.
Authority for Issuance	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331 of the Texas Government Code, as amended ("Chapter 1331"), an election held within the City on November 8, 2005, November 5, 2013 and November 8, 2016, an ordinance adopted by the City Council of the City (the "City Council") (the "Ordinance") and the City's Home Rule Charter.
Optional Redemption	The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after February 15, 2027, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026 or any day thereafter at par, plus accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, if the principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined to create one or more term bonds (the "Term Bonds"), each such Term Bond shall be subject to mandatory sinking fund redemption. See "THE BONDS - Optional Redemption" and "Mandatory Sinking Fund Redemption" herein.
Security for the Bonds	Principal of and interest on the Bonds are payable from the receipts of a continuing, direct annual ad valorem tax levied, against all taxable property located within the City, within the limits prescribed by law. The Bonds are direct obligations of the City and not obligations of the State, Harris County or any other political subdivision. See "The BONDS - Sources of Payment" herein.
Use of Proceeds	Proceeds from the sale of the Bonds will be used for (i) improvements to streets, drainage and sidewalks, (ii) construction and improvements of City buildings, (iii) water and wastewater improvements and, (iv) paying the costs of issuing the Bonds. See "THE BONDS - Purposes" herein.
Book-Entry Only System	The Bonds are initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the book-entry-only system. No physical delivery of the Bonds will be made to the beneficiary thereof. Principal of and interest on the Bonds will be paid to Cede & Co., which will distribute such payment to the participating members of DTC for remittance to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

* Preliminary, subject to change.

Payment Record	The City has never defaulted with respect to payment of debt service on any outstanding debt.
Municipal Bond Rating	S&P Global Ratings, acting through Standard & Poor's Financial Services LLC, has assigned its municipal bond rating of AAA/stable . See "RATING" herein.
Tax Exemption	In the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law and is not subject to the alternative minimum tax on individuals or corporations, except as provided herein below. See "TAX MATTERS" & "Tax Exemption" herein.
Qualified Tax-Exempt Obligations	The City does not expect to designate the Bonds as "qualified tax-exempt obligations" for financial institutions.
Delivery	It is expected that the Bonds will be available for delivery through the facilities of DTC on or about February 23, 2017.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Johnson Petrov LLP, Bond Counsel, Houston, Texas.

SELECTED FINANCIAL INFORMATION

2016 Taxable Assessed Valuation	\$ 4,802,110,312
2010 U.S. Census Population	16,855

Outstanding Debt as of January 1, 2017

	<u>Par Amount</u>
Outstanding Bonds	\$ 77,985,000
Plus: The Bonds	33,460,000 *
Total General Obligation Debt	\$ 111,445,000 *

	<u>2010 US Census Per Capita</u>	<u>Percent of 2016 Taxable Assessed Valuation</u>
<u>Direct Debt Ratio ^(a)</u>		
Direct Debt Ratio	\$ 6,612	2.32%

Estimated Annual Requirements ^{(a)*}

	<u>Direct Debt</u>
Total Average Annual Debt Service	\$ 5,978,886
Total Maximum Annual Debt Service	\$ 8,618,830
Net Average Annual Debt Service ^(b)	\$ 4,794,283
Net Maximum Annual Debt Service ^(b)	\$ 7,080,743

Fund Balances

	<u>9/30/2015</u>
General Fund	\$ 5,604,047
Debt Service Fund	\$ 514,125
Enterprise Fund - Total Net Position	\$ 46,621,034

2016 Tax Rate

General Fund	\$ 0.2551
Debt Service Fund	0.1323
Total Tax Rate	\$ 0.3874

(a) Includes the Bonds.

(b) The Enterprise Fund transfers a discretionary amount to the Debt Service Fund to pay a portion of the principal and interest in general obligation debt used to finance capital improvements used for the enterprise activities.

Net Debt reflects such transfer.

*Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT

\$33,460,000^{*} **CITY OF BELLAIRE, TEXAS** **GENERAL OBLIGATION BONDS, SERIES 2017**

(A political subdivision of the State of Texas located in Harris County, Texas)

INTRODUCTORY STATEMENT

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance by the City of Bellaire, Texas (the "City") of its \$33,460,000^{*} General Obligation Bonds, Series 2017 (the "Bonds").

Capitalized terms used in the Official Statement have the same meanings assigned in the Bond Ordinance adopted by the City Council of the City (the "City Council"), the governing body of the City, authorizing the issuance of the Bonds (the "Bond Ordinance").

The Bonds are being issued by the City pursuant to the applicable provisions of the Texas Constitution, the general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended ("Chapter 1331"), an election held within the City on November 8, 2005, November 5, 2013 and November 8, 2016, the Bond Ordinance and the City's home rule charter.

The City's audited general purpose financial statements for the fiscal year ended September 30, 2015, which are set forth in Appendix C attached hereto, present information on the general financial condition of the City at the dates and for the periods described therein.

The Bonds are issued for the purposes described below and are payable from the receipts of a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law. See "PURPOSE AND PLAN OF FINANCE" herein.

THE BONDS

Purposes

Proceeds from the sale of the Bonds will be used for (i) improvements to streets, drainage and sidewalks, (ii) construction and improvements of City buildings, (iii) water and wastewater improvements and, (iv) paying the costs of issuing the Bonds.

Sources and Uses

The following table sets forth the estimated sources and use of funds associated with the proceeds from the sale of the Bonds.

Sources of Funds:	
Par Amount	\$
Premium	
Total	\$
Uses of Funds:	
Deposit to the Project Fund	\$
Underwriter's Discount	
Issuance Costs ^(a)	
Total	\$

(a) Includes professional costs, rating agency fees, fees of the Paying Agent/Registrar, rounding amount and other costs of issuance.

^{*} Preliminary, subject to change.

Description

The Bonds are dated February 1, 2017. Interest will accrue from the initial date of delivery to the Initial Purchaser and will bear interest from such date as indicated on the inside cover page hereof. Interest is payable on August 15, 2017, and on each February 15 and August 15 thereafter, until the earlier of redemption or maturity.

The Bonds will be issued in fully-registered form in integral multiples of \$5,000 of principal amount, for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (öDTCö), pursuant to the book-entry-only system, described herein. See öTHE BONDS - Book Entry-Only Systemö herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by Amegy Bank National Association, Houston, Texas (the öPaying Agent/Registrarö) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See öTHE BONDS ö Book-Entry-Only Systemö herein.

Authority for Issuance

The Bonds are being issued by the City pursuant to the applicable provisions of the Texas Constitution, the general laws of the State, including particularly Chapter 1331, elections held within the City on November 8, 2005, November 5, 2013 and November 8, 2017, the Bond Ordinance and the City's home rule charter.

Sources of Payment

The Bonds are payable as to principal and interest from the proceeds of a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, against all taxable property within the City. See öTAX INFORMATION - Tax Rate Limitationö herein. Pursuant to the provisions of the Bond Ordinance, the City Council, as the governing body of the City, has levied and agreed to assess and collect an annual ad valorem tax sufficient together with other funds available for such purpose to pay principal and interest on the Bonds when due. Each year the City Council will make a determination of the taxes necessary to be collected to pay interest as it accrues and principal as it matures on the Bonds, and will formally assess and collect such tax for that year. The receipts from such tax levy are to be credited to a separate fund to be used solely for the payment of the principal of and interest on the Bonds.

Optional Redemption

The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026, or any date thereafter at par, plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all the Bonds of a stated maturity are to be redeemed, the Bonds, or portions thereof, within such maturity to be redeemed shall be selected by lot or other customary method.

Mandatory Sinking Fund Redemption

In addition to the foregoing optional redemption provisions, if principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined to create term Bonds (the öTerm Bonds), each such Term Bond shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Bond and continuing on February 15 in each year thereafter until the stated maturity date of that Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on the inside cover page hereof.

The particular Term Bonds to be mandatorily redeemed shall be selected by lot or other customary random selection method. The principal amount of the Term Bonds to be mandatorily redeemed on such mandatory redemption date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such mandatory redemption date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the City to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each Owner of each Bond to be redeemed in whole or in part, at the address of the Owner appearing on the registration books maintained by the Paying Agent/Registrar. Such notice shall state, among other matters, the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all the Bonds are to be redeemed, the numbers of the Bonds or portions thereof to be redeemed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part and due provision made to redeem the same, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of being paid solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor and the Initial Purchaser believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payment of debt service on the Bonds, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the beneficial owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is a holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AAA+." The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchasers of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their Purchaser. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Paying Agent/Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City, the Financial Advisor nor the Initial Purchaser take responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry-only system, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry-only system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Ordinance will be given only to DTC.

Information concerning DTC and the book-entry-only system has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City or the Initial Purchaser.

Paying Agent/Registrar

The initial Paying Agent/Registrar is Amegy Bank National Association, Houston, Texas. In the Bond Ordinance, the City retains the right to replace the Paying Agent/Registrar with respect to the Bonds. The Paying Agent/Registrar may be removed from its duties at any time, but no such removal is effective until a successor has accepted the duties of the Paying Agent/Registrar by written instrument. The City covenants to maintain and provide a Paying Agent/Registrar for the Bonds until the Bonds are duly paid. Any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar.

Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner affected by the change, which notice shall give the address of the new Paying Agent/Registrar.

Ownership

The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bonds for the purposes of making payment of the principal thereof and the interest thereon and for all other purposes, whether or not such Bond is overdue. Neither the City nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary. All payments made to the registered owner of such Bond in accordance with the Bond Ordinance will be valid and effectual and will discharge the liability of the City and the Paying Agent/Registrar for such Bond to the extent of the sums paid.

Transfers and Exchanges

In the event the book-entry-only system should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the Registered Owners, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office or the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Registered Owners at the principal corporate trust office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Registered Owners, and, upon the registration and delivery thereof, the same shall be the valid Bonds of the City, evidencing the same obligation to pay, and entitled to the same benefits under the Bond Ordinance, as the Bonds surrendered in such transfer or exchange.

Record Date for Interest Payment

The record date (öRecord Dateö) for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a öSpecial Record Dateö) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (öSpecial Payment Dateö, which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Replacement Bonds

If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon presentation and surrender of such mutilated Bond to the Paying Agent/Registrar. The City or the Paying Agent/Registrar may require the owner to pay all expenses and charges in connection therewith. In the case of any Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only once the owner (a) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond, (b) furnishes security or indemnity as may be required by the Paying Agent/Registrar and the City, (c) pays all expenses and charges in connection therewith and (d) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

Remedies In The Event of Default

The Ordinance does not specifically provide any remedies to a Registered Owner if the City defaults on the payment of the principal of or interest on the Bonds, nor does it provide for the appointment of a trustee to protect and enforce the interest of the Registered Owners upon the occurrence of such a default. If a Registered Owner of a Bond does not receive payment of principal or interest when due, the Registered Owner may seek a writ of mandamus from a court of competent jurisdiction requiring the City to levy and collect taxes. Such Registered Owner also may seek a judgment against the City. The mandamus remedy, however, may be impractical and difficult to enforce. There is no provision for the acceleration of maturity of principal of a Bond in the event of a default. A Registered Owner of a Bond could file suit against the City if a default occurred in the payment of principal of or interest on any such Bonds; however, a suit for monetary damages could be vulnerable to the defense of sovereign immunity and any judgment could not be satisfied by execution against any property of the City. The enforcement of a claim for the payment of a Bond also would be subject to the applicable provisions of the Federal bankruptcy laws and to any other statutes affecting the rights of creditors of political subdivisions and may be limited by general principles of equity.

Defeasance

The Ordinance provides for the defeasance of the Bonds in any manner now or hereafter provided by law.

TAX INFORMATION

General

One of the City's primary sources of operational revenue and a principal source of funds for ad valorem tax debt service payments is ad valorem taxation.

Authority for Ad Valorem Taxation

The appraisal of property within the City is the responsibility of the Harris County Appraisal District (the öAppraisal Districtö). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title 1 of the Texas Property Tax Code (the öProperty Tax Codeö) to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The value placed upon property within the Appraisal District is subject to review by the appraisal review board of the Appraisal District (the öAppraisal Review Boardö), consisting of three members appointed by the

Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require an annual review at its own expense and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution (Article VIII) and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant:

- (1) an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; and
- (2) an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

The City granted an exemption to the market value of the residence homestead of persons 65 years of age or older of \$135,000; the disabled are granted an exemption of \$135,000. The City has granted, since tax year 1991, an exemption of 20% of the market value of residential homesteads with a minimum exemption of \$5,000. The City must grant a complete exemption for the residential homesteads of disabled veterans judged to be 100% disabled by the U.S. Department of Veterans Affairs.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created. Ad valorem taxes are not levied by the City against the exempt value of residential homesteads for the payment of debt.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1. Nonbusiness vehicles, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation. The City does not tax nonbusiness vehicles.

Article VIII, Section 1-j of the Texas Constitution provides for freeport property to be exempted from *ad valorem* taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. The exemption became effective for the 1990-91 fiscal year and thereafter unless action to tax such property has been taken prior to April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal. The City has taken no action to tax freeport property.

Article VIII, section 1-n of the Texas Constitution provides for the exemption from taxation of goods-in-transit. Goods-in-transit is defined by a provision of the Property Tax Code, as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. The Property Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit

exemptions for items of personal property.

Collections. As of January 1 of each year, the City has a lien granted by statute for unpaid taxes on real property, which shall be levied for that tax year. A tax lien may not be enforced on personal property transferred to a bona fide Purchaser for value who does not have actual notice of the existence of the lien. In the event a taxpayer fails to make timely payment owing to the City on real property, a penalty of 6% of the unpaid taxes is incurred in the first month of delinquency and 1% is added monthly until July 1 when the penalty becomes 12%. In addition, interest on delinquent taxes accrues at the rate of 1% per month until paid. The City may file suit for the collection of delinquent taxes and may foreclose such lien in a foreclosure proceeding. The City may also impose an additional penalty to defray costs of collection by an attorney, not to exceed 20% of the total amount due. The property subject to the City's lien may be sold, in whole or in part, pursuant to a court order to collect the amounts due. The ability of the City to collect delinquent taxes by foreclosure may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of the taxpayer's debt.

In addition, the Texas Legislature amended Section 33.02 of the Property Tax Code effective September 1, 2013. Such amendment requires a taxing jurisdiction, such as the City, to allow delinquent taxpayers to enter into installment agreements of at least 12, but not more than 36 months for the payment of ad valorem taxes on a residential homestead. At this time, the City cannot predict the impact this legislation may have on the property tax collections.

Taxation Procedures. By September 30 or the 60th day after the certified appraisal is received by the City, the City Council must adopt a tax rate for the current year. Taxes are due October 1 and become delinquent after January 31 of the following year. No discount for early payment is offered by the City, though the City may authorize discounts for early payment under State law. Partial payments may be accepted if requested by the taxpayer and approved by the City. If the target tax rate, excluding taxes for bonds and other contracted obligations, for the current year, exceeds the rollback tax rate, 10% of qualified voters of the City may petition for an election to determine whether to limit the increase of the tax rate to no more than the rollback year. The City is required to hold two public hearings should the target rate exceed the effective tax rate.

Under Texas law, the Appraisal District is under an obligation to assess all property for taxation which has not been rendered for taxation by the owner and to present his assessments along with any objections to renditions to a nine-member Appraisal Review Board, each of whom has resided within the Appraisal District for two years, and has been appointed by the Appraisal District's Board of Directors. The Appraisal Review Board has the ultimate responsibility of equalizing the value of all comparable taxable property within the Appraisal District; however, any owner who has rendered his property may appeal the decision of the Appraisal Review Board by filing suit in state district court in Harris County within 45 days from the date the tax roll is approved. In the event of such suit, the value of the property is determined by the court, or by a jury if requested by the owner, which value as so determined is binding on the City for the tax year in question and the succeeding year, except for subsequent improvements.

A City, or other taxing unit, may challenge the appraisals of categories of property within its jurisdiction under certain limited circumstances. The City may also sue the Appraisal District to compel it to comply with the tax code. It is not expected that Appraisal District procedures will affect the ability of the City to levy and collect taxes sufficient to meet its payment of the Bonds.

Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, against all property within the City, sufficient to provide for the payment of principal of and interest on all ad valorem tax debt of the City. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation for all City purposes. The City operates under a Home Rule Charter, which adopts the constitutional provisions. While there is no direct funded debt limitation imposed on the City under current Texas law, the Texas Attorney General has adopted an administrative policy that prohibits the issuance of general obligation debt payable from ad valorem taxes by a municipality, such as the City, if the issuance produces debt service requirements exceeding that which can be paid from \$1.50 of the foregoing \$2.50 maximum tax rate calculated at 90% of collections. The issuance of the Bonds does not violate these limitations.

Effective Tax Rate and Rollback Tax Rate

Under current law, the City Council is required to adopt the annual tax rate for the City before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the City. If the annual tax rate is not adopted by such required date, the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate." The City Council may not adopt a tax rate that exceeds the prior year's levy until it has held two public hearings on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. The City Council is prohibited from adopting a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the City, by petition, may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year. Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Municipal Sales Tax Collections

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City. The proceeds are credited to the General Fund and are not pledged to the payment of the Bonds.

SELECTED ISSUER INFORMATION

Capital Improvement Plan

On November 8, 2005, the voters of the City approved two bond propositions as part of a capital improvement plan, Rebuild Bellaire ("Rebuild Bellaire"). Rebuild Bellaire is funded with \$50 million of bonds a \$5 million of "pay-as-you-go" funds over approximately ten years for street and drainage improvements and building and facility improvements. The City voters authorized \$41 million of bonds for the purpose of improving, repairing, replacing or extending the City's streets, sidewalks and drainage facilities. In addition, City voters authorized \$9 million of bonds for the purpose of improving, repairing, construction, or replacing the City's municipal buildings and facilities, in particular the fire station, police station, municipal court, library, city hall and Bellaire municipal pool. A portion of this issue is the final installment and funds will be used for the construction and improvements of municipal buildings.

On November 5, 2013, the voters of the City approved three bond propositions totaling \$16.5 million. Of that, \$11 million was authorized for the reconstruction of municipal buildings, \$5 million was authorized for improvement at Evelyn's Park and \$0.5 million was authorized for improvements at the Nature Discovery Center. A portion of this issue is the final installment and funds will be used for the construction and improvements of municipal buildings.

On November 8, 2016, the voters of the City approved three bond propositions totaling \$53.98 million. Of that, \$24 million was authorized for streets, drainage and sidewalk improvements, \$5.6 million was authorized for the construction of municipal buildings, including a city hall/civic center and police/courts building and \$24.38 million was authorized for water and wastewater improvements. This is the first installment and funds will be used for streets, drainage and sidewalk improvements, construction and improvements of municipal buildings and water and wastewater improvements.

Authorized but Unissued General Obligation Debt

The City will have \$33.08 million authorized but unissued general obligation debt remaining after the issuance of the Bonds.

Authorized But Unissued Bonds					
Type and Purpose	Initially Authorized	Previously Issued	Authorized But Unissued	Series 2017	Authorized But Unissued After the Bonds
Street & Drainage Improvements	\$ 20,000,000	\$ -	\$ 20,000,000	\$ 1,000,000	\$ 19,000,000
Municipal Facilities (voted 2005)	1,560,000	-	1,560,000	1,560,000	-
Buildings & Facilities Improvements (voted 2013)	11,000,000	-	11,000,000	11,000,000	-
Municipal Facilities (voted 2016)	5,600,000	-	5,600,000	5,600,000	-
Sidewalk Repairs	4,000,000	-	4,000,000	1,000,000	3,000,000
Water Lines	11,000,000	-	11,000,000	500,000	10,500,000
Sewer Collection Lines	580,000	-	580,000	-	580,000
Siemens Energy Project	12,800,000	-	12,800,000	12,800,000	-
Total Authorized but Unissued	\$ 66,540,000	\$ -	\$ 66,540,000	\$ 33,460,000	\$ 33,080,000

Anticipated Issuance of Additional Debt

The City anticipates the issuance of approximately \$10.5 million of additional voted authorized debt in August of 2017. The remaining authorization is anticipated to be issued over the next two years.

Other Obligations

The City does not currently have other obligations outstanding.

Employee Retirement System and OPEB Liability

Refer to "Selected Data from the Comprehensive Annual Financial Report, City of Bellaire, Texas, Fiscal Year Ended September 30, 2015, Notes, Section IV - OTHER INFORMATION, C ó Pension Plan - Texas Municipal Retirement System" and "D ó Post Employment Healthcare Benefits" attached hereto as Appendix C for a detailed discussion regarding the Employee Retirement System.

Risk From Weather Events

All of the United States Gulf Coast, including the City, is subject to hurricanes, tropical storms and other weather events that can cause loss of life and damage to property through weather events that include strong winds, storm surges, flooding and heavy rains. In the event that weather events cause a substantial loss of taxable assessed valuation in the City for a prolonged period, the ability of the City to pay its debt obligations, including the Bonds, could be impacted.

In September 2008, Hurricane Ike struck the Texas Gulf Coast, and the City incurred approximately \$2,000,000 worth of damage as a result. The City filed for reimbursement from federal agencies and Texas Municipal League Insurance and has been reimbursed for most of the damages. In May 2015, a significant rain event impacted Harris County including the city. The Harris County Flood Coastal District estimates that 160 homes in the City were flooded.

The damage caused by Hurricane Ike has not had significant impact on assessed valuations within the City and no assessment has been made of the May 2015 rain event. However, additional hurricanes or heavy rain events striking the area of the City in the future could result in negative impacts to the City.

Environmental Considerations

Air Quality Regulation. Air quality measures required by the United States Environmental Protection Agency (EPA) and the Texas Commission on Environmental Quality (TCEQ) may impact new industrial, commercial and residential development in Houston and adjacent areas. Under the Clean Air Act (CAA) Amendments of 1990, the eight-county Houston-Galveston area (HGB area) — Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties — was originally designated by the EPA as a moderate ozone nonattainment area for the 8-hour ozone standard. Such areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA's 8-hour ozone standards are met. To provide for reductions in ozone concentrations, the EPA and the TCEQ have imposed increasingly stringent limits on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. If the HGB area fails to demonstrate progress in reducing ozone concentrations or fails to meet EPA's standards, EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

In order to comply with the EPA's standards for the HGB area, the TCEQ has established a state implementation plan (SIP) setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB area. On June 15, 2007, the Governor of the State of Texas requested a voluntary reclassification of the HGB area to a severe ozone nonattainment area for the 8-hour ozone standard, with an attainment date of June 15, 2019. The EPA is required to approve a request for a voluntary reclassification. The severe classification would give the HGB area more time to reach attainment. It is possible that additional controls will be necessary to allow the HGB area to reach attainment by June 15, 2019. These additional controls could have a negative impact on the HGB area's economic growth and development.

Area Topography and Land Subsidence

The land surface in certain areas of the City has subsided several feet since 1943 and the subsidence is continuing. The principal causes of subsidence are considered to be the withdrawal of groundwater and, to a lesser extent, oil and gas production. Subsidence may impair development in certain areas and expose such areas to flooding and severe property damage in the event of storms and hurricanes, and thus may affect assessed valuations in those areas. In 1975, the Texas Legislature created the Harris Galveston Subsidence District (the Subsidence District) to provide regulatory control over the withdrawal of groundwater in Harris and Galveston Counties in an effort to limit subsidence. This state agency, with no powers to levy taxes or incur debt, encompasses an area which includes the existing surface water supplies, provides an alternative source of water to meet many industrial and domestic water needs and, with the reduction of withdrawal of groundwater, the rate of subsidence has been reduced, but not eliminated.

Water Supply

The City was required by the Subsidence District to convert to surface water for a significant portion of its water supply. The City adopted a Groundwater Reduction Plan of 50% surface water and 50% groundwater. It negotiated and entered into a long-term contract with the City of Houston to purchase sufficient potable water to meet the Subsidence District's conversion requirements. The surface water conversion project was completed in April 2003 at a cost of \$2.3 million paid for by funds on hand. In addition, the City has approximately 72 miles of water mains, 4 wells, 6 ground storage tanks and 2 elevated storage tanks.

Financial Policies

Basis of Accounting. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Governmental resources are allocated and accounted for in the individual funds based upon the purposes for which they are utilized and the means by which spending activities are controlled. All proprietary funds are accounted for using the accrual basis of accounting. See "Selected Data from

Comprehensive Annual Financial Report, City of Bellaire, Texas, Fiscal Year Ended September 30, 2015 attached hereto as Appendix C.

General Fund Balance. 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, permits and charges for services.

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 the debt service is local property taxes.

Capital Projects Fund. The capital projects funds are used to account for the expenditures of resources accumulated from tax revenues and the sale of Bonds and related interest earnings for the capital improvement projects. The capital projects funds include the capital improvement fund, which accounts for those projects funded by tax revenue; the bond fund, which includes those projects funded with bond proceeds; and the equipment replacement fund, which includes those projects funded with revenue from other governmental sources.

Enterprise Fund. The enterprise fund is used to account for the operations that provide water and wastewater collection, wastewater treatment operations and solid waste operations.

Deposits and Investments

Authorized Investments. Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits or, (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (iii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (8) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share;

and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below. Texas law also permits the City to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the Public Funds Investment Act, Texas Government Code, Chapter 2256.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies. Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Additional Provisions. Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and

investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio and requires interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (7) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (8) restrict reverse repurchase agreements to not more than ninety (90) days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Current Investments. As of October 31, 2016, the City had \$23,573,131.26 in cash and investments.

As of such date, the market value of such investments (as determined by the City by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the City are invested in derivative securities, *i.e.*, securities whose rate of return is determined by reference to some other instrument, index, or commodity.

LEGAL MATTERS

Legal Opinions

The Bonds are offered when, as and if issued, subject to the approval by the Attorney General of the State and the rendering of an opinion as to legality by Johnson Petrov LLP, Houston, Texas, Bond Counsel for the City.

The City will furnish the Initial Purchaser with a complete transcript of proceedings held incident to the authorization and issuance of the Bonds, including the approving opinion of the Attorney General of the State of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and legally binding Bonds of the City under the Constitution and laws of the State. The City will also furnish the approving legal opinion of Bond Counsel in substantially the form attached hereto as Appendix D.

In its capacity as Bond Counsel, Johnson Petrov LLP, Houston, Texas, has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. Bond Counsel's role in connection with the Official Statement was limited to reviewing the information describing the Bonds in the Official Statement to verify that such descriptions conform to the provisions of the Ordinance. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein.

The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the book-entry-only system.

The legal opinion to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation

The City is exposed to various risks of losses related to torts, theft of, damage to and destruction of fixed assets; error and omissions; injuries to employees; and natural disasters. The City has obtained coverage for these risks through the Texas Municipal League's Intergovernmental Risk Pool (the "TMLIRP") and has provided various employee education and prevention programs. Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

No-Litigation Certificate

The City will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the Mayor and the City Secretary, to the effect that no litigation of any nature is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution, or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceeding for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

TAX MATTERS

Tax Exemption

In the opinion of Johnson Petrov LLP, Bond Counsel, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes and (ii) the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds to be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the City, the City's Financial Advisor and the Initial Purchaser with respect to matters solely within the knowledge of the City, the City's Financial Advisor and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, or REMIC), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any

changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences... Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium... The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount... The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS - Tax Exemption" and "TAX MATTERS - Additional Federal Income Tax Considerations - Collateral Tax Consequences" and "Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated

maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Certificates. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Ordinance, the City has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board (MSRB).

Annual Reports

The City annually will provide certain updated financial information and operating data to the MSRB via the Electronic Municipal Market Access (EMMA) system. The information to be updated includes all quantitative financial information and operating data of the general type included in this Official Statement in Appendix A in schedules 1, 5 through 8, and 11 through 13 and Appendix C attached hereto. The City will update and provide this information within six months after the end of each fiscal year ending on or after September 30, 2016.

The City may provide updated information in full text, or may incorporate by reference any publicly available documents, or in such other form consistent with the agreement, as permitted by Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and the audit is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements when and if they become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix C or such other accounting principles as the City may be required to employ from time to time pursuant to

state law or regulation.

The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC"). The City's current fiscal year end is September 30. Accordingly, it must provide updated information by the last day of March in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The City will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The City will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of the trustee, if material. (Neither the Bonds nor the Ordinance make any provision for a trustee.) The City will also provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports."

Availability of Information from EMMA

All such information described above must be filed with the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. The City has agreed to provide the foregoing information only to the MSRB through EMMA.

Limitations and Amendments

The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Bonds. The City may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City so amends the agreement, it has agreed to include with the next

financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided

Compliance with Prior Undertakings

Due to an administrative oversight, the City's Comprehensive Annual Financial Report for Fiscal Year 2011 was not timely filed. The City subsequently filed April 2, 2011 and has put certain administrative procedures in place to help ensure timely compliance with its annual obligations in the future.

On July 31, 2014, the City filed material event notices for various rating changes for CIFG, FGIC and MBIA which were not previously filed in a timely manner. Additionally, the City filed a notice of Failure to File Information as required by the Rule. On July 31, 2014, the City filed a material event notice for failure to file in a timely manner the rating withdrawal for AMBAC. The City had filed on August 22, 2011 the notice of the withdrawal; however, the filing was made more than 10 days after the event. Furthermore, on July 31, 2014, the City filed a material event notice for failure to file in a timely manner the rating withdrawal for MBIA. The City had filed on February 9, 2012 the notice of the downgrade; however, the filing was made more than 10 days after the event. On July 31, 2014, the City filed a material event notice for the ratings upgrade of Assured Guaranty Corp and an event notice for failure to file in a timely manner the rating upgrade.

Other than stated above, for the past five years, the City has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

OTHER INFORMATION

Rating

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (S&P's) has assigned its municipal bond rating of AAA/stable to this issue of Bonds. An explanation of the rating may be obtained from S&P. The rating reflects only the view of the rating organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

USCA Municipal Advisors, LLC (the Financial Advisor), a subsidiary of U.S. Capital Investors, LLC, has been employed by the City to assist the City in connection with issuance of the Bonds. The Financial Advisor's fee for services with respect to the Bonds is contingent upon the issuance and delivery of the Bonds. Although the Financial Advisor has assisted in the drafting of this Official Statement, the Financial Advisor has not independently verified any of the data contained in it nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement. No person should presume that the limited participation of such Financial Advisor means that such Financial Advisor assumes any responsibility for the accuracy or completeness of any of the information contained in this Official Statement.

Initial Purchaser

After requesting competitive bids for the Bonds, the City has accepted a bid tendered by _____ (the Initial Purchaser) to purchase the Bonds at the rates shown on the inside cover page of this Official Statement at a price of \$_____ (which includes the par of \$_____ plus a premium of \$_____). No assurance can be given that any trading market will be developed for the Bonds after their initial sale by the City to the Initial Purchaser. The City has no control over the prices at which the Bonds subsequently sold and the initial yields at which the Bonds will be priced and reoffered will be established by and the responsibility of the Initial Purchaser.

GENERAL CONSIDERATIONS

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the City of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds, stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any bondhouse, broker, dealer, or similar person acting in the capacity of Initial Purchaser or wholesaler. The City has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Initial Purchaser at the yields specified inside on the cover page. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

Legal Investments and Eligibility to Secure Public Funds in Texas

Pursuant to the Texas Public Securities Act, Chapter 1201, Texas Government Code, as amended, the Bonds, whether rated or unrated, are legal and authorized investments for insurance companies, fiduciaries or trustees, and for municipalities and other political subdivisions or public agencies. Most political subdivisions in the State are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than "A" or its equivalent to be legal investments of such entity's funds. The "Public Funds Collateral Act," Chapter 2257, Texas Government Code, provides that deposits of public funds, as defined in such chapter, must be secured by eligible security. "Eligible Security" is defined to include local government obligations (such as the Bonds) with a rating from a nationally recognized investment firm of "A" or its equivalent. See "RATING" herein.

The City makes no representation that the Bonds will be acceptable to public entities to secure their deposits, or acceptable to any such entities or institutions for investment purposes. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

Sources and Compilation of Information

The information contained in this Official Statement has been obtained primarily from the City and from other sources believed to be reliable. No representation is made as to the accuracy or completeness of the information derived from sources other than the City. This is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the statutes, resolutions and other related documents are included herein subject to all the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements.

The City's actual results could differ materially from those in such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Approval of the Official Statement

The Bond Ordinance approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized use in the re-offering of the Bonds by the Initial Purchaser. This Official Statement has been approved by the City Council for distribution in accordance with the provisions of the Rule.

Certification of the Official Statement

At the time of payment for and delivery of the Bonds, the Initial Purchaser will be furnished a certificate, executed by the proper City officials, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement and any addenda, supplement or amendment thereto, for its Bonds on the date of such Official Statement, on the date of purchase of said Bonds, and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of, or pertaining to, entities other than the City and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that they are untrue in any material respect; (d) there has been no material adverse change in the financial condition of the City since September 30, 2014, the date of the last audited financial statements of the City; and (e) except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, of which the City has notice to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner question the validity of the Bonds.

Audited Financial Statements

Belt Harris Pechacek, LLLP, the City's independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of Belt Harris Pechacek, LLLP relating to the City's financial statements for the fiscal year ended September 30, 2015 is included in this Official Statement in APPENDIX C; however, Belt Harris Pechacek, LLLP has not performed any procedures on such financial statements since the date of such report, and has not performed any procedures on any other financial information of the City, including without limitation any of the information contained in this Official Statement, and has not been asked to consent to the inclusion of its report, or otherwise be associated with this Official Statement.

APPENDIX A

GENERAL FINANCIAL INFORMATION AND DEBT INFORMATION

The City has previously issued general obligation bonds (the "Outstanding Bonds"). The following table sets forth the principal amounts of the Outstanding Bonds and the Bonds.

Schedule 1 – Outstanding Obligations

<u>Outstanding General Obligation Debt As of January 1, 2017</u>	<u>Principal Outstanding</u>
General Obligation Bonds, Series 2009	\$ 4,080,000
General Obligation Refunding Bonds, Series 2009A	4,100,000
General Obligation Refunding Bonds, Series 2010	9,625,000
General Obligation Bonds, Series 2010A	1,085,000
General Obligation Bonds, Series 2011	5,915,000
General Obligation Refunding Bonds, Series 2011A	5,410,000
General Obligation Refunding Bonds, Series 2011B	7,165,000
General Obligation Refunding Bonds, Series 2012	8,820,000
General Obligation Bonds, Series 2013	5,140,000
General Obligation Bonds, Series 2014	9,745,000
General Obligation Bonds, Series 2015	7,210,000
General Obligation Refunding Bonds, Series 2016	9,690,000
Total	<u>\$ 77,985,000</u>
Plus: The Bonds	\$ 33,460,000 *
Total	<u>\$ 111,445,000 *</u>

*Preliminary, subject to change.

(Remainder of the page intentionally left blank)

Schedule 2 – Pro Forma Debt Service Requirements

FYE 9/30	Outstanding Debt Service	The Bonds*				Total Debt Service	Less: Transfer of Utility Revenues ^(a)	Net Debt Service
		Principal	Interest Rate ^(c)	Interest	Total			
2017	\$ 6,950,437	\$ -	-	\$ 575,770	\$ 575,770 ^(b)	\$ 7,526,207	\$ 950,000	\$ 6,576,207
2018	6,528,730	885,000	3.000%	1,205,100	2,090,100	8,618,830	1,537,899	7,080,931
2019	6,232,493	910,000	3.000%	1,178,550	2,088,550	8,321,043	1,536,734	6,784,308
2020	6,249,749	940,000	3.000%	1,151,250	2,091,250	8,340,999	1,540,986	6,800,012
2021	6,240,531	965,000	3.000%	1,123,050	2,088,050	8,328,581	1,536,992	6,791,589
2022	6,260,054	995,000	3.000%	1,094,100	2,089,100	8,349,154	1,541,199	6,807,955
2023	6,260,483	1,025,000	3.000%	1,064,250	2,089,250	8,349,733	1,539,358	6,810,374
2024	6,259,139	1,055,000	3.000%	1,033,500	2,088,500	8,347,639	1,537,095	6,810,544
2025	6,273,415	1,090,000	3.000%	1,001,850	2,091,850	8,365,265	1,535,234	6,830,031
2026	6,268,781	1,120,000	3.000%	969,150	2,089,150	8,357,931	1,533,081	6,824,850
2027	5,918,856	1,155,000	3.000%	935,550	2,090,550	8,009,406	1,502,460	6,506,945
2028	5,060,334	1,190,000	3.500%	900,900	2,090,900	7,151,234	1,159,883	5,991,351
2029	4,574,228	1,230,000	3.500%	859,250	2,089,250	6,663,478	963,254	5,700,223
2030	4,038,051	1,275,000	3.500%	816,200	2,091,200	6,129,251	950,000	5,179,251
2031	3,340,689	1,320,000	3.500%	771,575	2,091,575	5,432,264	950,000	4,482,264
2032	2,868,182	1,365,000	3.500%	725,375	2,090,375	4,958,557	950,000	4,008,557
2033	2,605,779	1,410,000	4.000%	677,600	2,087,600	4,693,379	950,000	3,743,379
2034	2,602,184	1,470,000	4.000%	621,200	2,091,200	4,693,384	950,000	3,743,384
2035	2,133,981	1,525,000	4.000%	562,400	2,087,400	4,221,381	950,000	3,271,381
2036	1,809,297	1,590,000	4.000%	501,400	2,091,400	3,900,697	950,000	2,950,697
2037	1,368,278	1,650,000	4.000%	437,800	2,087,800	3,456,078	950,000	2,506,078
2038	1,369,003	1,715,000	4.000%	371,800	2,086,800	3,455,803	950,000	2,505,803
2039	1,024,838	1,785,000	4.000%	303,200	2,088,200	3,113,038	950,000	2,163,038
2040	402,900	1,855,000	4.000%	231,800	2,086,800	2,489,700	950,000	1,539,700
2041	-	1,930,000	4.000%	157,600	2,087,600	2,087,600	950,000	1,137,600
2042	-	2,010,000	4.000%	80,400	2,090,400	2,090,400	950,000	1,140,400
Total	\$ 102,640,410	\$ 33,460,000		\$ 19,350,620	\$52,810,620	\$ 155,451,030	\$ 30,764,177	\$ 124,686,853

(a) The Enterprise Fund transfers a discretionary amount to the Debt Service Fund to pay a portion of the principal and interest on the general obligation debt used to finance capital improvements used in the enterprise activities.

(b) The 8/15/2017 interest payment includes capitalized interest for approximately \$290,000 and \$286,000 included in the 2016 tax levy for the 2017 bond issue.

(c) Interest coupons shown for illustrative purposes only.

*Preliminary, subject to change.

(Remainder of the page intentionally left blank)

Schedule 3 – Tax Adequacy for Estimated Debt Service

The calculations shown below assume, solely for the purpose of illustration, no change in assessed valuation over the 2016 taxable assessed valuation provided by the Appraisal District and use of tax rate adequate to service the City's total debt service requirements following the issuance of the Bonds. The potential use of surplus balances in the debt service fund, the capital projects fund, and the general fund are not reflected in the computations.

Estimated Total Debt Service ^{(a)*}

Average annual debt service requirements on the City's total outstanding indebtedness including the Bonds .	\$ 5,978,886
\$ 0.1258 Tax rate on 2016 taxable assessed valuation at 99% collection produces:	\$ 5,980,644
Maximum annual debt service requirements on the City's total outstanding indebtedness including the Bonds .	\$ 8,618,830
\$ 0.1813 Tax rate on 2016 taxable assessed valuation at 99% collection produces:	\$ 8,619,164

(a) Includes the Bonds.

*Preliminary, subject to change.

Estimated Net Debt Service ^{(a)*}

Average annual debt service requirements on the City's net outstanding indebtedness including the Bonds .	\$ 4,795,648
\$ 0.1009 Tax rate on 2016 taxable assessed valuation at 99% collection produces:	\$ 4,796,876
Maximum annual debt service requirements on the City's net outstanding indebtedness including the Bonds	\$ 7,080,931
\$ 0.1490 Tax rate on 2016 taxable assessed valuation at 99% collection produces:	\$ 7,083,593

(a) Includes the Bonds.

*Preliminary, subject to change.

(Remainder of the page intentionally left blank)

Schedule 4 - Estimated Overlapping Debt

Expenditures of the various taxing bodies within the territory of the City may be paid out of ad valorem taxes levied by these taxing bodies on property within the City. These political taxing bodies are independent of the City and may incur borrowings to finance their expenditures. The following information on overlapping jurisdictions was developed from information contained in Texas Municipal Reports published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the date stated in the table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds the amount of which cannot be determined.

Taxing Jurisdictions	Gross Debt Outstanding	As of	Percent Overlapping	Amount
Harris County	\$ 2,303,812,874 ^(a)	10/31/2016	1.16%	\$ 26,724,229
Harris County Dept of Education	7,000,000 ^(a)	10/31/2016	1.16%	81,200
Harris County Flood Control District	83,075,000 ^(a)	10/31/2016	1.16%	963,670
Harris County Hospital District	62,815,000	10/31/2016	1.16%	728,654
Harris Co Toll Road	-	10/31/2016	1.16%	-
Houston Community College	618,155,000 ^(a)	10/31/2016	2.52%	15,577,506
Houston ISD	2,811,170,000 ^(a)	10/31/2016	3.04%	85,459,568
Port of Houston Authority	657,994,397 ^(a)	10/31/2016	1.16%	7,632,735
Total Overlapping	\$ 6,544,022,271			\$ 137,167,562
City of Bellaire ^{(b)*}	\$ 111,445,000	1/1/2017	100%	\$ 111,445,000
Total	\$ 6,655,467,271			\$ 248,612,562

(a) Gross debt, Some debt may be supported by other revenues and thus be considered self-supporting.

(b) Includes the Bonds.

Source: Municipal Advisory Council of Texas.

*Preliminary, subject to change.

Schedule 5 – Historical Analysis of Ad Valorem Taxation

The following table sets forth the City's historical taxable assessed valuation.

Tax Year	Assessed Valuation	Tax Rate	Adjusted Tax Levy	Percent Collections		FYE
				Current	Total	
2012	\$ 3,367,863,527	\$ 0.3999	\$ 13,382,086	99.67%	99.66%	2013
2013	3,629,418,407	0.3999	14,364,926	99.69%	99.69%	2014
2014	4,008,298,882	0.3936	15,743,170	99.70%	99.33%	2015
2015 ^(b)	4,526,406,573	0.3805	17,222,977	99.74%	99.82%	2016
2016	4,802,110,312	0.3874	18,603,375	na	na	2017

(a) Source: City of Bellaire, Texas.

(b) Source: Texas Municipal Advisory Council.

(Remainder of the page intentionally left blank)

Schedule 6 – Historical Analysis of the Assessed Valuation by Category

The following table sets forth the City's assessed valuation by category.

Fiscal Year	Tax Year	Real Property ^(a)	Personal Property ^(a)	Total ^(a)
2012	2011	3,113,840,746	126,312,156	3,240,152,902
2013	2012	3,233,587,984	134,275,543	3,367,863,527
2014	2013	3,490,155,153	139,263,254	3,629,418,407
2015	2014	3,905,688,782	117,174,780	4,022,863,562
2016	2015	4,392,865,365	127,708,215	4,520,573,580

(a) Values may differ from those shown elsewhere in the document.

Source: City of Bellaire.

Schedule 7 – Top Ten Taxpayers

The table below reflects the City's top ten taxpayers for 2015.

Top Ten Taxpayers ^(a)	Type of Property	2016 Taxable Assessed Valuation ^(a)	Percent of 2016 Taxable Assessed Valuation
Chevron Chemical Co.	Oil & Gas	\$ 81,889,532	1.71%
KBS Sor 6565 6575 West Loop	Land/Improvements	39,173,621	0.82%
Pin Oak North Parcel LL LLC	Land/Improvements	38,140,622	0.79%
BRI 1833 6330 LLC	Land/Improvements	37,836,000	0.79%
Centerpoint Energy	Electric Utility	31,186,932	0.65%
SBC Communications	Utility	28,497,360	0.59%
CHP Houston Tx MOB Owner LLC	Land/Improvements	27,000,000	0.56%
CHP Houston Tx Hospital Land	Hospital	24,441,321	0.51%
Pin Oak South Parcel LL LLC	Land/Improvements	19,781,055	0.41%
Pin Oak North Parcel LL LLC	Land/Improvements	13,745,000	0.29%
		\$ 341,691,443	7.12%

(a) Source: Texas Municipal Advisory Council.

2016 Taxable Assessed Valuation \$ 4,802,110,312

Schedule 8 – Tax Rate Distribution

The following table sets forth the historical tax rates for the City.

Tax Rate Distribution	2016	2015	2014	2013	2012
General Fund	\$ 0.2551	\$ 0.2501	\$ 0.2532	\$ 0.2563	\$ 0.2554
Debt Service Fund	0.1323	0.1304	0.1404	0.1436	0.1445
Total	\$ 0.3874	\$ 0.3805	\$ 0.3936	\$ 0.3999	\$ 0.3999

Schedule 9 – Estimated Overlapping Taxes

Property within the City is subject to taxation by several taxing authorities in addition to the City. Under Texas law, a tax lien attaches to property to secure the payment of all taxes, penalty, and interest for the year, on January 1 of that year. The tax lien on property in favor of the City is on parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the City and such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

<u>Taxing Jurisdiction</u>	<u>Tax Year 2016 Rates</u>
Houston Independent School District	\$ 1.20670
Harris County	0.41656
Harris County Flood Control District	0.02829
Port of Houston Authority	0.01340
Harris County Hospital District	0.17179
Harris County Dept of Education	0.00520
Houston Community College District	0.10026
City of Bellaire	0.38740

Source: Harris County Appraisal District.

Schedule 10 – Municipal Sales Tax History

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City. The proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. State law allows the City to collect sales tax to assist in the promotion and development activities of the City.

<u>FYE 9/30</u>	<u>Sales Tax Revenues ^(a)</u>
2010	\$ 2,242,145
2011	2,053,538
2012	2,156,893
2013	2,590,958
2014	2,310,083
2015	2,391,335
2016	2,479,314

(a) Source: City of Bellaire, Texas.

Schedule 11 – Historical Operations of the Debt Service Fund

The following statement sets forth in condensed form the historical operations of the City's Debt Service Fund. Such information has been prepared based upon information obtained from the City's audited financial statements and other information provided by the City.

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
Revenues					
Property taxes	\$ 5,576,528	\$ 5,137,286	\$ 4,839,801	\$ 4,916,702	\$ 4,360,689
Investment income	3,591	2,107	2,094	32,532	5,105
Total Revenues	5,580,119	5,139,393	4,841,895	4,949,234	4,365,794
Expenditures					
General Government		-	-	-	-
Debt Service:					
Principal retirement	3,955,000	3,690,000	3,500,000	3,465,000	3,075,000
Interest & fiscal charges	2,623,526	2,341,311	2,256,878	2,381,610	2,549,947
Payment to bond escrow agent	-	-	-	15,943,348	-
Bond issuance costs	-	-	-	613,258	-
Total Expenditures	6,578,526	6,031,311	5,756,878	22,403,216	5,624,947
Revenues Over (Under)					
Expenditures	(998,407)	(891,918)	(914,983)	(17,453,982)	(1,259,153)
Other Financing Sources (Uses)					
Operating transfers in	950,000	950,000	950,000	950,000	950,000
Bonds issued	-	-	-	24,915,000	-
Bond premium	-	-	-	1,206,254	-
Payment to bond escrow agent	-	-	-	(9,548,460)	-
Other	-	-	-	-	70,949
Total Other Financing Sources(Uses)	950,000	950,000	950,000	17,522,794	1,020,949
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(48,407)	58,082	35,017	68,812	(238,204)
Fund balances - Beginning	562,532	504,450	469,433	400,621	638,825
Fund balances - Ending	\$ 514,125	\$ 562,532	\$ 504,450	\$ 469,433	\$ 400,621

(Remainder of the page intentionally left blank)

Schedule 12 – Historical Operations of the General Fund

The following statement sets forth in condensed form the historical operations of the City's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such information has been prepared based upon information obtained from the City's audited financial statements and other information provided by the City.

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
Revenues					
Property taxes	\$ 10,120,107	\$ 9,233,571	\$ 8,629,174	\$ 8,052,274	\$ 8,544,361
Sales taxes	2,391,335	2,310,083	2,590,958	2,156,893	2,053,538
Franchise fees	1,393,224	1,411,682	1,381,700	1,398,657	1,325,746
Licenses and permits	1,007,468	1,183,493	1,142,927	1,007,125	844,802
Charges for services	677,856	1,230,436	1,246,481	1,332,247	1,299,338
Fines and forfeitures	1,424,243	754,693	670,066	758,614	862,810
Investment income	37,373	21,967	17,121	5,419	62,651
Intergovernmental	99,511	3,455	90,362	37,280	53,072
Other	64,838	17,417	29,857	25,385	95,687
Total Revenues	17,215,955	16,166,797	15,798,646	14,773,894	15,142,005
Expenditures					
Current:					
General government	4,105,290	4,524,979	4,223,783	4,051,141	4,058,470
Public safety	7,680,331	7,025,015	6,922,293	7,029,280	7,000,186
Public works	1,100,198	1,048,380	1,038,170	901,608	930,165
Culture and recreation	3,700,341	2,643,166	2,549,648	2,498,057	2,444,683
Capital projects	-	-	-	304,508	-
Total Expenditures	16,586,160	15,241,540	14,733,894	14,784,594	14,433,504
Revenues Over/(Under) Expenditures	629,795	925,257	1,064,752	(10,700)	708,501
Other Financing Sources/(Uses)					
Sale of capital assets	1,000	12,437	21,174	8,413	12,852
Operating transfers in	500,000	500,000	500,000	500,000	7,798
Operating transfers out ^(a)	(150,000)	(1,027,485)	(950,000)	(1,134,697)	-
Other Financing Sources/(Uses)	351,000	(515,048)	(428,826)	(626,284)	20,650
Revenues & Other Financing Sources Over(Under) Expenditures and Other Financing Sources/(Uses)	980,795	410,209	635,926	(636,984)	729,151
Fund balances - Beginning	4,623,252	4,213,043	3,577,117 ^(b)	4,462,933	3,733,782
Fund balances - Ending ^(b)	\$ 5,604,047	\$ 4,623,252	\$ 4,213,043	\$ 3,825,949 ^(b)	\$ 4,462,933

(a) The City transferred funds to the Capital Improvement Program ("CIP") and Vehicle, Equipment Technology ("VET") funds to reduce the unreserved and undesignated portion of the General Fund balance.

(b) For FYE 2013 the General Fund balance was restated in accordance with GASB Statement No. 65.

(Remainder of the page intentionally left blank)

Schedule 13 – Historical Operations of the Water and Sewer System

The following statement sets forth in condensed form the historical operations of the City's Enterprise Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. System net revenues are not pledged to secure the Bonds though surplus revenues may be used for debt service at the discretion of the City Council. While transfers to the Debt Service Fund have been made in the past, and the City presently intends to continue such transfers, there is no guarantee that such transfers will not be reduced or curtailed in the future. Such information has been prepared based upon information obtained from the City's audited financial statements and other information provided by the City.

	Fiscal Year Ended September 30				
Operating Revenues	2015	2014	2013	2012	2011
Water services	\$ 3,263,193	\$ 3,399,947	\$ 4,065,706	\$ 3,913,934	\$ 4,163,534
Sewer services	2,184,372	2,306,693	2,433,842	2,458,792	2,222,214
Solid waste	1,430,744	1,429,484	1,436,194	1,450,003	1,447,792
Other	144,517	86,560	92,712	114,556	97,098
Total Operating Revenues	7,022,826	7,222,684	8,028,454	7,937,285	7,930,638
Operating Expenses					
Water production	450,903	458,629	497,249	401,120	502,600
Water distribution	508,291	447,978	302,018	339,019	420,032
Wastewater collection	304,666	368,665	378,755	347,629	369,275
Wastewater treatment	835,956	1,064,433	842,307	785,074	825,127
Solid waste	1,197,899	1,318,922	1,274,696	1,239,183	1,279,273
Other	327,473	252,198	232,733	207,280	248,734
Surface water conversion	1,707,622	1,846,985	1,608,262	1,778,189	1,877,947
Total Operating Expenses Before Depreciation	5,332,810	5,757,810	5,136,020	5,097,494	5,522,988
Depreciation	2,370,722	2,316,047	2,011,446	1,975,570	2,862,113
Total Operating Expenses	7,703,532	8,073,857	7,147,466	7,073,064	8,385,101
Operating Income (Loss)	(680,706)	(851,173)	880,988	864,221	(454,463)
Non-Operating Revenue					
Investment income	3,982	5,914	6,075	(10,686)	21,806
Other	25,294	10,115	2,115	25,394	5,210
Intergovernmental revenue	63,000	-	-	-	-
Capital contribution	-	-	-	-	1,729,954
Total Non-Operating Revenues	92,276	16,029	8,190	14,708	1,756,970
Income Before Transfers	(588,430)	(835,144)	889,178	878,929	1,302,507
Capital contribution	708,380	2,595,673	876,687	2,484,665	-
Transfers (in)	125,000	-	-	-	-
Transfers (out)	(2,310,000)	(4,197,000)	(2,194,600)	(1,450,000)	(3,229,000)
Change in Net Assets	(1,476,620)	(2,436,471)	(428,735)	1,913,594	(1,926,493)
Change in Net Position	(2,065,050)	-	-	-	-
Beginning Net Position	48,686,084 ^(a)	52,041,422	52,470,157 ^(a)	50,623,713	52,550,206
Ending Net Position	\$ 46,621,034	\$ 49,604,951^(a)	\$ 52,041,422	\$ 52,537,307^(a)	\$ 50,623,713

(a) Restated balance in accordance with GASB Statement No. 65.

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION

Location and Size

The City of Bellaire, Texas (the "City"), incorporated in 1918, is a political subdivision located in Harris County, Texas (the "County") operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters. The City operates under the Council/Manager form of government where the mayor is elected to a two-year term and the six council members are elected for staggered four-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. It is the duty of the City Manager to implement the policies and directives of the City Council.

The City is approximately 3.6 square miles in area and is located in the southwest quadrant of the County and is approximately seven miles southwest of the City of Houston's central business district. The City is encircled by the cities of Houston, West University Place and Southside Place. The City of Bellaire is a mature community that is almost fully developed with a network of businesses to support its citizens. Residential and commercial redevelopment is ongoing. Within the City limits there are a number of private and public schools.

(Source: City of Bellaire).

Major Employers

The following are the major employers located within the City.

Principal Employers Fiscal Year 2014

Phillips Petroleum Co.
 Worley Parsons Ltd.
 Worleyparsons
 Bellaire High School
 Chevron Oronite Co. LLC
 Chevron Pipeline Co.
 First Street Hospital
 Gardens of Bellaire
 Pfmllc
 Pin Oak Middle School
 Randall's Food Market

Population

The City is part of the County, the most populous of the 254 counties in the State of Texas. According to the 2010 Census of Population, the City of Houston is the nation's fourth most populous city. The City is completely contained within the City of Houston and the County. The City is a component of the six county Houston Standard Metropolitan Statistical Area (the "Houston SMSA").

<u>Population</u>	<u>1980 Census</u>	<u>1990 Census</u>	<u>2000 Census</u>	<u>2010 Census</u>
Harris County, Texas	2,409,457	2,818,199	3,400,578	4,092,459
City of Bellaire, Texas	14,950	13,942	15,642	16,855

Economy

The City's economy is an integral part of the Houston SMSA economy. The City's employment and economic activity are also heavily influenced by the general economic conditions of the Houston SMSA and by the Houston Medical Center, which is within five miles of Bellaire. The City's location provides easy access to the Houston central business district via U.S. Highway 59 (seven miles), the Texas Medical Center (four miles) and to the Galleria area along Loop 610 (three miles).

According to the Chamber of Commerce, the County and the City of Houston are headquarters for some of the nation's largest corporations. The City of Houston is a primary location for 45 of the world's 100 largest non-U.S. based companies.

Education

The City is within the boundaries of the Houston Independent School District, which operates Bellaire High School, one middle school and three elementary schools all located within the city limits of the City. Additionally, there are four private schools in the City.

There are several colleges within the Houston area including Rice University, the University of Houston, the University of St. Thomas, Houston Baptist University and Texas Southern University. Additionally, the City is within the boundaries of the Houston Community College District, which operates several junior college campuses in the area.

(Source: Texas Department of Commerce).

Historical Construction Permits Within the City

Calendar Year	New Residential		Residential Remodeling		New Commercial		Commercial Remodeling		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2008	104	56,420,284	380	4,638,253	4	3,508,353	96	9,450,110	584	74,017,000
2009	42	23,148,687	386	6,854,557	1	600,000	53	3,076,429	482	33,679,673
2010	64	34,305,458	345	5,853,723	4	19,123,000	54	9,600,698	467	68,882,879
2011	63	35,842,536	302	4,998,161	5	23,658,016	49	4,001,314	419	68,500,027
2012	100	59,057,108	376	6,028,814	5	797,900	94	24,732,252	575	90,616,074
2013	117	68,634,780	361	6,353,895	2	3,525,000	58	6,266,095	538	84,779,770
2014	70	71,676,698	223	6,653,752	1	14,458,460	24	14,637,844	318	107,426,754
2015	95	50,686,940	370	7,259,025	2	22,115,719	74	10,471,883	541	90,533,567
2016	51	33,524,417	386	8,532,317	1	2,600,000	65	27,848,262	503	72,504,996

Source: City of Bellaire, Texas.

APPENDIX C

SELECTED DATA FROM COMPREHENSIVE
ANNUAL FINANCIAL REPORT,
CITY OF BELLAIRE, TEXAS,
FISCAL YEAR ENDED SEPTEMBER 30, 2015

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

Attachment: POS Bellaire - GO Bonds 2017 (2115 : Approval to proceed with January 2017 General Obligation Bonds, Series 2017 Sale)

USCA MUNICIPAL ADVISORS, LLC

Financial Advisor to the City