

**NOTICE OF MEETING
CITY COUNCIL OF THE CITY OF GALVESTON
THURSDAY - AUGUST 23, 2018 - 1:15 P.M.
COUNCIL CHAMBERS - CITY HALL
823 ROSENBERG, GALVESTON, TEXAS
TELEPHONE: (409) 797-3510**

REGULAR MEETING

1. DECLARATION OF A QUORUM AND CALL MEETING TO ORDER
2. ROLL CALL
3. INVOCATION
Reverend Edward Lawson - Chosen Ones Outreach Ministry of the Compton Memorial Church of God in Christ
4. PLEDGE OF ALLEGIANCE
 - American Flag
 - Texas Flag - *Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.*
5. CONFLICTS OF INTEREST
6. PRESENTATIONS/REPORTS OF COUNCIL, OFFICER BOARDS, AND CITY MANAGER
 - 6.A. Pursuant To Texas Government Code Section 551.0415, The City Council May Report On Any Of The Following Items:
 1. Expressions of thanks, gratitude, and condolences
 2. Information regarding holiday schedules
 3. Recognition of individuals:
 - a. Laundered with Kindness Day - Proclamation
 - b. Sterling Patrick
 4. Reminders regarding City Council events
 5. Reminders regarding community events
 6. Health and safety announcement
 - 6.B. The Investment Report For Quarter Ended June 30, 2018 (M. Loftin)

Documents:

[STAFF REPORT INVESTMENT REPORT 2ND QTR 2018.PDF](#)
[GALVESTON_PERFORMANCE_REPORT_06-30-18 QTRLY SIGNED.PDF](#)
[ASSETMANAGEMENT - 2NDQ18 - TRS0418051.PDF](#)
[GALVESTON PRESENTATION AUG15-INVESTMENT COMMITTEE.PDF](#)
7. COMMUNICATIONS AND PETITIONS
Claims: 18-080 - Jhonny Langer

8. PUBLIC HEARINGS

- 8.A. Public Hearing On The Proposed 2018 Property Tax Rate Of \$0.561 Per \$100 Of Taxable Value. (M. Loftin)

Documents:

[PROPERTY TAX RATE AND PUBLIC HEARING STAFF REPORT AUGUST 23 2018.PDF](#)
[2018 CITY OF GALVESTON ETR WORKSHEET FINAL.PDF](#)
[2018 CERTIFIED ROLL CITY OF GALVESTON.PDF](#)

- 8.B. Consider For Approval An Ordinance Of The City Council Of The City Of Galveston, Texas, Granting An Exclusive, Revocable Franchise Agreement To BFI Waste Services Of Texas, LP, To Provide A Garbage And Refuse (Waste) Collection Service For Commercial Accounts, Within The City Of Galveston For Five Years; Terminating All Prior Franchise Grants For Commercial Garbage And Refuse Collection Services; Providing For A Curbside Residential Recycling Option Clause; Providing For The Scope And Nature Of The Operation; Providing For Fees; Providing For A Penalty Provision; Providing Findings Of Fact; And Providing For An Effective Date. (B. Cook)

Documents:

[BFI - COMMERCIAL HAULER FRANCHISE AGREEMENT - DG CHANGE - BC RECOMMENDATION.DOCX](#)
[BFI- WASTE HAULER FRANCHISE ORDINANCE- 2018 - DG.DOCX](#)
[EXHIBIT A - COG TRANSFER STATION AND RECYCLING CENTER OPERATIONS RFP 17-23.PDF](#)
[EXHIBIT B.PDF](#)
[EXHIBIT C.PDF](#)
[EXHIBIT D.PDF](#)

- 8.C. Consider For Approval An Ordinance Of The City Of Galveston, Texas, Changing The Zoning From Residential, Single Family (R-1) To Commercial (C) Zoning District On Property Commonly Known As 10101 Stewart Road. The Property Is Legally Described As Part Of Lot 346 (346-2) Trimble And Lindsey, Section 1, In The City And County Of Galveston, Texas; Planning Case Number 18P-042; Making Various Findings And Provisions Related To The Subject. (J. Norman)

Documents:

[18P-042 PKT CC.PDF](#)
[ZONING CHANGE - 18P-042.DOCX](#)

9. PUBLIC COMMENT

- A. Agenda Items
- B. Non-Agenda Items

10. ORDINANCES (NOT REQUIRING PUBLIC HEARINGS)

- 10.A. Consider For Approval An Ordinance Of The City Of Galveston, Texas, Revoking The Special Use Permit Granted Under Ordinance 02-068 For The Location At 2627 Avenue O, Galveston, Texas For Failure To Comply With Its Terms; Making Various Findings And Provisions Related To The Subject; And Providing For An Effective Date. (Legal)

Documents:

[LETTER TO COUNCIL RE SUP VIOLATION.DOCX](#)

[ORDINANCE REVOKING SUP.DOCX](#)
[SUP ORDINANCE 02-068.PDF](#)

- 10.B. Consider For Approval An Ordinance Authorizing The Issuance Of City Of Galveston, Texas, Tax And Revenue Emergency Anticipation Note; Prescribing The Terms And Form Thereof; Providing For The Payment Of Principal And Interest Thereon; Approving And Authorizing The Execution Of A Purchase Agreement And Other Agreements Related To The Issuance And Delivery Of Such Note; And Making Other Findings And Provisions Relating To Such Note And Matters Incident Thereto

Documents:

[REVISED CITY OF GALVESTON FNP TERM SHEET \(002\) \(002\).PDF](#)
[CITY OF GALVESTON EMERGENCY LOAN STAFF REPORT AUGUST 14 2018.PDF](#)
[CITY OF GALVESTON EMERGENCY LOAN ORDINANCE 2018.PDF](#)
[FORWARD DELIVERY AND PURCHASE AGREEMENT - GALVESTON 2018 4159-0637-0582 .._ \(002\).PDF](#)
[COMPARISON EMERGENCY LINE OF CREDIT PROPOSAL WITH CURRENT AGREEMENT JULY 2018.PDF](#)

- 10.C. Consider For Approval An Ordinance Of The City Of Galveston, Texas, Amending The Code Of The City Of Galveston 1982 Chapter 2, Article Iv "Boards Commissions And Committees" Division 4 "Intermodal Transportation Committee" To Eliminate The Intermodal Transportation Committee, Repealing City Code Sections 2-190 Through 2-196; Repealing All Ordinances Or Parts Thereof In Conflict To The Extent Of Such Conflict Only; Providing For An Effective Date And Making Various Findings And Provisions Related To The Subject. (Yarbrough)

Documents:

[ORDINANCE ELIMINATION INTERMODAL TRANSPORTATION COMMITTEE.DOCX](#)

- 10.D. Consider For Approval An Ordinance Of The City Of Galveston, Texas, Authorizing The Sale Of The City's Vacant Land Located In The City Of Galveston, Texas Described As 3,182 Square Feet Of Vacant Land Commonly Known As 2601 Avenue Q And Legally Described As N 74' Of Lot 7, NW Block 116, Galveston Outlets In The City And County Of Galveston, Texas; Granting Authority To The City Manager To Execute Necessary Documents Related To The Transaction; Making Various Findings And Provisions Related To The Subject And Providing For An Effective Date. (Kim Coogan)

Documents:

[2601 AVE Q SALE OF LAND.DOCX](#)
[2601-APPRAISAL.PDF](#)
[STAFF REPORT SALE OF 2601 AVE Q.DOCX](#)

- 10.E. Consider For Approval An Ordinance Of The City Of Galveston, Texas, Amending "The Code Of The City Of Galveston 1982, As Amended", Chapter 32, "Streets, Sidewalks, And Public Spaces" By Amending Section 32-5 To Clarify That No Planting Of Any Flora Is Allowed In Alleyways, Clarify That Planting Standards Apply To Palms, And Add Canary Date Palm To The Recommended Tree Species; Making Various Findings And Provisions Related To The Subject; Providing For An Effective Date. (C. Gorman)

Documents:

[18PA-042 STF RPT.DOCX](#)

[18PA-042.DOCX](#)
[18PA-042 ATT A.DOCX](#)

- 10.F. Consider For Approval An Ordinance Of The City Of Galveston, Texas, Amending "The Code Of The City Of Galveston 1982, As Amended", Chapter 32, "Streets, Sidewalks, And Public Spaces" By Amending Section 32-4 To Provide A Tree Care Ordinance For Public Trees; Making Various Findings And Provisions Related To The Subject; Providing For An Effective Date. (C. Gorman)

Documents:

[18PA-044 STF RPT.DOCX](#)
[18PA-044.DOCX](#)

- 10.G. Consider For Approval An Ordinance Of The City Of Galveston, Texas, Amending "The Code Of The City Of Galveston 1982, As Amended", Chapter 2, "Administration", Article III, City Council, Section 2-134 "Agenda", To Require Submission Of Agenda Items No Later Than Noon Of The Seventh Day Preceding The City Council Meeting For Which The Agenda Is Being Prepared For An Effective Date; Making Various Findings And Provisions Related To The Subject. (Yarbrough)

Documents:

[2018 ORDINANCE ON PLACING ITEMS ON THE AGENDA.DOCX](#)

- 10.H. Consider For Approval An Ordinance Of The City Of Galveston, Texas, Amending The Code Of The City Of Galveston 1982 Chapter 2, Article III "City Council" Section 2-135 To Clarify The Procedures Regrading Motions To Reconsider; Repealing All Ordinances Or Parts Thereof In Conflict To The Extent Of Such Conflict Only; Providing For An Effective Date And Making Various Findings And Provisions Related To The Subject. (Yarbrough)

Documents:

[ORDINANCE ON MOTION TO RECONSIDER.DOCX](#)

11. CONSENT ITEMS

The following items shall be considered for action as a whole, unless one or more Council Members objects. The City Manager is authorized to execute all necessary documents upon final approval by the City Attorney.

- 11.A. Consider For Approval A Resolution Of The City Council Of The City Of Galveston, Texas ("The City"), Approving An Interlocal Agreement With The Gulf Coast Center ("The Center") Providing Vehicles And Drivers For The Use Of The -City In The Event Of A Formal Mandatory Evacuation; Authorizing The City Manager To Execute The Interlocal Agreement; Providing For Findings Of Fact And Providing For An Effective Date. (Yarbrough)

Documents:

[2018 INTERLOCAL GULF COAST CENTER WITH RESOLUTION.DOCX](#)
[GCC.PDF](#)

- 11.B. Consider For Approval A Resolution Of The City Council Of The City Of Galveston, Texas, Endorsing The Appointments Of Certain Individuals To The "Galveston County United Board Of Health"; Directing The City Secretary To Send A Certified Copy Of This Resolution To The Galveston County Health District; Providing For Findings Of Fact And Providing For An Effective Date. (Legal)

Documents:

[RESOLUTION GALVESTON COUNTY BOARD OF HEALTH APPOINTMENTS 2018.DOCX](#)

11.C. Seawall Boulevard Repaving Program

Consider For Approval A Resolution Of The City Council Of The City Of Galveston, Texas, Supporting A Request To The Houston-Galveston Area Council For Two Million Two Hundred And Seven Thousand, Seven Hundred And Sixty Two Dollars (\$2,207,762.00) Of Local, Federal And State Funding To Complete The Phase 3 Seawall Boulevard Repaving Program Pursuant To The FY2015-FY2018 Transportation Improvement Program Call For Projects; Committing The Required Local Share Of Six Hundred Thousand (\$600,000) Not To Exceed Six Hundred Thousand Dollars (\$600,000.00) Including Contingencies; The Local Share Being A Part Of The Total Estimated Cost Of Two Million Two Hundred And Seven Thousand, Seven Hundred And Sixty Two Dollars (\$2,207,762.00). Authorizing The City Manager To Submit All Required Information And Data To Support Same; Making Various Findings And Provisions Related To The Subject; And Providing For An Effective Date. (D. Christodoss)

Documents:

[BACKGROUND - SEAWALL AFA.DOCX](#)
[RESOLUTION - SEAWALL BLVD.DOCX](#)
[STAFF REPORT RESOLUTION AND AFA.PDF](#)
[0912-73-207 AFA C - SEAWALL BLVD - C OF GALVESTON.DOCX](#)

11.D. Consideration Of Execution Of A Memorandum Of Understanding Between The City Of Galveston And The Rosenberg Library Related To The Funds Delivered To The Library Pursuant To The City Charter And Related Administrative Procedures. (Legal)

Documents:

[LETTER TO COUNCIL RE MEMORANDUM WITH LIBRARY 2018.DOCX](#)
[LIBRARY-CITY MEMORANDUM OF UNDERSTANDING.PDF](#)

11.E. Consider For Approval A One-Year Extension Of The Contract With Hutchinson Shockey Erley & Company For Financial Advisory Services. (M. Loftin)

Documents:

[FINANCIAL ADVISOR CONTRACT \(EXECUTED 2015 COPY\).PDF](#)
[FINANCIAL ADVISOR CONTRACT EXTENSION STAFF REPORT AUGUST 2018.DOCX](#)
[PRNEWS - HSE AND HBAN MERGER.PDF](#)

11.F. Consider For Approval Authorizing The City Of Galveston Police Department To Accept The Donation Of A Dual Purpose Narcotic/Track Dog To Supplement The Patrol And Investigative Divisions. (V. Hale)

Documents:

[POLICE K9 DONATION.PDF](#)

11.G. Consider For Approval Authorizing The City Manager, Or His Designee, To Pay Tuition

Costs To Galveston College For The Basic Police Academy For Police Cadets In The Amount Of \$21,073.00. (V. Hale)

Documents:

[GALVESTON COLLEGE TUITION 18.PDF](#)
[CON - COG-CON-18-103 - GALVESTON COLLEGE - BASIC PEACE OFFICER CERTIFICATION.PDF](#)

- 11.H. Consider For Approval The Use Of The Cooperative Purchasing Contract Through The HGAC Contract From Toter Incorporated For The Purchase Of EVR 1 Series 96 Gallon Automated Rollout Garbage Carts And Repair Parts. (C. Dewitt)

Documents:

[TOTER - REMAINDER OF FY.PDF](#)

- 11.I. Consider For Approval Of Change Order No. 11 To The Contract With Cardinal Contractors, Inc., For The New 59th Street Pump Station Project, Increasing The Contract By \$26,635.69 To A New Total Amount Of \$17,549,770.69. (R. Blacketter)

Documents:

[CARDINAL CONTRACTORS - CO 11 - 59TH STREET PUMP STATION.PDF](#)

- 11.J. Consider For Approval Change Order #5 For The Contract With Main Lane Industries, Ltd., For The Reconstruction Of Market Street From 25th Street To 19th Street Project, Decreasing The Contract From \$3,909,492.81 By The Amount Of \$132,736.94 To A Final Cost Of \$3,776,755.87. (R. Blacketter)

Documents:

[MAIN LANE - CO 5 - MARKET STREET RECONSTRUCTION 25TH - 19TH.PDF](#)

- 11.K. Consider For Approval Change Order #5 For The Contract With Lucas Construction Co., Inc., For The 51st Street Improvements From Broadway To Postoffice Project, Decreasing The Contract From \$1,400,484.50 By The Amount Of \$45,285.00 To A New Cost Of \$1,355,199.50. (R. Blacketter)

Documents:

[LUCAS CONSTRUCTION - CO 5 - 51ST STREET IMPROVEMENTS.PDF](#)

- 11.L. Consider For The Approval Of The Final Close Out Change Order Which Is The Net Of All Fees And Charge Backs Totaling \$199,573.85 To General Contractors Services For The Seawall Boulevard Improvements Project (Phase II) Which Was Awarded Under BID# 16-01. The Original Approved Amount Was \$4,898,458 And The Final Total Change Order Percentage Will Be 8.9%. This Change Order Will Be Funded From The Original Grant Contingency. (D. Smith)

Documents:

[GENERAL CONTRACTORS FINAL PACKET.PDF](#)

- 11.M. Consider For The Approval Of The Annual Payment Totaling \$22,900 For The Shah Transportation Manager / NewGen Dispatch Licensing And Software Support Which Will

Be Funded By The Island Transit Maintenance Contracts Account. (D. Smith)

Documents:

[SHAH SOFTWARE 2018 SUPPORT PACKET.PDF](#)

- 11.N. Consider For The Approval Allowing The Fleet Facility To Purchase The Listed Street Repair Service Vehicle And Associated Equipment From Freightliner Of Austin Through Buy Board For \$151,809 Which Will Be Funded From The Vehicle Replacement Fund. (D. Smith)

Documents:

[PROPATCH PURCHASE PACKET.PDF](#)

- 11.O. Consider For The Approval Allowing The Fleet Facility To Purchase The Listed Service Vehicles And Associated Equipment (Mowers) From Deere & Company Through Buy Board, For A Total Price Of \$30,123.46 Which Will Be Funded From The IDC Fund. (D. Smith)

Documents:

[MOWER PURCHASE PACKET.PDF](#)

- 11.P. Receive And File The Galveston Central Appraisal District's Approved Financial Audit For 2017. (Yarbrough)

Documents:

[APPROVED 2017 CAD AUDIT.PDF](#)

12. ACTION ITEMS

- 12.A. Discuss And Consider For Approval The City Auditor's Audit Plan For Fiscal Year 2019 (G. Bulgherini).

Documents:

[AUDIT PLAN DRAFT 2019.PDF](#)

- 12.B. Consider For Approval A Resolution Of The City Council Of The City Of Galveston, Texas, Distributing And Awarding Fiscal Year 2018 Hotel Occupancy Tax Revenues To Eligible Arts And Historic Preservation Organizations Under Single-Year Contracts; Authorizing The City Manager To Execute Contracts With Such Recipients; Directing The City Secretary To Send A Certified Copy Of The Resolution To The Park Board Of Trustees; Providing For Findings Of Fact And Providing For An Effective Date. (Legal)

Documents:

[A H 2018 FORFEITED FUNDS RESOLUTION.DOCX](#)

- 12.C. Consider For Approval A Resolution Of The City Council Of The City Of Galveston, Texas Approving The Cancellation Of An Interlocal Agreements Between Galveston County, The City Of Texas City And Txdot Regarding The Galveston-Houston Connector Bus Project; Providing For Findings Of Fact And Providing For An Effective Date. (R. Beverlin)

Documents:

[CANCELLING INTERLOCALS FOR GALVESTON-HOUSTON CONNECTOR.DOCX](#)
[BACKGROUND - GALVESTON-HOUSTON CONNECTOR CONTRACT TERMINATION.PDF](#)
[RES - 17-027 - 05_31_2017 - BUS SERVICE HOUSTON-GALVESTON.PDF](#)
[BUDGET PAGE FROM 0 CITY OF GALVESTON ICB APPLICATION.PDF](#)
[ILA INTERCITY BUS SERVICE 2017-SIGNED BY COG.PDF](#)
[INTER-CITY BUS OPERATIONS - RESOLUTION AMENDING FEBRUARY 16 2016 RESOLUTION.PDF](#)
[GALVESTON COUNTY INTERCITY CONNECTOR.PDF](#)
[CONNECTOR REV V EXP - 5-11-18.XLSX](#)

- 12.D. Consider For Approval A Resolution Of The City Council Of The City Of Galveston, Texas, Supporting Legislation That Identifies Local Government Actions Exercised Under Disaster Recovery-Related Contracts Are Governmental Functions For Purposes Of Ensuring Local Government Immunity Protection. (Legal)

Documents:

[RESOLUTION ON GOVERNMENTAL FUNCTIONS.DOCX](#)

- 12.E. Consider For Approval A Resolution Of The City Council Of The City Of Galveston, Texas, Supporting Legislation That Extends To All Municipalities Vacant Registration Ordinance Authority Granted To Certain Municipalities Under Section 214.233 Of The Local Government Code. (Legal)

Documents:

[RESOLUTION - OWNER REGISTRATION OF VACANT AND DANGEROUS BUILDINGS.DOCX](#)

- 12.F. Consider For Approval A Resolution Of The City Council Of The City Of Galveston, Texas, Directing The Beach Access And Dune Ad Hoc Committee Consider Standards For The Cleaning Of Beaches To Be Incorporated In City Beach Cleaning Permits; Providing Direction To The Planning Commission On The Matter Of Beach Front Cleaning Permits; Providing For Findings Of Fact And Providing For An Effective Date. (Legal)

Documents:

[RESOLUTION ON BEACH CLEANING.DOCX](#)

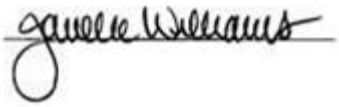
- 12.G. Discuss And Consider Appointments To The Following City Boards, Commissions, And Committees:

1. Civilian Review Board - District 4
2. Galveston Housing Finance Corporation/Galveston Property Finance Authority - District 5
3. Investment Advisory Committee - City Council
4. Parks & Recreation Advisory Board - District 5
5. Tree Committee - District 5 and Ex Officio Appointment
6. Zoning Board of Adjustment - City Council
7. Outside Entity - Galveston County Transit District

Documents:

13. ADJOURNMENT

I certify that the above Notice of Meeting was posted in a place convenient to the public in compliance with Chapter 551 of the Texas Government Code on August 17, 2018 at 3:00 P.M.

A handwritten signature in black ink, appearing to read "Janelle Williams", is written over a horizontal line.

Janelle Williams, City Secretary

IN ACCORDANCE WITH THE PROVISIONS OF THE AMERICANS WITH DISABILITIES ACT (ADA), PERSONS IN NEED OF A SPECIAL ACCOMMODATION TO PARTICIPATE IN THIS PROCEEDING SHALL, WITHIN THREE (3) DAYS PRIOR TO ANY PROCEEDING, CONTACT THE CITY SECRETARY'S OFFICE, SUITE 201, 823 ROSENBERG, GALVESTON, TEXAS 77550 (409-797-3510).



City of Galveston

Finance Department
PO Box 779 | Galveston, TX 77553-0779
| 409-797-3562

August 23, 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Michael Loftin, Assist. City Manager Finance

RE: **The investment report for quarter ended June 30, 2018 presented as part of the City Manager's report.**

I. **Background**

As provided by state law and the City's local policy, not less than quarterly, the investment officers prepare and submit to the governing body of the City a written report of investment transactions for all funds covered by Texas Government Code Section 256.023 for the preceding reporting period.

II. **Current Situation**

The City approved investment advisory consulting firm, First Southwest Asset Management, prepared and submitted the quarter report at the investment committee meeting held on August 15, 2018.

The City's investment portfolio market value totaled over \$143M at June 30, 2018 and included U.S. Treasuries and Federal Agency securities along with balances in money market mutual funds and local government investment pools. The City of Galveston's Investment Committee reviewed and accepted the report. The weighted average yield to maturity was 1.702% up from 1.495% at March 31, 2018.

III. **Recommendation**

Make available the City's quarter end June 30, 2018 Investment Report.

IV. **Fiscal Impact Report**

None.





Investment Portfolio Summary

City of Galveston



For the Quarter Ended

June 30, 2018

Report Name

Certification Page	
Executive Summary	
Benchmark Comparison	
Detail of Security Holdings	
Change in Value	
Earned Income	
Investment Transactions	
Amortization and Accretion	
Projected Fixed Income Cash Flows	

MARKET RECAP - JUNE 2018:

The key economic indicators released during June showed a strengthening economy with growing inflationary pressures. Nonfarm payrolls rose by +223k in May, well above the +190k median forecast, while prior month revisions added another +14k. Headline unemployment fell from 3.9% to 3.8%, the lowest since 1969, while the broader U6 "under-employment" rate fell from 7.8% to 7.6%, the lowest since December 2000. Average hourly earnings rose by a greater-than-expected +0.3% in May, pushing year-over-year wage inflation up from 2.56% to 2.71%. The ISM manufacturing index rebounded in May after slipping for two straight months. The 58.7 reading was within two points of the 14-year high set in February. Factory input prices continue to climb as the 79.5 reading on the ISM prices paid index was the highest since April 2011. The ISM non-manufacturing index rose by 1.8 points in May to 58.6, within 1.3 points of the 13-year high set in January. Retail sales unexpectedly jumped +0.8% in May, doubling the expected increase with the strongest monthly advance since November. Weak consumer spending held back first quarter economic growth, but the last three months have been quite solid. According to Bloomberg, retail sales are now tracking at a +5.9% year-over-year pace. Inflation firmed during May with the year-over-year consumer price index pushing up to +2.8% at the headline and +2.2% at the core. Producer prices also rose more than expected in May with the year-over-year headline PPI running at +3.1%, the highest since January 2012, and the core at +2.6%.

As expected, the Fed's policy setting Federal Open Market Committee raised the overnight fed funds target by 25 basis points to a new range of 1.75% - 2.00%. It was the seventh quarter-point increase since 2015. The statement tilted slightly hawkish compared to the previous statement, noting that "economic activity has been rising at a solid rate" versus just "moderate" previously; that the unemployment rate had "declined" versus "stayed low," and household spending "has picked up" versus "moderated." The summary of economic projections, better known as the dot plot, also took a hawkish tilt with a lower unemployment rate, faster GDP growth for 2018, higher PCE for 2018, and a quicker pace of rate of hikes that now indicates a total of four 25 basis point hikes in 2018 versus three previously.

Financial markets don't seem to share the optimistic viewpoint painted by the data and seemingly validated by the Fed's action. Instead, markets are focusing on the burgeoning prospects of a trade war as the Trump administration and our global trading partners sink deeper into a spat of tit-for-tat tariffs. When President Trump implemented new 25% tariffs on \$50 billion worth of Chinese goods, China quickly retaliated with 25% tariffs on \$34 billion of U.S. goods. Trump responded by asking his staff to identify another \$200 billion of Chinese products that could have tariffs imposed. Commerce Secretary Wilbur Ross has said the ultimate objective is to remove barriers, "We're going to fix the problem of protectionism around the world and we're going to fix it by making it more painful for those countries to do bad practices than to do the right thing, which is to lower the trade barriers and lower their tariffs." Our trading partners, particularly Canada, Mexico, the EU and China are fighting back, initiating retaliatory tariffs on U.S. goods. State controlled media in China wrote, "If Trump continues to escalate trade tensions with China, we cannot rule out the possibility that China will strike back by adopting a hardline approach targeting Dow Jones Index giants." The major U.S. equity indexes have taken notice with the Dow down 2% for the year and nearly 9% below its high, and the S&P 500 about 5% below its high. Bond yields fell during the month, despite the Fed rate hike and hotter inflation data, with the yield curve flattening as the two-year Treasury note yield closed the month at 2.53% while the 10-year T-note yield slipped to 2.86%.

For the Quarter Ended

June 30, 2018

This report is prepared for the **City of Galveston** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Officer Names and Titles:



Name: Michael W. Loftin

Title: Asst. City Manager-Finance



Name: Tammy Y. Jacobs

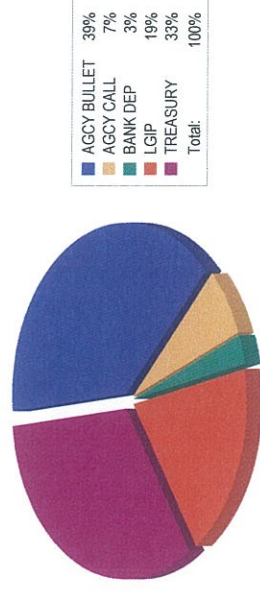
Title: Executive Director & City Controller



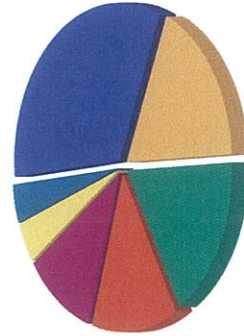
Account Summary

Beginning Values as of 03/31/18 Ending Values as of 06/30/18

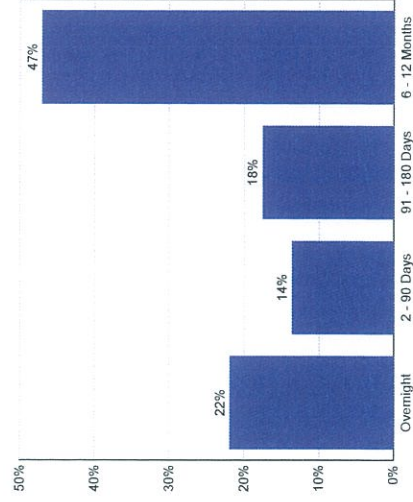
Par Value	164,952,702.18	143,648,514.00
Market Value	164,355,395.44	143,187,532.37
Book Value	164,617,820.22	143,402,907.34
Unrealized Gain/(Loss)	(262,424.78)	(215,374.97)
Market Value %	99.84%	99.85%
Weighted Avg. YTW	1.495%	1.702%
Weighted Avg. YTM	1.495%	1.702%



Allocation by Issuer



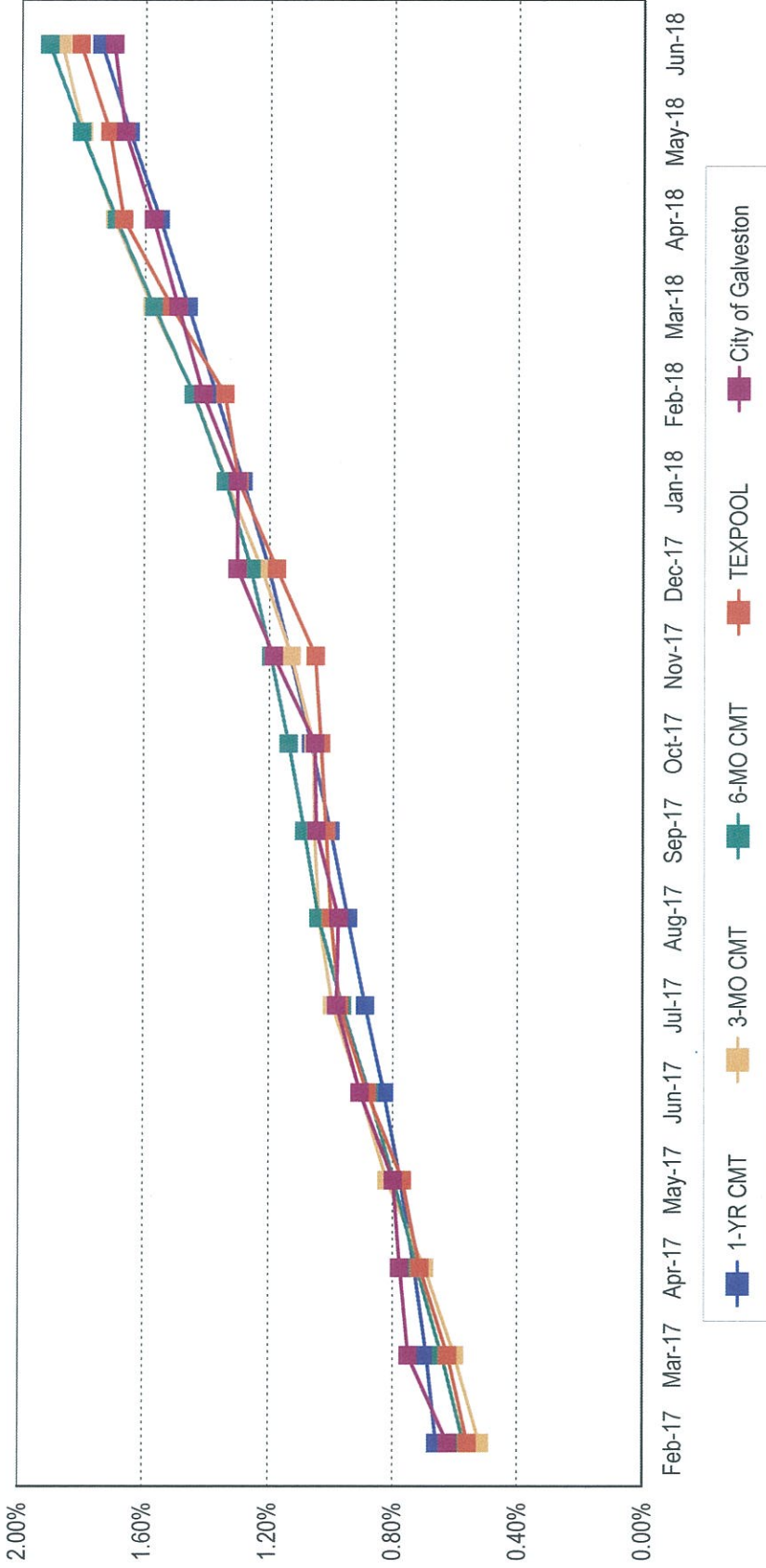
Maturity Distribution %



Weighted Average Days to Maturity: 156

Credit Quality





Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
Operating Fund																	
FROSTGLVS		BANK DEP	Frost Bk Sweep - Repo					3,938,000.00	100.000	3,938,000.00	3,938,000.00	100.000	3,938,000.00	1		0.200	0.200
TEXPOOL		LGIP	TexPool					25,856,544.99	100.000	25,856,544.99	25,856,544.99	100.000	25,856,544.99	1		1.811	1.811
TXDAILY		LGIP	TexasDAILY					1,491,969.01	100.000	1,491,969.01	1,491,969.01	100.000	1,491,969.01	1		1.850	1.850
912828XK1	09/29/17	TRFAS NOTE	U.S. Treasury	0.875	07/15/18			2,000,000.00	99.664	1,993,281.25	1,999,672.24	99.967	1,999,338.00	15		1.302	1.302
912828XK1	10/19/17	TRFAS NOTE	U.S. Treasury	0.875	07/15/18			1,000,000.00	99.652	996,523.44	999,817.99	99.967	999,669.00	15		1.349	1.349
3130A8U50	06/29/17	AGCY BULET	FHLB	0.830	07/25/18			2,000,000.00	99.531	1,990,620.00	1,999,414.88	99.925	1,998,510.00	25		1.272	1.272
3136G1BE8	07/26/17	AGCY BULET	FNMA	1.000	07/25/18			1,000,000.00	99.730	997,300.00	999,818.93	99.942	999,419.00	25		1.273	1.273
3130A8PK3	08/16/16	AGCY BULET	FHLB	0.625	08/07/18			1,600,000.00	99.608	1,593,728.00	1,599,680.53	99.868	1,597,880.00	38		0.825	0.825
912828K82	10/19/17	TRFAS NOTE	U.S. Treasury	1.000	08/15/18			4,525,000.00	99.691	4,511,036.13	4,522,889.81	99.894	4,520,185.40	46		1.378	1.378
3134GADR2	07/26/17	AGCY CALL	FHLMC	1.010	08/28/18	Expired	QRTLY	1,875,000.00	99.625	1,867,968.75	1,873,974.21	99.850	1,872,189.38	59		1.358	1.358
3130A9CX7	10/31/17	AGCY BULET	FHLB	1.000	09/07/18			2,000,000.00	99.621	1,992,422.42	1,998,363.12	99.816	1,996,318.00	69		1.450	1.450
912828L40	09/13/17	TRFAS NOTE	U.S. Treasury	1.000	09/15/18			1,500,000.00	99.734	1,496,015.63	1,499,179.04	99.808	1,497,120.00	77		1.267	1.267
912828L40	09/29/17	TRFAS NOTE	U.S. Treasury	1.000	09/15/18			2,000,000.00	99.680	1,993,593.75	1,998,620.02	99.808	1,996,160.00	77		1.336	1.336
912828RH5	11/06/15	TRFAS NOTE	U.S. Treasury	1.375	09/30/18			2,000,000.00	100.684	2,013,671.88	2,001,189.12	99.848	1,996,960.00	92		1.135	1.135
3134GAPV0	05/10/17	AGCY CALL	FHLMC	1.030	10/12/18	7/12/2018	QRTLY	1,500,000.00	99.515	1,492,725.00	1,498,556.51	99.710	1,495,651.50	104	12	1.375	1.375
3137EAD7	10/19/17	AGCY BULET	FHLMC	0.875	10/12/18			6,000,000.00	99.437	5,966,220.00	5,990,302.26	99.680	5,980,776.00	104		1.455	1.455
912828M64	10/31/17	TRFAS NOTE	U.S. Treasury	1.250	11/15/18			4,500,000.00	99.773	4,489,804.69	4,496,341.46	99.711	4,486,990.50	138		1.470	1.470
3133EGJ48	10/31/17	AGCY BULET	FFCB	0.890	11/16/18			1,500,000.00	99.405	1,491,078.00	1,496,776.04	99.538	1,493,074.50	139		1.467	1.467
912828A34	12/07/15	TRFAS NOTE	U.S. Treasury	1.250	11/30/18			1,525,000.00	100.063	1,525,963.13	1,525,134.96	99.652	1,519,697.58	153		1.229	1.229
912828N22	11/08/17	TRFAS NOTE	U.S. Treasury	1.250	12/15/18			7,000,000.00	99.688	6,978,125.00	6,990,904.69	99.609	6,972,658.00	168		1.537	1.537
3134G8MY2	06/01/17	AGCY CALL	FHLMC	1.080	12/17/18	Expired	ONE TIME	1,137,000.00	99.683	1,133,395.71	1,135,917.16	99.526	1,131,607.21	170		1.288	1.288
912828U99	11/30/17	TRFAS NOTE	U.S. Treasury	1.250	12/31/18			3,000,000.00	99.559	2,986,757.81	2,993,902.17	99.543	2,986,290.00	184		1.662	1.662
3133EGJZ9	11/15/17	AGCY CALL	FFCB	1.000	01/07/19	Anytime	CONIT	5,000,000.00	99.240	4,962,000.00	4,982,766.85	99.355	4,967,760.00	191	5	1.673	1.673
3133EHQF3	07/26/17	AGCY BULET	FFCB	1.350	01/07/19			3,000,000.00	99.929	2,997,858.00	2,999,232.81	99.574	2,987,223.00	191		1.400	1.400
3130AAE46	11/30/17	AGCY BULET	FHLB	1.250	01/16/19			3,000,000.00	99.479	2,984,370.00	2,992,464.96	99.478	2,984,340.00	200		1.718	1.718
912828V56	12/20/17	TRFAS NOTE	U.S. Treasury	1.125	01/31/19			6,000,000.00	99.273	5,956,406.25	5,977,111.50	99.379	5,962,734.00	215		1.786	1.786
3133EHP23	11/30/17	AGCY BULET	FFCB	1.500	02/06/19			3,000,000.00	99.749	2,992,470.00	2,996,176.23	99.571	2,987,145.00	221		1.716	1.716
3135G0J53	12/20/17	AGCY BULET	FNMA	1.000	02/26/19			5,000,000.00	99.063	4,953,150.00	4,974,065.75	99.185	4,959,270.00	241		1.803	1.803
3133782M2	12/18/17	AGCY BULET	FHLB	1.500	03/08/19			5,000,000.00	99.626	4,981,300.00	4,989,483.35	99.493	4,974,650.00	251		1.810	1.810
912828P95	02/22/18	TRFAS NOTE	U.S. Treasury	1.000	03/15/19			2,000,000.00	98.859	1,977,187.50	1,984,727.62	99.129	1,982,578.00	258		2.095	2.095
3137EADZ9	02/01/18	AGCY BULET	FHLMC	1.125	04/15/19			5,000,000.00	98.940	4,947,000.00	4,965,222.35	99.076	4,953,800.00	289		2.019	2.019
912828S78	02/09/18	TRFAS NOTE	U.S. Treasury	1.250	04/30/19			5,000,000.00	99.066	4,953,320.31	4,968,133.55	99.113	4,955,665.00	304		2.027	2.027



FirstSouthwest
AssetManagement
A Hilltop Holdings Company

City of Galveston
Detail of Security Holdings
As of 06/30/2018

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
Operating Fund																	
3133EJBZ1	03/16/18	AGCY BULET	FFCB	2.000	05/08/19			6,000,000.00	99.814	5,988,819.00	5,981,627.84	99.722	5,983,296.00	312		2.166	2.166
912828R44	05/02/18	TREAS NOTE	U.S. Treasury	0.875	05/15/19			2,000,000.00	98.559	1,971,171.88	1,975,698.14	98.742	1,974,844.00	319		2.291	2.291
3130ABF92	04/10/18	AGCY BULET	FHLB	1.375	05/28/19			3,700,000.00	99.103	3,666,808.48	3,673,366.73	99.113	3,667,177.30	332		2.180	2.180
313379EE5	06/11/18	AGCY BULET	FHLB	1.625	06/14/19			1,000,000.00	99.274	992,740.00	983,138.08	99.274	992,742.00	349		2.358	2.358
3133XTYY6	05/15/18	AGCY BULET	FHLB	4.375	06/14/19			4,000,000.00	102.123	4,084,920.00	4,075,032.40	101.747	4,069,876.00	349		2.372	2.372
912828R85	05/22/18	TREAS NOTE	U.S. Treasury	0.875	06/15/19			3,000,000.00	98.434	2,953,007.81	2,957,805.72	98.609	2,958,282.00	350		2.372	2.372
3130AEGY0	06/18/18	AGCY BULET	FHLB	2.375	06/18/19			3,000,000.00	99.996	2,999,880.00	2,999,884.32	99.971	2,999,142.00	353		2.379	2.379
Total for Operating Fund								143,648,514.00	99.662	143,159,143.82	143,402,907.34	99.681	143,187,532.37	156		1.702	1.702
Total for City of Galveston																	
Total for City of Galveston								143,648,514.00	99.662	143,159,143.82	143,402,907.34	99.681	143,187,532.37	156		1.702	1.702



FirstSouthwest
AssetManagement
A Hilltop Holdings Company.

City of Galveston
Change in Value
From 03/31/2018 to 06/30/2018

CUSIP	Security Type	Security Description	03/31/18 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	06/30/18 Book Value	03/31/18 Market Value	06/30/18 Market Value	Change in Mkt Value
Operating Fund											
FROSTGLVS	BANK DEP	Frost Bk Sweep - Repo	4,142,000.00	1,788,000.00	(1,992,000.00)	0.00	0.00	3,938,000.00	4,142,000.00	3,938,000.00	(204,000.00)
TEXPOOL	LGIP	TexPool	41,723,298.11	0.00	(15,866,753.12)	0.00	0.00	25,856,544.99	41,723,298.11	25,856,544.99	(15,866,753.12)
TXDAILY	LGIP	TexasDAILY	725,404.07	864,524.61	(97,959.67)	0.00	0.00	1,491,969.01	725,404.07	1,491,969.01	766,564.94
3137EAE3	AGCY BULET	FHLMC 0.750 04/09/18	1,695,982.07	0.00	(1,700,000.00)	17.93	0.00	0.00	1,695,970.20	0.00	(1,699,670.20)
912828K25	TREAS NOTE	U.S. Treasury 0.750 04/15/18	1,999,631.38	0.00	(2,000,000.00)	368.62	0.00	0.00	1,999,404.00	0.00	(1,999,404.00)
912828U71	TREAS NOTE	U.S. Treasury 0.625 04/30/18	1,999,411.52	0.00	(2,000,000.00)	588.48	0.00	0.00	1,998,502.00	0.00	(1,998,502.00)
3134G8J00	AGCY CALL	FHLMC 1.000 05/11/18	3,999,349.92	0.00	(4,000,000.00)	650.08	0.00	0.00	3,996,528.00	0.00	(3,996,528.00)
912828XA3	TREAS NOTE	U.S. Treasury 1.000 05/15/18	3,999,443.12	0.00	(4,000,000.00)	556.88	0.00	0.00	3,996,792.00	0.00	(3,996,792.00)
313313XB9	AGCY DISCO	FFCB 0.000 05/21/18	2,994,999.99	0.00	(3,000,000.00)	5,000.01	0.00	0.00	2,993,058.00	0.00	(2,993,058.00)
3133ED4Q2	AGCY BULET	FFCB 1.480 06/11/18	1,000,393.03	0.00	(1,000,000.00)	(393.03)	0.00	0.00	999,865.00	0.00	(999,865.00)
912828XF2	TREAS NOTE	U.S. Treasury 1.125 06/15/18	2,998,947.96	0.00	(3,000,000.00)	1,052.04	0.00	0.00	2,996,046.00	0.00	(2,996,046.00)
3130A9B04	AGCY BULET	FHLB 0.875 06/29/18	1,998,323.42	0.00	(2,000,000.00)	1,676.58	0.00	0.00	1,995,442.00	0.00	(1,995,442.00)
912828XK1	TREAS NOTE	U.S. Treasury 0.875 07/15/18	2,999,176.77	0.00	0.00	3,313.46	0.00	2,999,490.23	2,991,870.00	2,999,007.00	7,137.00
3130A8U60	AGCY BULET	FHLB 0.830 07/25/18	1,997,220.66	0.00	0.00	2,194.22	0.00	1,999,414.88	1,993,336.00	1,998,510.00	5,174.00
3136G1BE8	AGCY BULET	FNMA 1.000 07/25/18	999,139.94	0.00	0.00	678.99	0.00	999,818.93	997,262.00	999,419.00	2,157.00
3130A9PK3	AGCY BULET	FHLB 0.625 08/07/18	1,598,881.82	0.00	0.00	798.71	0.00	1,599,680.53	1,592,774.40	1,597,880.00	5,105.60
912828K92	TREAS NOTE	U.S. Treasury 1.000 08/15/18	4,518,622.47	0.00	0.00	4,267.34	0.00	4,522,889.81	4,510,682.90	4,520,185.40	9,502.50
3134GADR2	AGCY CALL	FHLMC 1.010 08/28/18	1,872,354.54	0.00	0.00	1,619.67	0.00	1,873,974.21	1,868,023.13	1,872,189.38	4,166.25
3130A9CX7	AGCY BULET	FHLB 1.000 09/07/18	1,996,131.04	0.00	0.00	2,232.08	0.00	1,998,363.12	1,991,614.00	1,996,318.00	4,704.00
912828L40	TREAS NOTE	U.S. Treasury 1.000 09/15/18	3,495,163.73	0.00	0.00	2,635.33	0.00	3,497,799.06	3,486,192.50	3,493,280.00	7,087.50
912828RH5	TREAS NOTE	U.S. Treasury 1.375 09/30/18	2,002,378.26	0.00	0.00	(1,189.14)	0.00	2,001,189.12	1,994,442.00	1,996,960.00	2,518.00
3134GAPV0	AGCY CALL	FHLMC 1.030 10/12/18	1,497,271.29	0.00	0.00	1,285.22	0.00	1,498,556.51	1,492,246.50	1,495,651.50	3,405.00
3137EAE7	AGCY BULET	FHLMC 0.875 10/12/18	5,981,667.96	0.00	0.00	8,634.30	0.00	5,990,302.26	5,965,224.00	5,980,776.00	15,552.00
912828M64	TREAS NOTE	U.S. Treasury 1.250 11/15/18	4,493,900.57	0.00	0.00	2,440.89	0.00	4,496,341.46	4,478,728.50	4,486,990.50	8,262.00
3133EGJ48	AGCY BULET	FFCB 0.890 11/16/18	1,494,634.56	0.00	0.00	2,141.48	0.00	1,496,776.04	1,489,332.00	1,493,074.50	3,742.50
912828A34	TREAS NOTE	U.S. Treasury 1.250 11/30/18	1,525,215.74	0.00	0.00	(80.78)	0.00	1,525,134.96	1,517,315.53	1,519,697.58	2,382.05
912828N22	TREAS NOTE	U.S. Treasury 1.250 12/15/18	6,985,957.44	0.00	0.00	4,947.25	0.00	6,990,904.69	6,961,444.00	6,972,658.00	11,214.00
3134G8MY2	AGCY CALL	FHLMC 1.080 12/17/18	1,135,333.25	0.00	0.00	583.91	0.00	1,135,917.16	1,129,145.60	1,131,607.21	2,461.61
912828U99	TREAS NOTE	U.S. Treasury 1.250 12/31/18	2,990,845.32	0.00	0.00	3,056.85	0.00	2,993,902.17	2,981,835.00	2,986,290.00	4,455.00
3133EGJ29	AGCY CALL	FFCB 1.000 01/07/19	4,974,495.20	0.00	0.00	8,271.65	0.00	4,982,766.85	4,960,325.00	4,967,760.00	7,435.00
3133EHQF3	AGCY BULET	FFCB 1.350 01/07/19	2,998,864.08	0.00	0.00	368.73	0.00	2,999,232.81	2,985,771.00	2,987,223.00	1,452.00
3130AAE46	AGCY BULET	FHLB 1.250 01/16/19	2,989,014.63	0.00	0.00	3,450.33	0.00	2,992,464.96	2,979,780.00	2,984,340.00	4,560.00
912828V56	TREAS NOTE	U.S. Treasury 1.125 01/31/19	5,967,315.24	0.00	0.00	9,796.26	0.00	5,977,111.50	5,952,186.00	5,962,734.00	10,548.00
3133EHP23	AGCY BULET	FFCB 1.500 02/06/19	2,994,587.01	0.00	0.00	1,589.22	0.00	2,996,176.23	2,984,958.00	2,987,145.00	2,187.00



CUSIP	Security Type	Security Description	03/31/18 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	06/30/18 Book Value	03/31/18 Market Value	06/30/18 Market Value	Change in Mkt Value
Operating Fund											
3135G0J53	AGCY BULET	FNMA 1.000 02/26/19	4,964,201.60	0.00	0.00	9,864.15	0.00	4,974,065.75	4,947,600.00	4,959,270.00	11,670.00
3133782M2	AGCY BULET	FHLB 1.500 03/08/19	4,985,676.50	0.00	0.00	3,806.85	0.00	4,989,483.35	4,970,075.00	4,974,650.00	4,575.00
912828P95	TREAS NOTE	U.S. Treasury 1.000 03/15/19	1,979,421.62	0.00	0.00	5,306.00	0.00	1,984,727.62	1,978,750.00	1,982,578.00	3,828.00
3137EADZ9	AGCY BULET	FHLMC 1.125 04/15/19	4,954,276.85	0.00	0.00	10,945.50	0.00	4,965,222.35	4,946,745.00	4,953,800.00	7,055.00
912828S78	TREAS NOTE	U.S. Treasury 1.250 04/30/19	4,958,672.60	0.00	0.00	9,460.95	0.00	4,968,133.55	4,951,160.00	4,955,665.00	4,505.00
3133EJBJ1	AGCY BULET	FFCB 2.000 05/08/19	5,989,214.94	0.00	0.00	2,412.90	0.00	5,991,627.84	5,990,568.00	5,983,296.00	(7,272.00)
912828R44	TREAS NOTE	U.S. Treasury 0.875 05/15/19	0.00	1,971,171.88	0.00	4,526.26	0.00	1,975,698.14	0.00	1,974,844.00	1,974,844.00
3130ABF92	AGCY BULET	FHLB 1.375 05/28/19	0.00	3,666,808.48	0.00	6,558.25	0.00	3,673,366.73	0.00	3,667,177.30	3,667,177.30
313379EE5	AGCY BULET	FHLB 1.625 06/14/19	0.00	992,740.00	0.00	398.08	0.00	993,138.08	0.00	992,742.00	992,742.00
3133XTY16	AGCY BULET	FHLB 4.375 06/14/19	0.00	4,084,920.00	0.00	(9,887.60)	0.00	4,075,032.40	0.00	4,069,876.00	4,069,876.00
912828R85	TREAS NOTE	U.S. Treasury 0.875 06/15/19	0.00	2,953,007.81	0.00	4,797.91	0.00	2,957,805.72	0.00	2,958,282.00	2,958,282.00
3130AEGY0	AGCY BULET	FHLB 2.375 06/18/19	0.00	2,999,880.00	0.00	4.32	0.00	2,999,884.32	0.00	2,999,142.00	2,999,142.00
Total for Operating Fund			164,617,820.22	19,321,052.78	(40,656,712.79)	120,747.13	0.00	143,402,907.34	164,355,395.44	143,187,532.37	(21,167,863.07)
Reserve Fund											
912828UJ7	TREAS NOTE	U.S. Treasury 0.875 01/31/18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total for Reserve Fund			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total for City of Galveston			164,617,820.22	19,321,052.78	(40,656,712.79)	120,747.13	0.00	143,402,907.34	164,355,395.44	143,187,532.37	(21,167,863.07)



FirstSouthwest
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City of Galveston
Earned Income
From 03/31/2018 to 06/30/2018

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
Operating Fund									
FROSTGLVS	BANK DEP	Frost Bk Sweep - Repo	0.00	1,972.33	1,972.33	0.00	0.00	0.00	1,972.33
TEXPOOL	LGIP	TexPool	0.00	133,246.88	133,246.88	0.00	0.00	0.00	133,246.88
TXDAILY	LGIP	TexasDAILY	0.00	6,318.43	6,318.43	0.00	0.00	0.00	6,318.43
3137EAEA3	AGCY BULET	FHLMC 0.750 04/09/18	6,091.67	283.33	6,375.00	0.00	0.00	17.93	301.26
912828K25	TREAS NOTE	U.S. Treasury 0.750 04/15/18	6,923.08	576.92	7,500.00	0.00	0.00	368.62	945.54
912828U21	TREAS NOTE	U.S. Treasury 0.625 04/30/18	5,248.62	1,001.38	6,250.00	0.00	0.00	588.48	1,589.86
3134G9UD0	AGCY CALL	FHLMC 1.000 05/11/18	15,555.56	4,444.44	20,000.00	0.00	0.00	650.08	5,094.52
912828XA3	TREAS NOTE	U.S. Treasury 1.000 05/15/18	15,138.12	4,861.88	20,000.00	0.00	0.00	558.88	5,418.76
313313XB9	AGCY DISCO	FFCB 0.000 05/21/18	0.00	0.00	0.00	0.00	0.00	5,000.01	5,000.01
3133ED4Q2	AGCY BULET	FFCB 1.480 06/11/18	4,522.22	2,877.78	7,400.00	0.00	0.00	2,484.75	2,484.75
912828XF2	TREAS NOTE	U.S. Treasury 1.125 06/15/18	9,921.02	6,953.98	16,875.00	0.00	0.00	1,052.04	8,006.02
3130A8BD4	AGCY BULET	FHLB 0.875 06/29/18	4,472.22	4,277.78	8,750.00	0.00	0.00	1,676.58	5,954.36
912828XK1	TREAS NOTE	U.S. Treasury 0.875 07/15/18	5,511.05	6,598.75	0.00	0.00	12,109.80	3,313.46	9,912.21
3130A8U50	AGCY BULET	FHLB 0.830 07/25/18	3,043.33	4,150.00	0.00	0.00	7,193.33	2,194.22	6,344.22
3136G1BE8	AGCY BULET	FNMA 1.000 07/25/18	1,833.33	2,500.00	0.00	0.00	4,333.33	678.99	3,178.99
3130A8PK3	AGCY BULET	FHLB 0.625 08/07/18	1,500.00	2,500.00	0.00	0.00	4,000.00	798.71	3,298.71
912828K82	TREAS NOTE	U.S. Treasury 1.000 08/15/18	5,625.00	11,375.00	0.00	0.00	17,000.00	4,267.34	15,642.34
3134GADR2	AGCY CALL	FHLMC 1.010 08/28/18	1,735.94	4,734.37	0.00	0.00	6,470.31	1,619.67	6,354.04
3130A9CX7	AGCY BULET	FHLB 1.000 09/07/18	1,333.33	5,000.00	0.00	0.00	6,333.33	2,232.08	7,232.08
912828L40	TREAS NOTE	U.S. Treasury 1.000 09/15/18	1,616.84	8,654.90	0.00	0.00	10,271.74	2,635.33	11,290.23
912828RH5	TREAS NOTE	U.S. Treasury 1.375 09/30/18	13,825.14	6,837.43	13,750.00	0.00	6,912.57	(1,189.14)	5,648.29
3134GAPV0	AGCY CALL	FHLMC 1.030 10/12/18	7,252.92	3,862.50	7,725.00	0.00	3,390.42	1,285.22	5,147.72
3137EAE7	AGCY BULET	FHLMC 0.875 10/12/18	24,645.83	13,125.00	26,250.00	0.00	11,520.83	8,634.30	21,759.30
912828M64	TREAS NOTE	U.S. Treasury 1.250 11/15/18	21,287.98	14,021.12	28,125.00	0.00	7,184.10	2,440.89	16,462.01
3133EGJ48	AGCY BULET	FFCB 0.850 11/16/18	5,006.25	3,337.50	6,675.00	0.00	1,668.75	2,141.48	5,478.98
912828A34	TREAS NOTE	U.S. Treasury 1.250 11/30/18	6,389.08	4,756.75	9,531.25	0.00	1,614.58	(80.78)	4,675.97
912828N22	TREAS NOTE	U.S. Treasury 1.250 12/15/18	25,721.15	21,853.99	43,750.00	0.00	3,825.14	4,947.25	26,801.24
3134G8MY2	AGCY CALL	FHLMC 1.080 12/17/18	3,547.44	3,069.90	6,139.80	0.00	477.54	583.91	3,653.81
912828U99	TREAS NOTE	U.S. Treasury 1.250 12/31/18	9,426.80	9,425.10	0.00	0.00	18,851.90	3,056.85	12,481.95
3133EGJ29	AGCY CALL	FFCB 1.000 01/07/19	11,666.67	12,500.00	0.00	0.00	24,166.67	8,271.65	20,771.65
3133EHQF3	AGCY BULET	FFCB 1.350 01/07/19	9,450.00	10,125.00	0.00	0.00	19,575.00	368.73	10,493.73
3130AAE46	AGCY BULET	FHLB 1.250 01/16/19	7,812.50	9,375.00	0.00	0.00	17,187.50	3,450.33	12,825.33
912828V56	TREAS NOTE	U.S. Treasury 1.125 01/31/19	11,187.85	16,988.23	0.00	0.00	28,156.08	9,796.26	26,764.49
3133EHP23	AGCY BULET	FFCB 1.500 02/06/19	6,875.00	11,250.00	0.00	0.00	18,125.00	1,589.22	12,839.22



FirstSouthwest
AssetManagement
A Hilltop Holdings Company.

City of Galveston
Earned Income
From 03/31/2018 to 06/30/2018

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
Operating Fund									
3135G0J53	AGCY BULET	FNMA 1.000 02/26/19	4,861.11	12,500.00	0.00	0.00	17,361.11	9,864.15	22,364.15
3133782M2	AGCY BULET	FHLB 1.500 03/08/19	4,791.67	18,750.00	0.00	0.00	23,541.67	3,806.85	22,556.85
912828P95	TREAS NOTE	U.S. Treasury 1.000 03/15/19	923.91	4,945.66	0.00	0.00	5,869.57	5,306.00	10,251.66
3137EADZ9	AGCY BULET	FHLMC 1.125 04/15/19	25,937.50	14,062.50	28,125.00	0.00	11,875.00	10,945.50	25,008.00
912828S18	TREAS NOTE	U.S. Treasury 1.250 04/30/19	26,243.09	15,536.80	31,250.00	0.00	10,529.89	9,460.95	24,997.75
3133EJBJ1	AGCY BULET	FFCB 2.000 05/08/19	17,666.67	30,000.00	30,000.00	0.00	17,666.67	2,412.90	32,412.90
912828R44	TREAS NOTE	U.S. Treasury 0.875 05/15/19	0.00	2,863.50	8,750.00	(8,121.55)	2,235.05	4,526.26	7,389.76
3130ABF92	AGCY BULET	FHLB 1.375 05/28/19	0.00	11,446.87	25,437.50	(18,654.17)	4,663.54	6,558.25	18,005.12
313379EE5	AGCY BULET	FHLB 1.625 06/14/19	0.00	902.78	8,125.00	(7,989.58)	767.36	398.08	1,300.86
3133XTYY6	AGCY BULET	FHLB 4.375 06/14/19	0.00	22,361.11	87,500.00	(73,402.78)	8,263.89	(9,887.60)	12,473.51
912828R85	TREAS NOTE	U.S. Treasury 0.875 06/15/19	0.00	2,878.31	13,125.00	(11,394.23)	1,147.54	4,797.91	7,676.22
3130AEGY0	AGCY BULET	FHLB 2.375 06/18/19	0.00	2,572.92	0.00	0.00	2,572.92	4.32	2,577.24
Total for Operating Fund			334,589.89	491,656.12	608,946.19	(119,562.31)	336,862.13	120,747.13	612,403.25
Reserve Fund									
Total for Reserve Fund			0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total for City of Galveston			334,589.89	491,656.12	608,946.19	(119,562.31)	336,862.13	120,747.13	612,403.25



FirstSouthwest
AssetManagement
A Hilltop Holdings Company.

City of Galveston
Investment Transactions
From 04/01/2018 to 06/30/2018

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
Operating Fund															
Maturities															
04/09/18	04/09/18	3137EAE3	AGCY BULET	FHLMC	0.750	04/09/18		1,700,000.00	100.000	1,700,000.00	0.00	1,700,000.00		0.798	
04/15/18	04/15/18	912828K25	TREAS NOTE	U.S. Treasury	0.750	04/15/18		2,000,000.00	100.000	2,000,000.00	0.00	2,000,000.00		1.232	
04/30/18	04/30/18	912828U71	TREAS NOTE	U.S. Treasury	0.625	04/30/18		2,000,000.00	100.000	2,000,000.00	0.00	2,000,000.00		0.994	
05/11/18	05/11/18	3134G9JD0	AGCY CALL	FHLMC	1.000	05/11/18		4,000,000.00	100.000	4,000,000.00	0.00	4,000,000.00		1.147	
05/15/18	05/15/18	912828XA3	TREAS NOTE	U.S. Treasury	1.000	05/15/18		4,000,000.00	100.000	4,000,000.00	0.00	4,000,000.00		1.115	
05/21/18	05/21/18	313313XB9	AGCY DISCO	FFCB		05/21/18		3,000,000.00	100.000	3,000,000.00	0.00	3,000,000.00		1.211	
06/11/18	06/11/18	3133ED4Q2	AGCY BULET	FFCB	1.480	06/11/18		1,000,000.00	100.000	1,000,000.00	0.00	1,000,000.00		1.277	
06/15/18	06/15/18	912828XF2	TREAS NOTE	U.S. Treasury	1.125	06/15/18		3,000,000.00	100.000	3,000,000.00	0.00	3,000,000.00		1.296	
06/29/18	06/29/18	3130A8BD4	AGCY BULET	FHLB	0.875	06/29/18		2,000,000.00	100.000	2,000,000.00	0.00	2,000,000.00		1.220	
Total for: Maturities										22,700,000.00	0.00	22,700,000.00		1.150	
Purchases															
04/09/18	04/10/18	3130ABF92	AGCY BULET	FHLB	1.375	05/28/19		3,700,000.00	99.103	3,666,808.48	18,654.17	3,685,462.65		2.180	2.180
05/01/18	05/02/18	912828R44	TREAS NOTE	U.S. Treasury	0.875	05/15/19		2,000,000.00	98.559	1,971,171.88	8,121.55	1,979,293.43		2.291	2.291
05/14/18	05/15/18	3133XTYY6	AGCY BULET	FHLB	4.375	06/14/19		4,000,000.00	102.123	4,084,920.00	73,402.78	4,158,322.78		2.372	2.372
05/21/18	05/22/18	912828R85	TREAS NOTE	U.S. Treasury	0.875	06/15/19		3,000,000.00	98.434	2,953,007.81	11,394.23	2,964,402.04		2.372	2.372
06/08/18	06/11/18	313379EE5	AGCY BULET	FHLB	1.625	06/14/19		1,000,000.00	99.274	992,740.00	7,989.58	1,000,729.58		2.358	2.358
06/15/18	06/18/18	3130AEGY0	AGCY BULET	FHLB	2.375	06/18/19		3,000,000.00	99.996	2,999,880.00	0.00	2,999,880.00		2.379	2.379
Total for: Purchases										16,700,000.00	119,562.31	16,788,090.48		2.320	2.320
Income Payments															
04/02/18	03/31/18	912828RH5	TREAS NOTE	U.S. Treasury	1.375	09/30/18				0.00	13,750.00	13,750.00			
04/09/18	04/09/18	3137EAE3	AGCY BULET	FHLMC	0.750	04/09/18				0.00	6,375.00	6,375.00			
04/12/18	04/12/18	3134GAPV0	AGCY CALL	FHLMC	1.030	10/12/18				0.00	7,725.00	7,725.00			
04/12/18	04/12/18	3137EAE7	AGCY BULET	FHLMC	0.875	10/12/18				0.00	26,250.00	26,250.00			
04/15/18	04/15/18	3137EADZ9	AGCY BULET	FHLMC	1.125	04/15/19				0.00	28,125.00	28,125.00			
04/15/18	04/15/18	912828K25	TREAS NOTE	U.S. Treasury	0.750	04/15/18				0.00	7,500.00	7,500.00			
04/30/18	04/30/18	912828S78	TREAS NOTE	U.S. Treasury	1.250	04/30/19				0.00	31,250.00	31,250.00			
04/30/18	04/30/18	912828U71	TREAS NOTE	U.S. Treasury	0.625	04/30/18				0.00	6,250.00	6,250.00			
05/08/18	05/08/18	3133EJBZ1	AGCY BULET	FFCB	2.000	05/08/19				0.00	30,000.00	30,000.00			



FirstSouthwest
AssetManagement
A Hilltop Holdings Company.

City of Galveston
Investment Transactions
From 04/01/2018 to 06/30/2018

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
Operating Fund															
Income Payments															
05/11/18	05/11/18	3134GSD0	AGCY CALL	FHLMC	1.000	05/11/18				0.00	20,000.00	20,000.00			
05/15/18	05/15/18	912828M64	TREAS NOTE	U.S. Treasury	1.250	11/15/18				0.00	28,125.00	28,125.00			
05/15/18	05/15/18	912828R44	TREAS NOTE	U.S. Treasury	0.875	05/15/19				0.00	8,750.00	8,750.00			
05/15/18	05/15/18	912828XA3	TREAS NOTE	U.S. Treasury	1.000	05/15/18				0.00	20,000.00	20,000.00			
05/16/18	05/16/18	3133EGJ48	AGCY BULET	FFCB	0.890	11/16/18				0.00	6,675.00	6,675.00			
05/29/18	05/28/18	3130ABF92	AGCY BULET	FHLB	1.375	05/28/19				0.00	25,437.50	25,437.50			
05/31/18	05/31/18	912828A34	TREAS NOTE	U.S. Treasury	1.250	11/30/18				0.00	9,531.25	9,531.25			
06/11/18	06/11/18	3133ED4Q2	AGCY BULET	FFCB	1.480	06/11/18				0.00	7,400.00	7,400.00			
06/14/18	06/14/18	313379EE5	AGCY BULET	FHLB	1.625	06/14/19				0.00	8,125.00	8,125.00			
06/14/18	06/14/18	3133XTYY6	AGCY BULET	FHLB	4.375	06/14/19				0.00	87,500.00	87,500.00			
06/14/18	06/14/18	313379EE5	AGCY BULET	FHLB	1.625	06/14/19				0.00	(8,125.00)	(8,125.00)			
06/14/18	06/14/18	313379EE5	AGCY BULET	FHLB	1.625	06/14/19				0.00	8,125.00	8,125.00			
06/15/18	06/15/18	912828N22	TREAS NOTE	U.S. Treasury	1.250	12/15/18				0.00	43,750.00	43,750.00			
06/15/18	06/15/18	912828R85	TREAS NOTE	U.S. Treasury	0.875	06/15/19				0.00	13,125.00	13,125.00			
06/15/18	06/15/18	912828XF2	TREAS NOTE	U.S. Treasury	1.125	06/15/18				0.00	16,875.00	16,875.00			
06/18/18	06/17/18	3134G8MY2	AGCY CALL	FHLMC	1.080	12/17/18				0.00	6,139.80	6,139.80			
06/29/18	06/29/18	3130A8BD4	AGCY BULET	FHLB	0.875	06/29/18				0.00	8,750.00	8,750.00			
Total for: Income Payments											0.00	467,408.55			467,408.55

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
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Total for All Portfolios

Transaction Type	Quantity	Total Amount	Realized G/L	YTM	YTW
Total Maturities	22,700,000.00	22,700,000.00		1.150	
Total Purchases	16,700,000.00	16,788,090.48		2.320	2.320
Total Income Payments	0.00	467,408.55			

CUSIP	Settle Date	Security Type	Security Description	Next Call Date	Purchase Qty	Orig Price	Original Cost	Amt/Accr for Period	Total Amt/Accr Since Purch	Remaining Disc / Prem	Book Value
Operating Fund											
3137EAE3	08/16/16	AGCY BULET	FHLMC 0.750 04/09/18		0.00	99.922	0.00	17.93	0.00	0.00	0.00
912828K25	10/16/17	TREAS NOTE	U.S. Treasury 0.750 04/15/18		0.00	99.762	0.00	368.62	0.00	0.00	0.00
912828U21	07/14/15	TREAS NOTE	U.S. Treasury 0.625 04/30/18		0.00	98.984	0.00	588.48	0.00	0.00	0.00
3134G9JD0	04/26/17	AGCY CALL	FHLMC 1.000 05/11/18		0.00	99.848	0.00	650.08	0.00	0.00	0.00
912828A3	03/30/17	TREAS NOTE	U.S. Treasury 1.000 05/15/18		0.00	99.871	0.00	556.88	0.00	0.00	0.00
313313XB9	08/15/17	AGCY DISCO	FFCB 0.000 05/21/18		0.00	99.070	0.00	5,000.01	0.00	0.00	0.00
3133ED4Q2	07/26/17	AGCY BULET	FFCB 1.480 06/11/18		0.00	100.176	0.00	(393.03)	0.00	0.00	0.00
912828XF2	10/16/17	TREAS NOTE	U.S. Treasury 1.125 06/15/18		0.00	99.887	0.00	1,052.04	0.00	0.00	0.00
3130A8BD4	05/16/17	AGCY BULET	FHLMC 0.875 06/29/18		0.00	99.617	0.00	1,676.58	0.00	0.00	0.00
912828XK1	09/29/17	TREAS NOTE	U.S. Treasury 0.875 07/15/18		3,000,000.00	99.652	2,989,804.69	3,313.46	9,685.54	509.77	2,993,490.23
3130ABU50	06/29/17	AGCY BULET	FHLMC 0.830 07/25/18		2,000,000.00	99.531	1,990,620.00	2,194.22	8,794.88	585.12	1,999,414.88
3136G1BE8	07/26/17	AGCY BULET	FNMA 1.000 07/25/18		1,000,000.00	99.730	997,300.00	678.99	2,518.93	181.07	999,818.93
3130A8PK3	08/16/16	AGCY BULET	FHLMC 0.625 08/07/18		1,600,000.00	99.608	1,593,728.00	798.71	5,952.53	319.47	1,599,680.53
912828K62	10/19/17	TREAS NOTE	U.S. Treasury 1.000 08/15/18		4,525,000.00	99.691	4,511,036.13	4,267.34	11,853.68	2,110.19	4,522,899.81
3134GADR2	07/26/17	AGCY CALL	FHLMC 1.010 08/28/18	05/28/18	1,875,000.00	99.625	1,867,968.75	1,616.67	6,005.46	1,025.79	1,873,974.21
3130A9CX7	10/31/17	AGCY BULET	FHLMC 1.000 09/07/18		2,000,000.00	99.621	1,992,422.42	2,232.08	5,940.70	1,636.88	1,998,363.12
912828L40	09/13/17	TREAS NOTE	U.S. Treasury 1.000 09/15/18		3,500,000.00	99.680	3,489,609.38	2,635.33	8,189.68	2,200.94	3,497,799.06
912828RH5	11/06/15	TREAS NOTE	U.S. Treasury 1.375 09/30/18		2,000,000.00	100.684	2,013,671.88	(1,189.14)	(12,482.76)	(1,189.12)	2,001,189.12
3134GAPV0	05/10/17	AGCY CALL	FHLMC 1.030 10/12/18	07/12/18	1,500,000.00	99.515	1,492,725.00	1,285.22	5,831.51	1,443.49	1,498,556.51
3137EAE07	10/19/17	AGCY BULET	FHLMC 0.875 10/12/18		6,000,000.00	99.437	5,966,220.00	8,634.30	24,082.26	9,697.74	5,990,302.26
912828M54	10/31/17	TREAS NOTE	U.S. Treasury 1.250 11/15/18		4,500,000.00	99.773	4,489,804.69	2,440.89	6,536.77	3,658.54	4,496,341.46
3133EGJ48	10/31/17	AGCY BULET	FFCB 0.890 11/16/18		1,500,000.00	99.405	1,491,078.00	2,141.48	5,698.04	3,223.96	1,496,776.04
912828A34	12/07/15	TREAS NOTE	U.S. Treasury 1.250 11/30/18		1,525,000.00	100.063	1,525,953.13	(80.78)	(818.17)	(134.96)	1,525,134.96
912828N22	11/08/17	TREAS NOTE	U.S. Treasury 1.250 12/15/18		7,000,000.00	99.688	6,978,125.00	4,947.25	12,779.69	9,095.31	6,990,904.69
3134G8MY2	06/01/17	AGCY CALL	FHLMC 1.080 12/17/18		1,137,000.00	99.683	1,133,395.71	583.91	2,521.45	1,082.84	1,135,917.16
912828U99	11/30/17	TREAS NOTE	U.S. Treasury 1.250 12/31/18		3,000,000.00	99.559	2,986,757.81	3,056.85	7,144.36	6,097.83	2,993,902.17
3133EGJ29	11/15/17	AGCY CALL	FFCB 1.000 01/07/19		5,000,000.00	99.240	4,962,000.00	8,271.65	20,766.85	17,233.15	4,982,766.85
3133EHQF3	07/26/17	AGCY BULET	FFCB 1.350 01/07/19		3,000,000.00	99.929	2,997,858.00	368.73	1,374.81	767.19	2,999,232.81
3130AAE46	11/30/17	AGCY BULET	FHLMC 1.250 01/16/19		3,000,000.00	99.479	2,984,370.00	3,450.33	8,094.96	7,535.04	2,992,464.96
912828V56	12/20/17	TREAS NOTE	U.S. Treasury 1.125 01/31/19		6,000,000.00	99.273	5,956,406.25	9,796.26	20,705.25	22,888.50	5,977,111.50
3133EHP23	11/30/17	AGCY BULET	FFCB 1.500 02/06/19		3,000,000.00	99.749	2,992,470.00	1,589.22	3,706.23	3,823.77	2,996,176.23
3135GU53	12/20/17	AGCY BULET	FNMA 1.000 02/26/19		5,000,000.00	99.063	4,953,150.00	9,864.15	20,915.75	25,934.25	4,974,065.75



FirstSouthwest
AssetManagement
A Hilltop Holdings Company.

City of Galveston
Amortization and Accretion
From 03/31/2018 to 06/30/2018

CUSIP	Settle Date	Security Type	Security Description	Next Call Date	Purchase Qty	Orig Price	Original Cost	Amrt/Accr for Period	Total Amrt/Accr Since Purch	Remaining Disc / Prem	Book Value
Operating Fund											
3133782M2	12/18/17	AGCY BULET	FHLB 1.500 03/08/19		5,000,000.00	99.626	4,981,300.00	3,806.85	8,183.35	10,516.65	4,989,483.35
912828P95	02/22/18	TREAS NOTE	U.S. Treasury 1.000 03/15/19		2,000,000.00	98.859	1,977,187.50	5,306.00	7,540.12	15,272.38	1,984,727.62
3137EADZ9	02/01/18	AGCY BULET	FHLMC 1.125 04/15/19		5,000,000.00	98.940	4,947,000.00	10,945.50	18,222.35	34,777.65	4,965,222.35
912828ST8	02/09/18	TREAS NOTE	U.S. Treasury 1.250 04/30/19		5,000,000.00	99.066	4,953,320.31	9,460.95	14,813.24	31,866.45	4,968,133.55
3133EJBZ1	03/16/18	AGCY BULET	FFCB 2.000 05/08/19		6,000,000.00	99.814	5,988,819.00	2,412.90	2,808.84	8,372.16	5,991,627.84
912828R44	05/02/18	TREAS NOTE	U.S. Treasury 0.875 05/15/19		2,000,000.00	98.559	1,971,171.88	4,526.26	4,526.26	24,301.86	1,975,698.14
3130ABF92	04/10/18	AGCY BULET	FHLB 1.375 05/28/19		3,700,000.00	99.103	3,666,808.48	6,558.25	6,558.25	26,633.27	3,673,366.73
313379EE5	06/11/18	AGCY BULET	FHLB 1.625 06/14/19		1,000,000.00	99.274	992,740.00	398.08	398.08	6,861.92	993,138.08
3133XTY6	05/15/18	AGCY BULET	FHLB 4.375 06/14/19		4,000,000.00	102.123	4,084,920.00	(9,887.60)	(9,887.60)	(75,032.40)	4,075,032.40
912828R85	05/22/18	TREAS NOTE	U.S. Treasury 0.875 06/15/19		3,000,000.00	98.434	2,953,007.81	4,797.91	4,797.91	42,194.28	2,957,805.72
3130AEGY0	06/18/18	AGCY BULET	FHLB 2.375 06/18/19		3,000,000.00	99.996	2,999,880.00	4.32	4.32	115.68	2,999,884.32
Total for Operating Fund						112,362,000.00	111,872,629.82	120,747.13	243,763.52	245,606.66	112,116,393.34
Reserve Fund											
912828UJ7	02/26/15	TREAS NOTE	U.S. Treasury 0.875 01/31/18		0.00	99.730	0.00	0.00	0.00	0.00	0.00
Total for Reserve Fund						0.00	0.00	0.00	0.00	0.00	0.00
Total for City of Galveston						112,362,000.00	111,872,629.82	120,747.13	243,763.52	245,606.66	112,116,393.34

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
Operating Fund						
3133EHQF3	AGCY BULET	FFCB 1.350 01/07/19	07/07/18	20,250.00	0.00	20,250.00
3133EGJZ9	AGCY CALL	FFCB 1.000 01/07/19	07/07/18	25,000.00	0.00	25,000.00
912828XK1	TREAS NOTE	U.S. Treasury 0.875 07/15/18	07/15/18	13,125.00	3,000,000.00	3,013,125.00
3130AAE46	AGCY BULET	FHLB 1.250 01/16/19	07/16/18	18,750.00	0.00	18,750.00
3130A8U50	AGCY BULET	FHLB 0.830 07/25/18	07/25/18	8,300.00	2,000,000.00	2,008,300.00
3136G1BE8	AGCY BULET	FNMA 1.000 07/25/18	07/25/18	5,000.00	1,000,000.00	1,005,000.00
912828V56	TREAS NOTE	U.S. Treasury 1.125 01/31/19	07/31/18	33,750.00	0.00	33,750.00
3133EHP23	AGCY BULET	FFCB 1.500 02/06/19	08/06/18	22,500.00	0.00	22,500.00
3130A8PK3	AGCY BULET	FHLB 0.625 08/07/18	08/07/18	5,000.00	1,600,000.00	1,605,000.00
912828K82	TREAS NOTE	U.S. Treasury 1.000 08/15/18	08/15/18	22,625.00	4,525,000.00	4,547,625.00
3135G0U53	AGCY BULET	FNMA 1.000 02/26/19	08/26/18	25,000.00	0.00	25,000.00
3134GADR2	AGCY CALL	FHLMC 1.010 08/28/18	08/28/18	9,468.75	1,875,000.00	1,884,468.75
3130A9CX7	AGCY BULET	FHLB 1.000 09/07/18	09/07/18	10,000.00	2,000,000.00	2,010,000.00
3133782M2	AGCY BULET	FHLB 1.500 03/08/19	09/08/18	37,500.00	0.00	37,500.00
912828L40	TREAS NOTE	U.S. Treasury 1.000 09/15/18	09/15/18	17,500.00	3,500,000.00	3,517,500.00
912828P95	TREAS NOTE	U.S. Treasury 1.000 03/15/19	09/15/18	10,000.00	0.00	10,000.00
912828RH5	TREAS NOTE	U.S. Treasury 1.375 09/30/18	09/30/18	13,750.00	2,000,000.00	2,013,750.00
3137EAD7	AGCY BULET	FHLMC 0.875 10/12/18	10/12/18	26,250.00	6,000,000.00	6,026,250.00
3134GAPV0	AGCY CALL	FHLMC 1.030 10/12/18	10/12/18	7,725.00	1,500,000.00	1,507,725.00
3137EADZ9	AGCY BULET	FHLMC 1.125 04/15/19	10/15/18	28,125.00	0.00	28,125.00
912828ST8	TREAS NOTE	U.S. Treasury 1.250 04/30/19	10/31/18	31,250.00	0.00	31,250.00
3133EJBZ1	AGCY BULET	FFCB 2.000 05/08/19	11/08/18	60,000.00	0.00	60,000.00
912828M64	TREAS NOTE	U.S. Treasury 1.250 11/15/18	11/15/18	28,125.00	4,500,000.00	4,528,125.00
912828R44	TREAS NOTE	FFCB 0.890 11/16/18	11/16/18	8,750.00	0.00	8,750.00
3133EGJ48	AGCY BULET	FHLB 1.375 05/28/19	11/16/18	6,675.00	1,500,000.00	1,506,675.00
3130ABF92	AGCY BULET	U.S. Treasury 1.250 11/30/18	11/28/18	25,437.50	0.00	25,437.50
912828A34	TREAS NOTE	FHLB 1.625 06/14/19	11/30/18	9,531.25	1,525,000.00	1,534,531.25
313379EE5	AGCY BULET	FHLB 4.375 06/14/19	12/14/18	8,125.00	0.00	8,125.00
3133XTYY6	AGCY BULET	U.S. Treasury 1.250 12/15/18	12/14/18	87,500.00	0.00	87,500.00
912828N22	TREAS NOTE	U.S. Treasury 0.875 06/15/19	12/15/18	43,750.00	7,000,000.00	7,043,750.00
912828R85	TREAS NOTE	FHLMC 1.080 12/17/18	12/15/18	13,125.00	0.00	13,125.00
3134G8MY2	AGCY CALL	FHLB 2.375 06/18/19	12/17/18	6,139.80	1,137,000.00	1,143,139.80
3130AEGY0	AGCY BULET		12/18/18	35,625.00	0.00	35,625.00
Total for Operating Fund				723,652.30	44,662,000.00	45,385,652.30

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
Total for All Portfolios						
			July 2018	124,175.00	6,000,000.00	6,124,175.00
			August 2018	84,593.75	8,000,000.00	8,084,593.75
			September 2018	88,750.00	7,500,000.00	7,588,750.00
			October 2018	93,350.00	7,500,000.00	7,593,350.00
			November 2018	138,518.75	7,525,000.00	7,663,518.75
			December 2018	194,264.80	8,137,000.00	8,331,264.80
Total Projected Cash Flows for City of Galveston				723,652.30	44,662,000.00	45,385,652.30



Asset Management Economic Summary — 2nd Quarter 2018

**“The domestic economy is on solid ground...for now.
 But, the underlying foundation is showing some potential cracks.”**

		Fed Funds	3 mo T-bill	6 mo T-bill	2 yr T-note	5 yr T-note	10 yr T-note
Last	3/31/18	1.50% - 1.75%	1.70%	1.91%	2.27%	2.56%	2.74%
High			1.94%	2.13%	2.59%	2.94%	3.11%
Low			1.70%	1.90%	2.25%	2.55%	2.73%
End	6/30/18	1.75% - 2.00%	1.92%	2.11%	2.53%	2.74%	2.86%

The US economic recovery is now nine years old, second only to the 1990s expansion which lasted exactly 10 years. No single growth cycle has exceeded 10 years, so, it's only natural to scan the horizon for the inevitable recession. It's not a question of *if* so much as *when* ...but “when” could be years away. The first quarter of the year was somewhat disappointing with GDP at +2.0% (seasonally adjusted, quarterly/annualized), but the second quarter appears to have accelerated sharply. Recent tax reform is apparently having the desired effect. The initial Q2 GDP report won't be released until late July, but the Atlanta's Fed's GDPNow model was tracking at +4.1% as of July 2nd. If this level were to hold, it would be the fastest pace since Q3 2014. The momentum is there ...and so is the confidence.

Consumer spending resumed at a brisk pace in the spring after a post-holiday nap, and employment conditions were solid ... regardless of the measuring stick. Small business optimism climbed to a 34-year high in May, with more than a third of respondents claiming “it's a good time to expand,” while the percentage of U.S. business owners planning price increases was the largest in a decade. Consumer confidence has slipped a bit, but remains within spitting distance of the 17-year peak reached in February. Homebuilder sentiment has also receded in recent months after posting an 18-year high in December. Purchasing managers in the manufacturing and service sectors still indicate elevated optimism, although down slightly in recent months from 14-year highs. Managers in both surveys reported rising costs.

Higher GDP, combined with increasing price pressures and a positive outlook has kept the Fed squarely in tightening mode. To the surprise of no one, Fed officials followed the March rate hike with another quarter point move in June. The June increase was the seventh since “lift-off” from zero began in December 2015.

While the Fed continues to “normalize” its interest rate policy and unwind its multi-trillion dollar quantitative easing portfolio, the rest of the world remains on an extremely stimulative monetary policy path. The European Central Bank has amassed a total QE portfolio of approximately €5.6 trillion as of May 2018, equating to roughly 40% of the total GDP of the 28 member European Union. By comparison, the Fed's \$4.4 trillion QE portfolio is roughly 22% of U.S. GDP. Japan's central bank assets as a percentage of GDP is a nauseating 98%. How they eventually unwind this is anybody's guess.

Global trade was again the biggest story of the quarter. In fact, President Trump's political gambit may now be at the brink of a full blown trade war. It began earlier this year with tariffs on Chinese washing machines and solar panels, and later a 25% tariff on imported steel and 10% on aluminum for everyone. When Trump decided to slap a 25% tariff on up to \$50 billion of assorted Chinese goods, China retaliated by targeting products from farm-belt states where Trump has significant political support. There are 2½ million Americans employed in agriculture, who benefit significantly from international trade. Soybean farmers could feel the pressure quickly as half of all U.S. soybean exports go to China.

By quarter end, the U.S. tacked-on the threat of a 10% tariff on an additional \$200 billion with the possibility of a second \$200 billion if China didn't wave the white flag. If fully implemented, \$450 billion would represent 90% of all Chinese imports into the United States. When the \$200 billion number was unveiled, the Chinese Commerce Minister responded by saying the U.S. had “initiated a trade war” and China would “retaliate forcefully.” Chinese President Xi Jinping warned that while many may turn the other cheek, “in our culture, we punch back.”

China is clearly an economic power, but it's also a developing country with average per capita income of just \$8,000, compared to \$56,000 in the United States. In hopes of moving into more technology oriented industries, Chinese leaders unveiled the "Made in China 2025" initiative three years ago. The initiative involves government subsidies, increased investment in research and innovation, and local manufacturing targets. It also continues government policies requiring foreign businesses entering Chinese markets to form joint ventures and share technology with local businesses. This policy flies in the face of Trump's "Make America Great Again" initiative and puts the two economic giants squarely in each other's crosshairs.

Since China imports just \$130 billion from the U.S., the stakes in the trade game seemingly had risen above the obvious leverage point, but there's quite a bit more to the story. Since 2008, U.S. multinational companies ramped up business in their Chinese subsidiaries making sizable investments in factories and brick and mortar stores. Currently, the fastest growing market for Starbucks coffee is China with new stores to be opened every 15 hours through 2022, while Walmart, the largest private employer in America, has 424 stores in China. The list of U.S. companies with stores or factories in China include AT&T, Best Buy, Black & Decker, Campbell's Soup, Coca Cola, Craftsman Tools, Cracker Barrel, Family Dollar Stores, Frito Lay, J.C. Penny's, Nike, Old Navy... this list goes on and on.

According to Michael Cembalest, chairman of market and investment strategy at JPMorgan, "U.S. companies are doing almost the same amount of business in China as Chinese companies are doing in the U.S., but through their subsidiaries rather than via exports." Cembalest believes the bilateral U.S. trade deficit with China almost disappears when sales of in-country subsidiaries are included.

The possibility that China would retaliate against these subsidiaries presents a problem not only for Pizza Hut, McDonald's and Kentucky Fried Chicken, but for Intel and Boeing and Caterpillar and Deere, companies that do tens of billions of dollars in business with the fast growing Chinese market of 1.3 billion people. All of these are public companies, which means falling sales and profits will be shared with stockholders.

Another precarious angle is that China holds \$1.2 trillion in U.S. Treasury debt. Although it's extremely unlikely they'd sell any significant percentage, a reduction in trade would result in a reduction in U.S. bond purchases, which would mean higher debt costs to the U.S.

The trade battle got uglier when neighboring Mexico and Canada (previously excluded) were targeted. The U.S. actually has a trade surplus with Canada. The situation worsened just before the June G7 meeting when President Trump insisted the U.S. would impose steel and aluminum tariffs on Japan, Germany, France, Italy, Canada and the United Kingdom until they abandon "unfair trading practices." The U.S. does import considerably more from Europe than it exports, but similar to China, U.S. companies have a significant on-the-ground presence. Predictably, just about everyone threatened to retaliate, and a war of words broke out between Canadian Prime Minister Justin Trudeau and President Trump. Leaders representing all 28 EU countries said in statement that U.S. steel and aluminum tariffs "cannot be justified on the grounds of national security," and declared that they would "respond to all actions of a clear protectionist nature."

The updates are coming fast and furious; some bluffs, some real. Canada announced it would impose tariffs on \$20 billion worth of U.S. imports, including metals, toilet paper, motorboats and maple syrup, and would consider tariffs and quotas on Chinese steel to mitigate a flood of imports from global producers seeking to avoid U.S. tariffs. The EU, China, Mexico and Canada will all target American whiskey. It sounds trivial, but Forbes reported that 1.5 million jobs rely on the whiskey industry. Mexico is reportedly studying tariffs on corn and soy imported from the United States, and the U.S. has indicated it will consider slapping 25% tariffs on all imported vehicles. Although European automakers without U.S. plants would suffer the most, General Motors, which imports roughly a third of the cars it sells in the U.S., would be slammed as well. The whole thing is dizzying.

It's hard to imagine that prices won't rise. The WSJ reported that washing machine prices have shot up 17% in the last three months, while a new 25% tariff could increase imported car prices by \$4,000 to \$5,000 and cars assembled in the U.S. by roughly \$1,300. Steel and aluminum are utilized in thousands of household and industrial products, all of which could see marginal increases in the coming months.

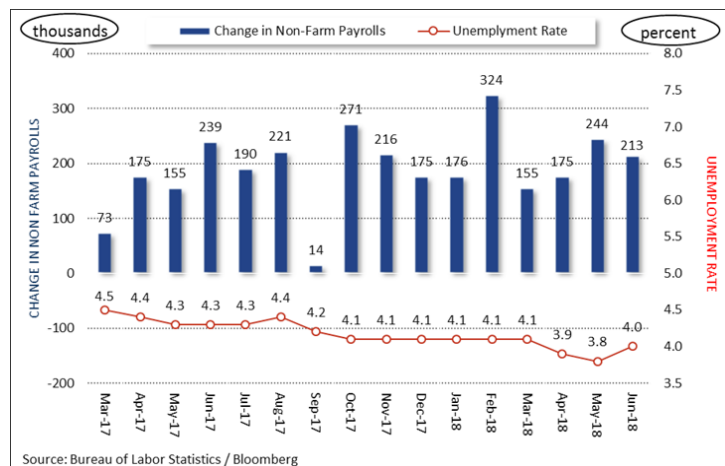
But, an escalating trade war could actually lower cheese prices. The Department of Agriculture announced in late June that cheese stockpiles had reached a staggering 1.4 billion pounds, an all-time high. Apparently, processors have too much milk on their hands and milk is more easily stored as cheese. Profit margins at farms and dairies are already thin and vulnerable if exports fall.

Although trade was clearly the story of the quarter, there were others, the most important from an economic standpoint was

the rapid rise in energy costs. AAA reported that Memorial Day pump prices were 31% higher than last year. This increase is primarily due to higher crude oil prices. Brent crude, the global benchmark that has the biggest influence on gas prices, topped \$80/barrel in June, a 50% year-over-year increase, while WTI crude topped \$74 per barrel in late June for the first time in four years. The reasons for the rise were multifold: higher global demand, production cuts from OPEC and Russia, a complete collapse in Venezuelan production, and the announcement by President Trump that the U.S. would withdraw from the Iran nuclear deal and halt all Iranian oil imports.

It's easy to miss important generational events when politics dominate the news ...so in case you missed it, NASA just launched an American rocket carrying the first robot designed to explore the surface of Mars. The two-year project is the prerequisite to future human missions. This particular story doesn't have any effect on the financial markets, but it's hopeful.

EMPLOYMENT

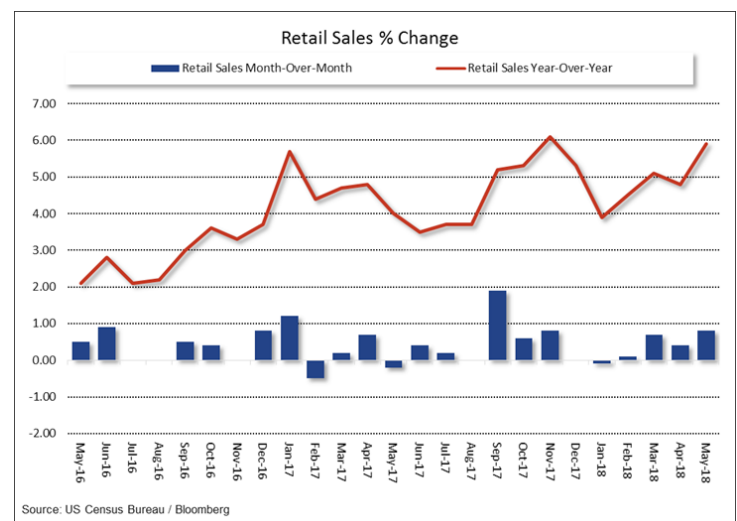


American companies hired another +622k workers in the second quarter of 2017, continuing a string of three straight quarters in which nonfarm payrolls rose by a healthy monthly average of +200k or more. The unemployment rate fell in both April and May, reaching a 48-year low of 3.8%, before climbing back up to the 4.0% mark in June as over +600k reinvigorated workers entered (or reentered) what they perceived as a hopeful labor market. The U6 or "underemployment rate," which includes part-time workers who would prefer to work fulltime, as well as marginally attached workers who are neither working nor looking, but available for work, rose from 7.6% to 7.8% in June. Many believe the U6 rate is a truer labor indicator, but regardless of the measuring stick, it's hard to deny that overall employment conditions are as favorable as they've been in at least a decade. And, the lesser known surveys and data reports indicate an even more positive outlook.

The Job Openings and Labor Turnover (JOLT) survey indicated for the first time in 18 years there were more job openings than people actively seeking employment in April ...and again in May. The National Federation of Independent Business reported 34% of small companies find job openings hard to fill, the highest percentage since 2000. In most cases, these businesses expect to raise wages to attract and retain workers. According to ManpowerGroup, the labor shortage goes beyond U.S. shores. In Manpower's Talent Shortage Survey, 89% of Japanese, 81% of Romanian and 78% of Taiwanese companies reported difficulty finding qualified workers, compared to 46% in the United States. Bloomberg News suggested employers are now recruiting beyond the traditional labor pools, increasingly open to hiring workers with criminal records.

By most accounts, it's a tight market, but so far, the expected wage pressure hasn't materialized. The most common measure is average hourly earnings, and in June, it held steady at +2.7%, essentially flat over the last two years. This lack of wage pressure has puzzled economists, but average hourly earnings includes only salaries and wages. Wells Fargo economist Sarah House suggests that the missing piece can be found in the benefits category. In addition to traditional medical, dental and retirement plans, nonproduction bonuses, (not directly related to worker output) have risen +13% over the past year. According to House, these include any one-off bonuses offered in response to the Tax Cuts and Jobs Act as well as signing bonuses, which are at a five-year high for new college graduates. Another piece that doesn't clearly fit is the fact that 95.5 million working-age Americans are not included in the labor force. According to BLS data, this number was 79.3 million 10 years ago and has climbed every year of the recovery cycle.

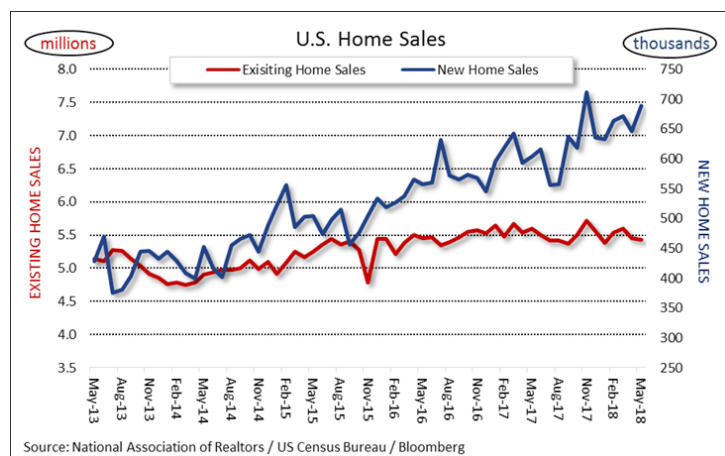
CONSUMER SPENDING



Much of the second quarter economic rebound can be attributed to a significant rise in consumer spending, and whether the growth rate continues will depend on consumers' ability to sustain the brisk pace. Retail sales rose an impressive +0.8% in May following solid advances of +0.4 in April and +0.7% in March. By comparison, retail sales were unchanged in December, down -0.1% in January and up +0.1% in February. Confidence remains elevated by historical standards, although slightly off the high point from earlier this year. The obvious reason for the spending spree is tax reform. Most paychecks got bigger in February, but higher gasoline prices have started to whittle away the extra dollars. The U.S. personal savings rate was 3.2% in May. Although it's off the record low of 1.9% from July 2005, it's a still long way from the 8.2% average over the last six decades. On the other hand, borrowing has soared. Total outstanding credit as a percentage of disposable income rose above 26% earlier this year for the first time ever.

It also appears that Americans are again tapping into their home equity value. According to Federal Housing Finance Agency data, equity extracted from U.S. homes rose in the first quarter to the highest level in nearly a decade. This practice is fine ...as long as home values continue to rise, but it could amplify the pain of a housing market correction.

HOUSING



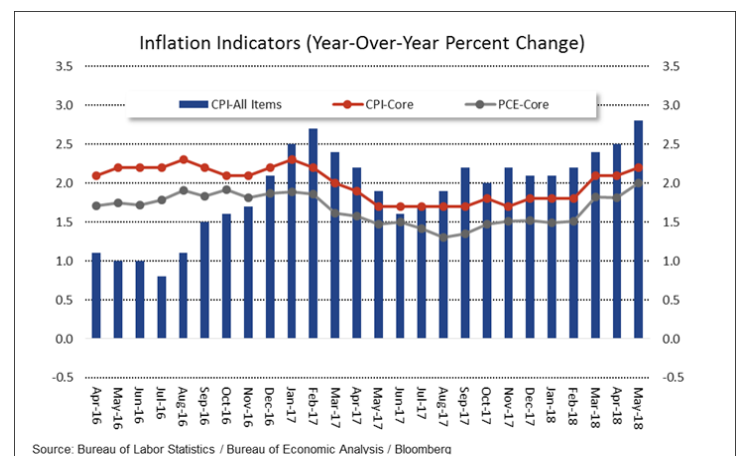
For the better part of a year, underperformance in the housing sector was thought to be a supply issue, but the blame is shifting. Bloomberg News reported earlier this year that home prices had hit record highs in two-thirds of U.S. cities, while mortgage lending rates are up nearly three-quarters of a point in the past six months. ATTOM Data Solutions, a national property data warehouse, reported in June that U.S. home prices are less affordable than historic averages in 59% of markets, while 75% of markets are no longer within reach of average wage earners. According to ATTOM, home affordability now sits at 10-year

lows. The chief economist at the National Association of Realtors finally admitted that "the combination of higher prices and rising mortgage rates are pinching budgets of prospective buyers and keeping some from reaching the market."

There's no indication that housing prices won't continue to climb. Builders finally responded to the lean supply as housing starts rose to a 10½ year high in May ...but these brand new homes are likely to cost buyers more. Material costs are surging. According to UBS research, lumber prices have risen more than 50% over the past year due to import tariffs on Canadian lumber and transportation bottlenecks. The average price of a single-family home has reportedly increased \$9,000 since January 2017, and homebuilders have generally passed the cost increases to buyers. While new home sales have been relatively brisk this year, they represent less than 12% of the total market. By contrast, existing home sales declined in both April and May and have essentially been flat over the past three years. Pending home sales, a leading indicator which tracks signed contracts, was down -2.8% year-over-year in May, while building permits, also a leading indicator, declined in both April and May to the lowest level since last September.

Home prices have risen at twice the pace of income over the past decade. The income/price relationship doesn't bode well for most Americans. It may mean that a larger percentage of future homes are bought by wealthier individuals as investment property. This suggests less stability in the housing market going forward.

INFLATION



Trade has thrown a wrench into the inflation outlook, so few economists are making any bold predictions at this point. A number of imagined scenarios involving much higher prices are possible, but for now most economists are dealing with the situation at hand, which involves more gradual increases. The Fed has long mentioned +2.0% as their inflation target, and for years,

CPI and PCE core rates had fallen short. Now, most inflation indicators have moved above the target. The +2.0% year-over-year increase in the May PCE core represented the first time in six years that the Fed's preferred measure reached their key inflation target. The core consumer price index (CPI) rose at a +2.2% annual pace through May, while the core producer price index (PPI) was at +2.6%.

In this uncertain economic period, where inflation goes from here is just as debatable as anything else. Consumer capacity to spend already seems stretched. Several quarters of robust growth could result in higher wages and increased consumer demand, but most industries have enough current capacity to increase supply. If prices spike, it won't likely result from a supply/demand imbalance, but rather the negative effects of widespread tariffs. In this environment, Fed rate hikes would only slow growth and potentially usher in an era of stagflation.

STOCKS

	DOW	S&P 500	NASDAQ
3/31/18	24,103	2,641	7,063
6/30/18	24,271	2,718	7,510
% Change for Q2-2018	0.7%	2.9%	+6.3%
% Change for all of 2018	+6.4%	+3.5%	+9.8%

It was a choppy quarter for stocks as geopolitics repeatedly whipped the markets. All three of the major indexes finished up for the three-month period, but both the S&P 500 and the DOW were down for the year at quarter end. The underlying fundamentals seemed to have improved with 89% of companies in the S&P reporting higher sales, up from 36% at the recession low point and 76% at the peak of the last business cycle. The effect of the tax reform on U.S. businesses was evident in the first quarter earnings reports. Although pretax profits slipped a bit, after tax profits jumped by 25%. Businesses tax liability fell from \$446 billion annualized in Q4 2017 to \$328 billion annualized in Q1 2018, bringing the average tax burden for U.S. businesses down from 26% to 12.6%.

Since stock market performance is loosely tied to the economy, the near-term outlook is generally positive. But, there are risks. The higher volatility introduced earlier this year is likely to continue, and any negative news stemming from the ongoing trade war could easily push equities lower. And, as the Fed continues to raise rates, the perceived value of riskier stock investments relative to safer bond investments should fall. With the 90-day Treasury-bill yield now trading above the S&P dividend yield, any future flight to quality could be more pronounced.

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ECONOMIC AND INTEREST RATE OUTLOOK

The domestic economy is on solid ground...for now. But, the underlying foundation is showing some potential cracks. It's impossible to measure the effect a trade war would have on the economy. There would be winners and losers. Oxford Economics estimated 10,000 new jobs would be created in U.S. metal-producing industries, but 80,000 jobs would be lost in metal-consuming industries. The first victims of the trade war on the U.S. side will be the large multinational corporations that sell products in China; notably Boeing, Caterpillar, Deere, Telsa, Qualcomm (which shockingly gets 65% of its revenue from China), Intel and Micron. And, the effects are likely to manifest themselves in higher consumer prices, lower corporate sales and reduced profit margins. If it gets worse, it's likely to have a detrimental effect on company hiring and the stock market, which suggests confidence would take a hit.

If reduced trade resulted in China investing in fewer Treasuries, there would be more supply for the remaining bond investors to absorb, which means higher market yields. Higher yields mean higher borrowing costs which normally slow economic growth. But remember, this won't be the only brake being applied. The Fed is tightening policy on two fronts; not only boosting the overnight target rate, but also unwinding their massive asset portfolio. By the fourth quarter, the Fed will be shedding \$50 billion per month; a total of \$600 billion in both 2019 and 2020. And, the U.S. Treasury is ramping up borrowing to cover the larger budget deficit in the wake of tax reforms. The Wall Street Journal reported that Treasury note and bond sales increased 9.2% in the first half of the year to \$1.1 trillion. History offers no clue on how all this will play out, but it's certain to be an anchor on growth.

Another recent concern that continues to make headlines is yield curve inversion, or the possibility that long-term bond rates will drop below short-term rates as the Fed tightens monetary policy. Every recession over the past sixty years has been preceded by an inverted curve. These downturns have happened between six months and two years after the inversion occurs. The spread between the two-year and 10-year closed the quarter at just 30 basis points; the last time it was this low was 2007...*just before the Great Recession*. The Fed has a direct influence on short rates, but long rates are a function of inflation expectations and the economic outlook. The market is suggesting that the recent strength in economic growth could be short lived. A flattening yield curve, in and of itself, causes no harm...except to financial institutions which borrow short and lend long.

Congress has extra incentive to try and whittle down the bloated budget in the coming years as the financial condition of Social Security and Medicare was shown to have deteriorated significantly in the most recent Trustees Report. The projected insolvency date

for Social Security is still 2034, but Medicare moved three years closer from 2029 to 2026. More importantly, both will have to tap into reserves for the first time since 1982, as payroll taxes and interest earned will no longer cover current costs. Government belt tightening (if it actually happens) will negatively affect growth.

The biggest obstacle on the consumer side (besides stubbornly low wages and record high debt levels) are rising energy costs. Moody's Analytics estimates that every 10 cent increase at the pump extracts \$11 billion a year from consumer pockets. If oil prices were to hold at \$70 per barrel through the remainder of the year, Moody's believes energy costs would absorb half of the tax benefit to households. At quarter end, WTI crude closed at \$74.

Economies in all the developed countries are still expanding, but hardly at a breakneck pace. The most recent Bloomberg economic forecasts for 2018 show the U.S. at +2.8%, the EU at +2.3%, Japan at +1.1% and China at +6.5%. Although the European Central Bank will end QE this year, it expects to maintain its deposit rate at -0.40%, while the Bank of Japan recently voted to maintain its short-term rate target at -0.10% and the Bank of England held steady at +0.50%. The Fed, currently at 1.75-2.00%, continues to tighten policy. The "dot plot" from the June FOMC meeting indicated a majority of committee members now believe two more rate increases are appropriate for 2018 and three in 2019. As the Fed hikes, the dollar is likely to strengthen further, making our exports even more expensive.

While the FOMC continues its campaign to aggressively hike rates, individual members have expressed a range of concerns. Several believe the compressed yield curve should be watched closely, while most see the brewing trade war as a potential problem. On the whole, the committee expects the U.S. economy to slow next year, believing the tax cut benefit to be unsustainable. This doesn't entirely mesh with the Fed's aggressive June dot plot.

So far, tax reform has provided the expected spark. The president and congress chose to extend the expansion cycle, and economic growth responded by shifting into a higher gear in the second quarter. The cost of the extension was a higher budget deficit, which will probably be addressed sometime after the midterm elections. It will inevitably end in recession, but the timing and magnitude of the downturn is anybody's guess. With protectionist rhetoric growing around the world, borders are tightening and free trade is evaporating. The world is evolving. There's probably much more volatility to come.

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Senior Portfolio Manager
July 12, 2018



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August 15, 2018

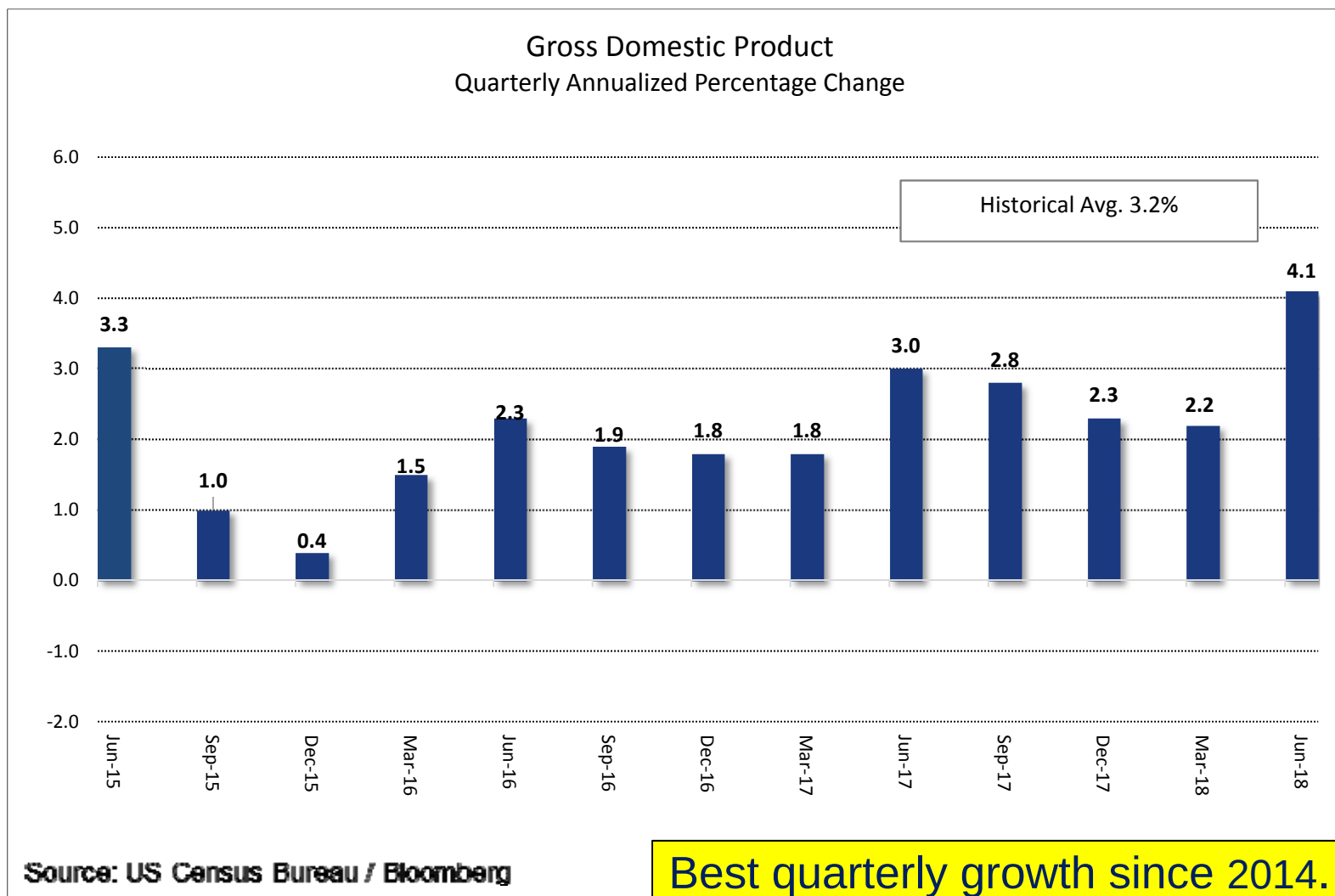
City of Galveston, Texas

Investment Committee Meeting
Economic Review and Investment Strategy

Significant events since the last meeting

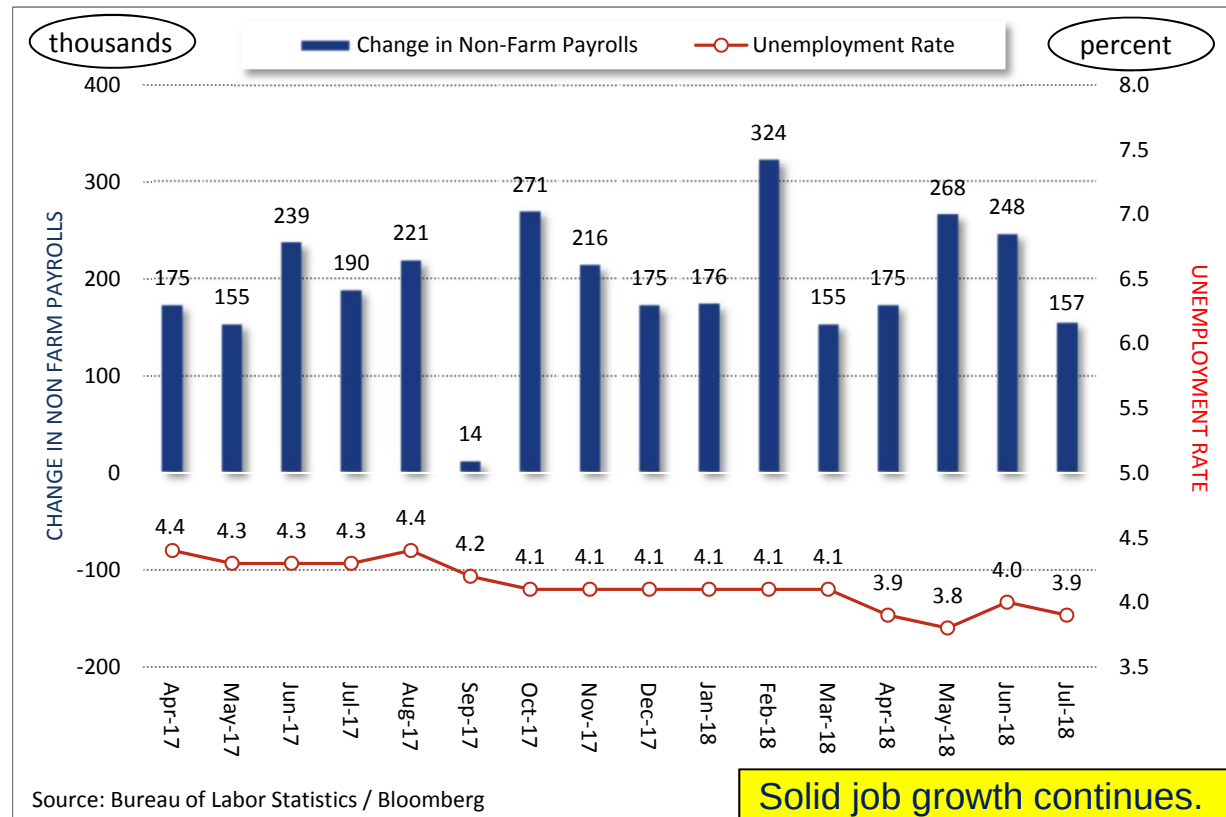
- Economic growth *accelerates* as the tax cut benefit asserts itself.
- As expected at the June FOMC meeting, the Fed hikes rates for the second time in 2018, and releases a *revised dot plot* suggesting a total of four hikes in 2018 and three more in 2019.
- Tariff rhetoric shifts from words to action as the 25% U.S. tariffs on \$34 billion in Chinese goods become effective while China also implements their in-kind retaliatory levies on U.S. goods. Just days later Trump announced additional tariffs on \$200 billion of Chinese imports.
- European Central Bank (ECB) to slow/eventually end QE ...but, rates unlikely to move significantly higher.
- Trump and Kim meet in Singapore, taking the first step in developing a more cooperative relationship with the isolated nation, and lending credence for optimism of a de-nuclearized Korean peninsula. But... challenges remain.
- Oil prices have generally trended higher amid strong demand from the global economy and following the U.S. pledge to renew sanctions on Iranian oil exports after withdrawing from the Iranian nuclear deal. A power outage at a key Canadian facility was also a factor raising supply concerns and thus prices. West Texas Intermediate crude has climbed from under \$50 a year ago to nearly \$75 in early July before retreating to \$70 on recent trade war fears.

GDP



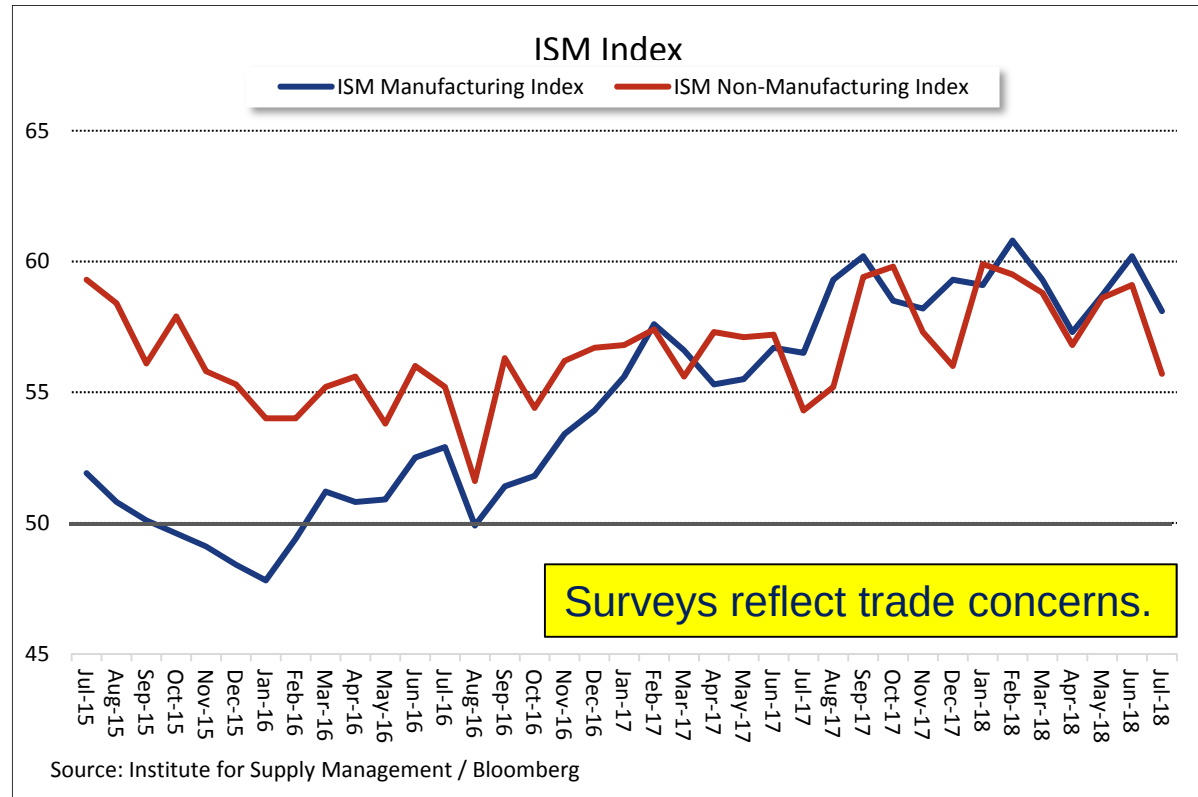
Employment

- U.S. businesses increased payrolls by +157k in July. Prior month revisions added +59k.
- The monthly average for the first seven months of the year is now +215k; if this holds, it would be the strongest job growth since 2015.
- The unemployment rate slipped from 4.0% to 3.9% in July as the household survey showed +105k entered the workforce during the month, while +389k found jobs.
- The labor market is tight, but hourly earnings rose just +0.3% in July, equaling forecasts, while the June wage gain was revised lower. On an annual basis, wages were unchanged at +2.7%.



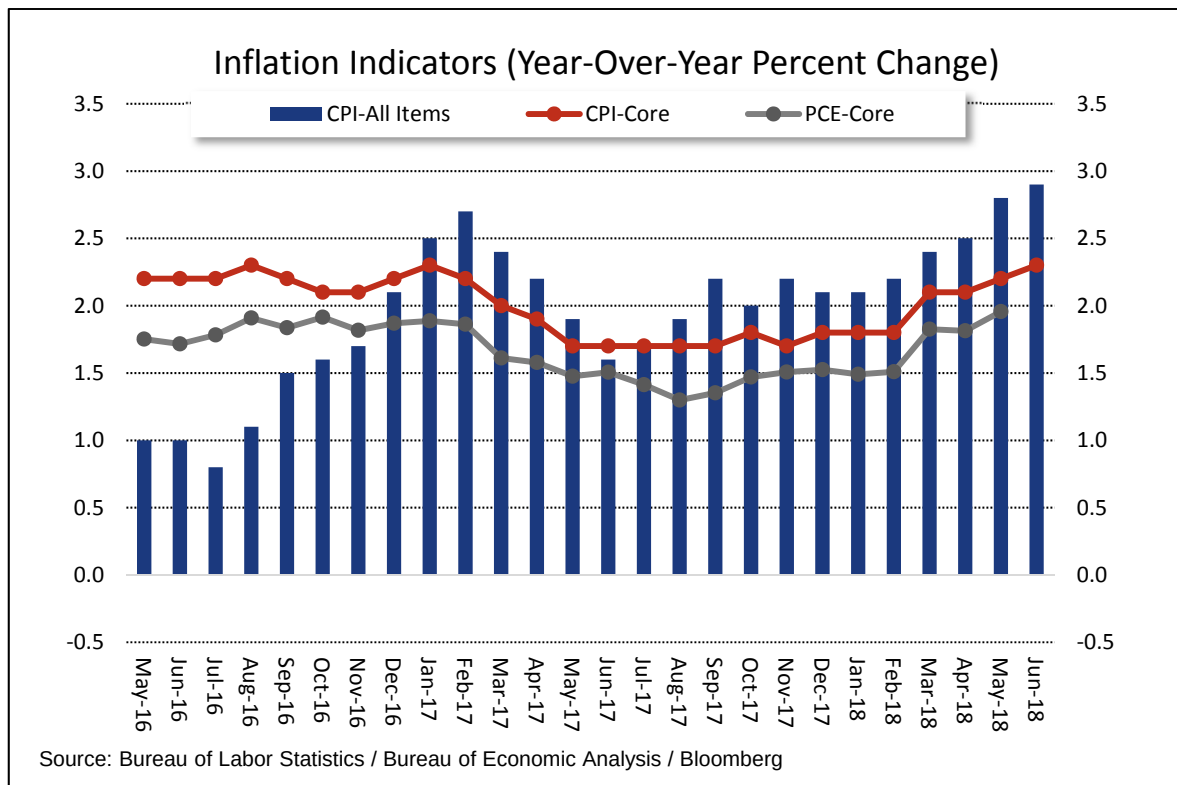
The Institute for Supply Management (ISM) Surveys

- The ISM manufacturing index moderated significantly in July with the headline sliding from last month's 60.2 to 58.1, still indicating a very strong rate of growth in the manufacturing sector.
- The July declines are off very high levels and likely reflect a little *give back* after the rush to beat tariffs. The ISM statement noted that survey respondents were "overwhelming concerned" over trade impact.
- The ISM non-manufacturing index fell from 59.1 to an 11-month low of 55.7 in July. Managers said "tariffs and deliveries are an ongoing concern."



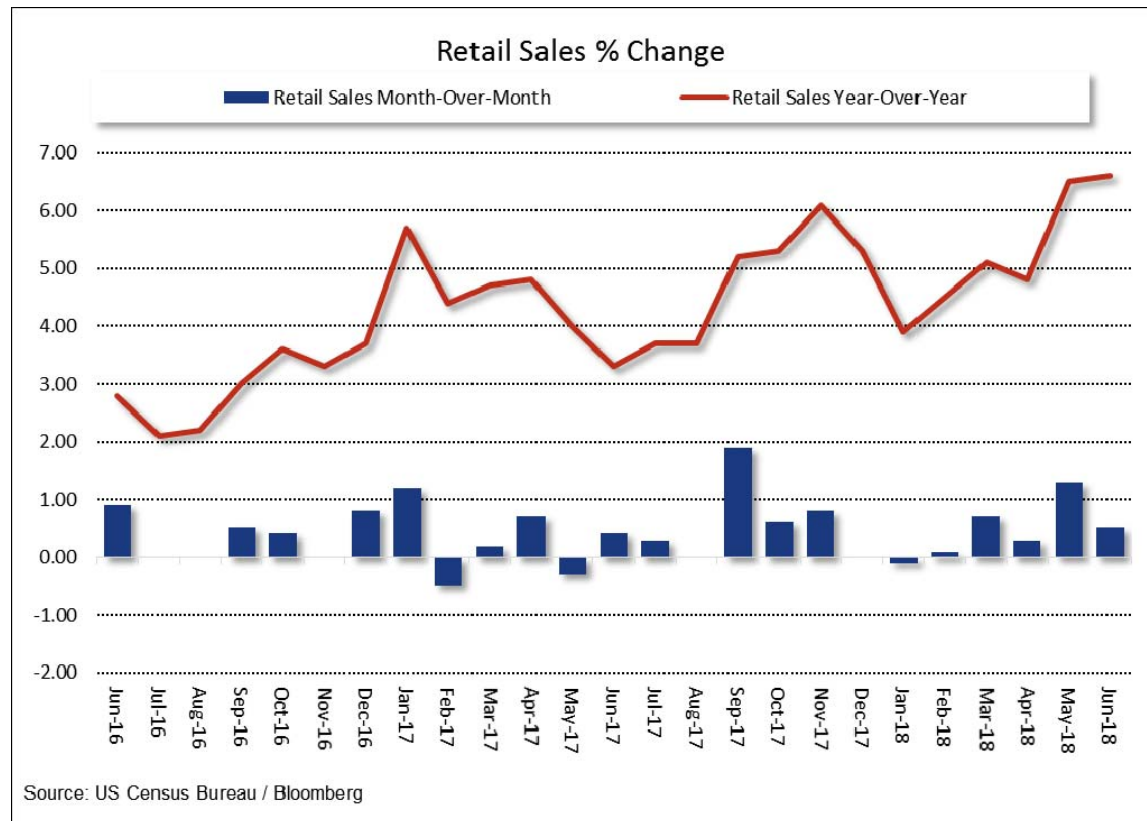
Inflation

- The Consumer Price Index is rising more modestly with a gain of just +0.1% in June, but the y-o-y pace has accelerated to +2.9% from +2.1% when the year began.
- Core CPI rose +0.2% in June, while the y-o-y pace has bumped up to +2.3%.
- Core PCE finally matched the Fed's +2.0% target in May.
- Tariffs are likely to have an inflationary impact in the coming months and will make the Fed's job more difficult.

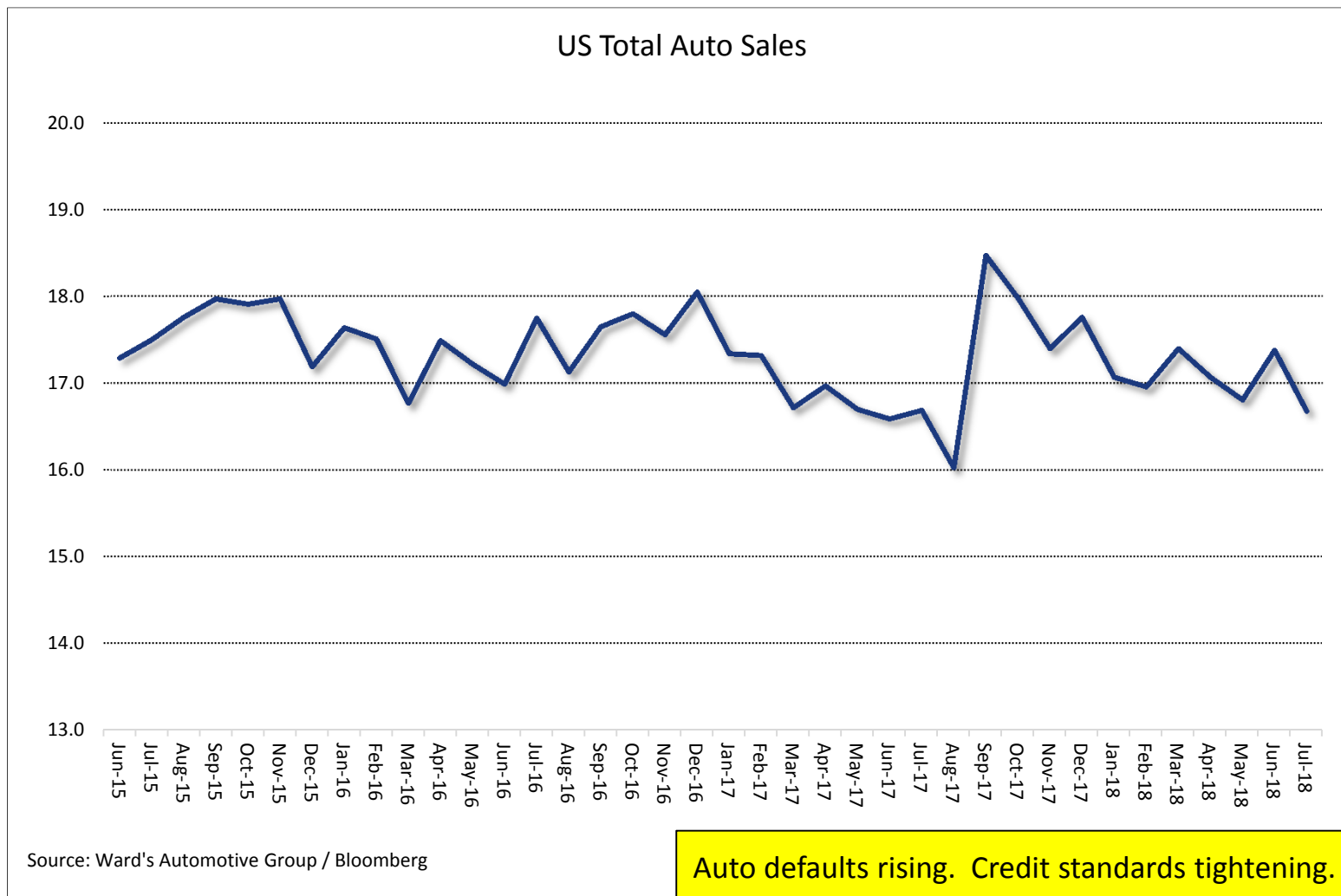


Retail Sales

- Headline retail sales rose +0.5% in June, matching forecasts, while the already solid May number was revised upward from +0.8% to +1.3%.
- The June retail sales *control group*, which feeds into the GDP calculation, was unexpectedly weaker, rising by just 0.25%, but an upward revision boosted the May control group data from +0.8% to +1.3%.
- For the second quarter, headline sales rose +7.9%, compared to +1.8% in the first quarter. Since consumer spending drives the U.S. economy, healthy retail sales indicate strong GDP growth in Q2.

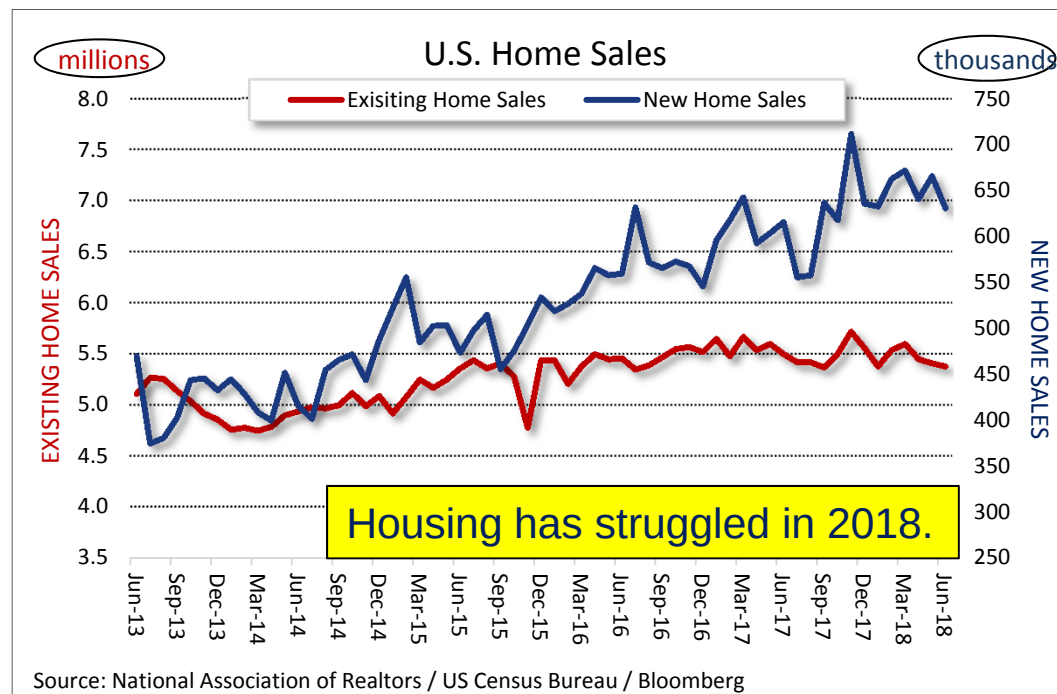


Auto Sales



Housing

- Sales of existing homes fell for the third straight month in June as lean supply and higher lending rates continue to diminish buyer's appetite.
- New home sales also fell in June, reaching the slowest pace of the year.
- Housing starts and building permits both fell to nine month lows in June. This is surprising because inventories are low, builders are optimistic, people have jobs and the economy is strong.
- There are a couple of likely culprits. The first is that builder costs are rising and profitability is shrinking. The other related issue is tremendous uncertainty in future materials costs.



Market Movement *(Since the last meeting)*

EQUITY INDEXES			
	DOW	S&P 500	NASDAQ
12/31/2017	24,719	2,674	6,903
5/16/2018	24,768	2,722	7,398
8/10/2018	25,313	2,833	7,839
% Change	+2.2%	+4.1%	+6.0%
% Change YTD	+2.4%	+6.0%	+13.5%

INTEREST RATES							
	Date	Fed Funds	3 mo. T-bill	6 mo. T-bill	2 yr. T-note	5 yr. T-note	10 yr. T-note
Last	5/15/2018	1.50%-1.75%	1.90%	2.08%	2.59%	2.94%	3.10%
High			2.05%	2.23%	2.68%	2.94%	3.11%
Low			1.88%	2.03%	2.32%	2.59%	2.78%
End	8/10/2018	1.75%-2.00%	2.05%	2.22%	2.61%	2.75%	2.87%

The Fed

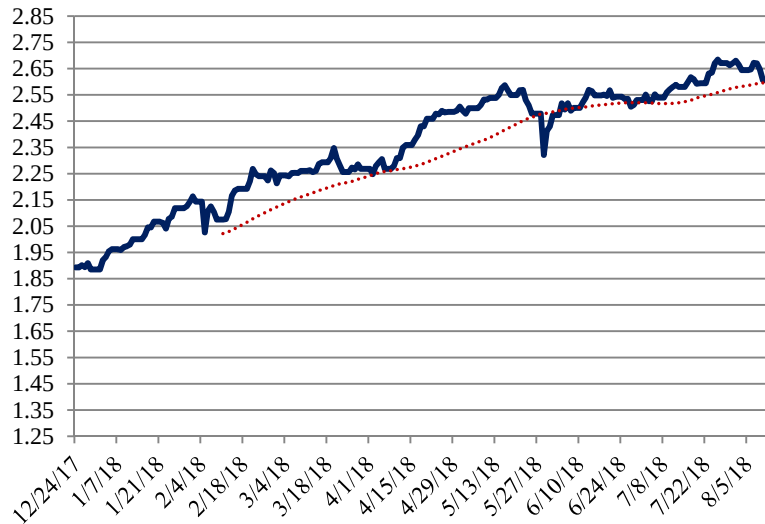
- June 13th FOMC:
 - Raised the overnight fed funds target rate 25 basis points to a range of 1.75% - 2.00%.
 - Upgraded their characterization of the economy, raised estimates for GDP and inflation, lowered estimate for unemployment rate.
 - Dot plot shifted higher, now calling for a total of four hikes in 2018- two more from here, presumably in September and December. Also expecting three hikes in 2019 and one in 2020.
- Minutes from June FOMC offered no significant news
- Recent speeches indicate some members believe economy expanding rapidly and needs tighter policy, while others cite concerns surrounding trade issues and possible yield curve inversion.
- August 1st FOMC:
 - No change / no news

Market Highlights

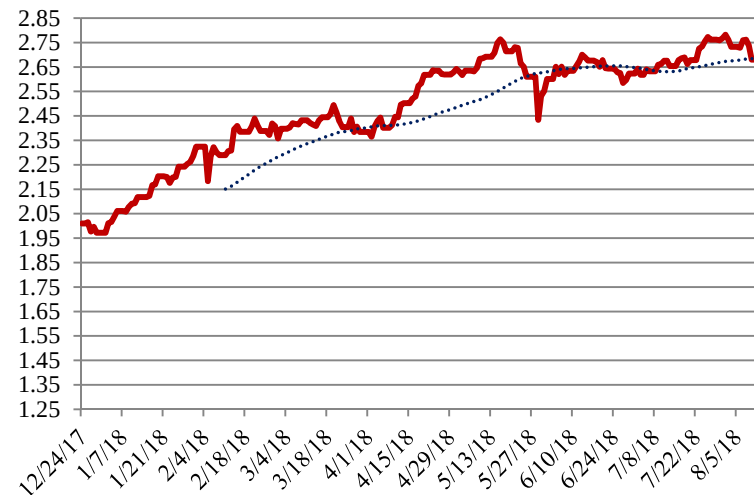
- After dipping slightly during June, yields have crept higher, particularly on the short-end where two's are near the recovery highs first reached in May.
- Curve has continued to flatten. The 2's/5's spread has fallen from 35 bps last meeting to 13 bps (Monday) while the 2's/10's spread has fallen from 50 to 26 bps. *Both are near 12-year lows.*
- Agency curve very flat as well:
 - 1-year agency bullet = 2.47% (+6 to T-notes)
 - 2-year agency bullet = 2.67% (+20 bps versus 1-year)
 - 3-year agency bullet = 2.76% (+9 bps versus 2-year)
- Short agencies are still rich versus *short* Treasury-notes. Discount notes yield LESS than Treasuries.
- Treasury-notes remain cheap to bills, but gap is tightening, heavy bill supply expected in coming months
- Some value in *discounted callable* bonds and longer dated callables

Selected U.S. Treasury Yield History (8/12/18)

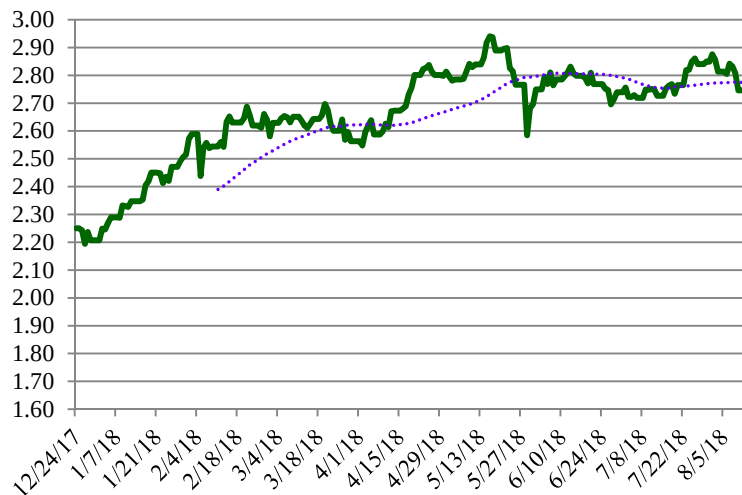
2-Yr T-Note



3-Yr T-Note



5-Yr T-Note



10-Yr T-Note



Bloomberg Yield Forecasts

Survey release date - 8/9/2018

	8/9/18 Most Current	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Median Fed Funds (Upper Bound)	2.00%	2.25%	2.50%	2.75%	3.00%	3.00%	3.00%	3.25%
Median Fed Funds (Lower Bound)	1.75%	2.00%	2.25%	2.50%	2.75%	2.75%	2.75%	3.00%
Average US 2-Year	2.61%	2.67%	2.81%	2.93%	3.04%	3.11%	3.18%	3.23%
Average US 10-Year	2.88%	3.02%	3.11%	3.21%	3.28%	3.33%	3.40%	3.45%

Survey release date - 7/13/18

	7/13/18 Previous	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Median Fed Funds (Upper Bound)	2.00%	2.25%	2.50%	2.75%	3.00%	3.00%	3.00%	3.00%
Median Fed Funds (Lower Bound)	1.75%	2.00%	2.25%	2.50%	2.75%	2.75%	2.75%	2.75%
Average US 2-Year	2.58%	2.65%	2.81%	2.96%	3.06%	3.15%	3.22%	3.22%
Average US 10-Year	2.83%	3.02%	3.12%	3.23%	3.29%	3.36%	3.43%	3.45%

Bloomberg WIRP Fed Funds Probability

As of 8/13/18

Current Implied Probabilities			3) Add/Remove Rates ▾								Calculated 08/13/2018		Based on rate 1.75-2.00	
Dates	Meeting	Calculation												
Meeting	Hike Prob	Cut Prob	2-2.25	2.25-2.5	2.5-2.75	2.75-3	3-3.25	3.25-3.5	3.5-3.75	Fwd Rate				
09/26/2018	100.0%	0.0%	94.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.14				
11/08/2018	100.0%	0.0%	94.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.14				
12/19/2018	100.0%	0.0%	32.0%	64.1%	4.0%	0.0%	0.0%	0.0%	0.0%	2.31				
01/30/2019	100.0%	0.0%	30.7%	62.8%	6.4%	0.2%	0.0%	0.0%	0.0%	2.31				
03/20/2019	100.0%	0.0%	15.3%	46.7%	34.6%	3.3%	0.1%	0.0%	0.0%	2.44				
05/01/2019	100.0%	0.0%	14.1%	44.1%	35.6%	5.9%	0.3%	0.0%	0.0%	2.46				
06/19/2019	100.0%	0.0%	8.8%	32.8%	38.8%	17.1%	2.4%	0.1%	0.0%	2.56				
07/31/2019	100.0%	0.0%	8.6%	32.3%	38.7%	17.5%	2.7%	0.2%	0.0%	2.56				
09/18/2019	100.0%	0.0%	6.4%	26.1%	37.0%	23.0%	6.6%	0.8%	0.1%	2.63				

- Implies 100% chance of a hike on September 26th
- Implies 68% chance of another hike December 19th
- Implies 38% chance of another hike March 20th

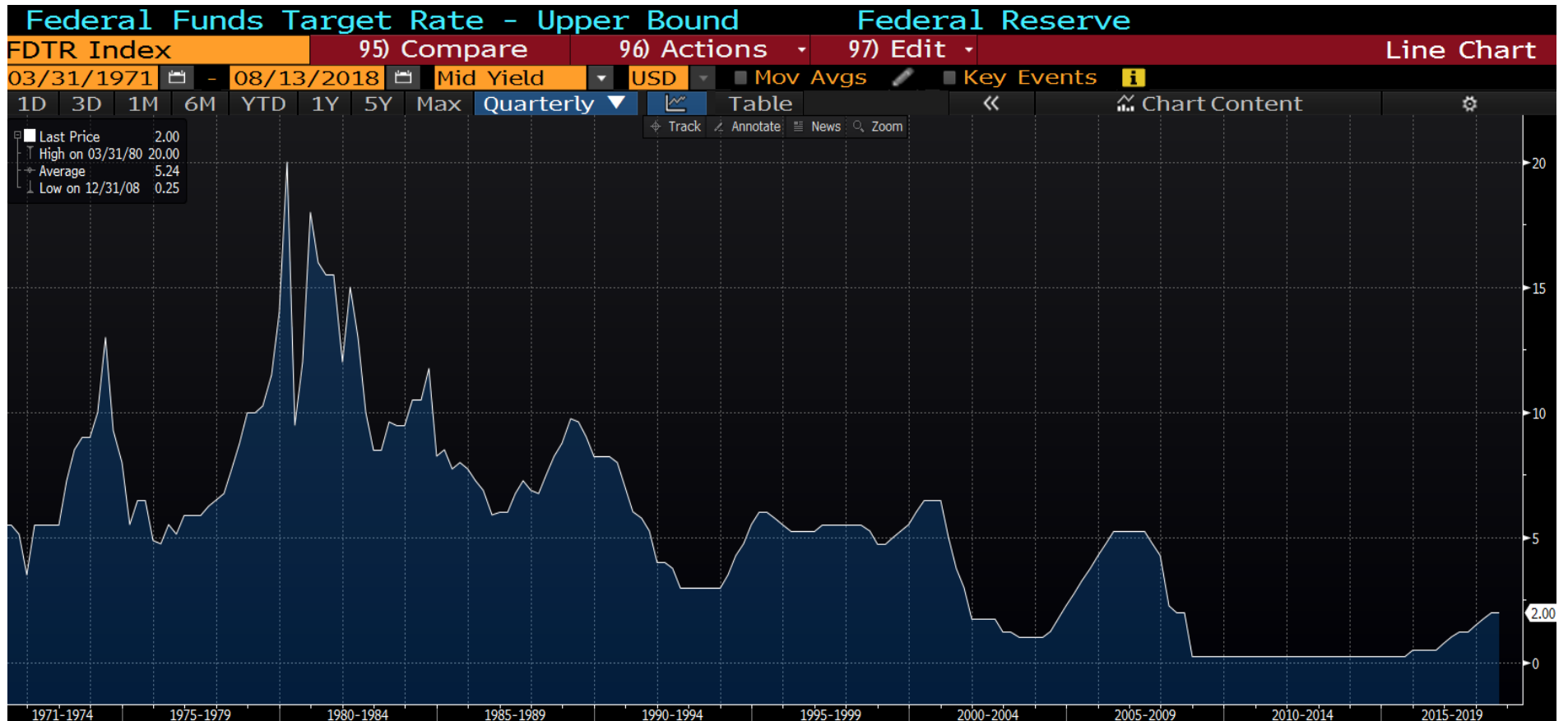
As of 5/16/18

Current Implied Probabilities			3) Add/Remove Rates ▾								Calculated 05/16/2018		Based on rate 1.50-1.75	
Dates	Meeting	Calculation												
Meeting	Hike Prob	Cut Prob	1.75-2	2-2.25	2.25-2.5	2.5-2.75	2.75-3	3-3.25	3.25-3.5	Fwd Rate				
06/13/2018	100.0%	0.0%	72.0%	28.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.95				
08/01/2018	100.0%	0.0%	66.0%	31.6%	2.3%	0.0%	0.0%	0.0%	0.0%	1.97				
09/26/2018	100.0%	0.0%	16.0%	57.7%	24.5%	1.8%	0.0%	0.0%	0.0%	2.15				
11/08/2018	100.0%	0.0%	14.3%	53.2%	28.1%	4.2%	0.2%	0.0%	0.0%	2.18				
12/19/2018	100.0%	0.0%	7.3%	34.1%	40.4%	16.0%	2.2%	0.1%	0.0%	2.31				
01/30/2019	100.0%	0.0%	6.4%	30.9%	39.7%	18.9%	3.8%	0.3%	0.0%	2.33				

Interest Rate Outlook

- The Fed would like to continue tightening both to “normalize” policy and to ensure that recent sparks of inflation are extinguished.
- The FOMC appears very likely to hike again on September 26th.
- The Fed’s dot plot now shows a total of four hikes in 2018, up from three previously. *Markets are not quite so sure. Odds of September hike are 100%, but odds of another hike in December are just 68%.*
- The 2018 meeting dates *with press conferences following* are September 26th and December 19th.
- *Chairman Powell has announced a press conference will follow all meetings in 2019.*

The Overnight Funds Target (still a long way from “normal”)



Current Portfolio Characteristics

As of 6/30/2018

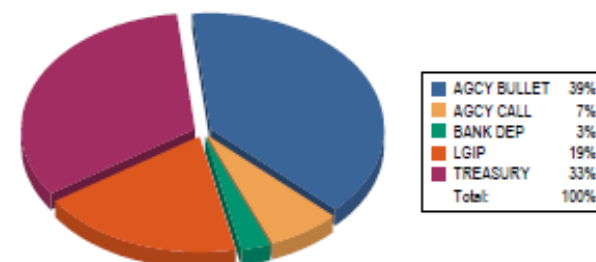
Account Summary

Beginning Values as of 03/31/18

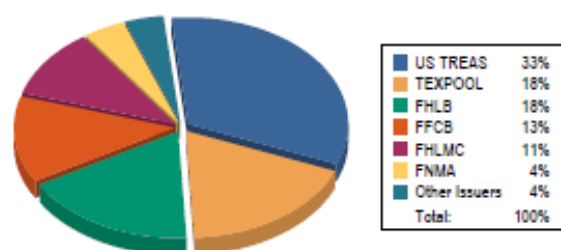
Ending Values as of 06/30/18

Par Value	164,952,702.18	143,648,514.00
Market Value	164,355,395.44	143,187,532.37
Book Value	164,617,820.22	143,402,907.34
Unrealized Gain /(Loss)	(262,424.78)	(215,374.97)
Market Value %	99.84%	99.85%
Weighted Avg. YTW	1.495%	1.702%
Weighted Avg. YTM	1.495%	1.702%

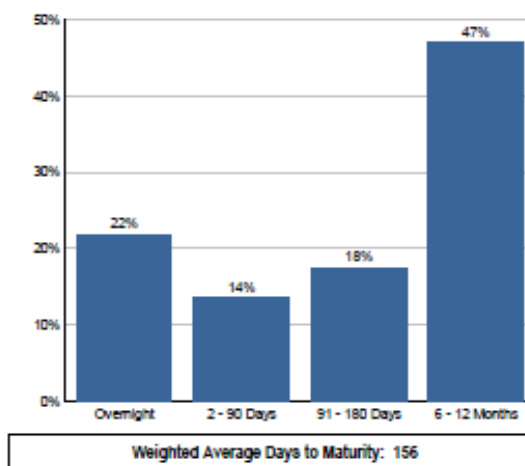
Allocation by Security Type



Allocation by Issuer



Maturity Distribution %

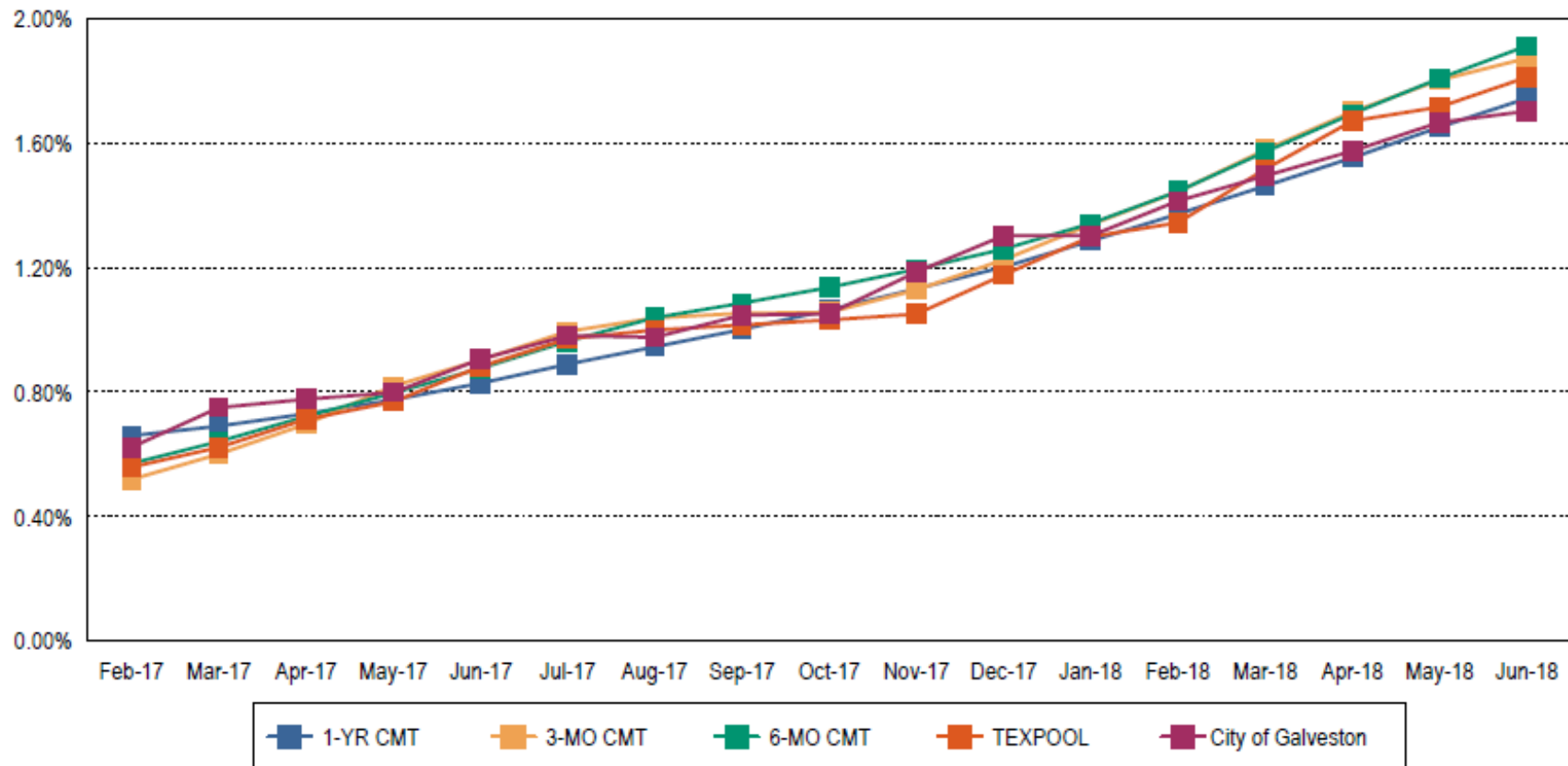


Credit Quality



Benchmark Comparison

As of 6/30/2018



Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.

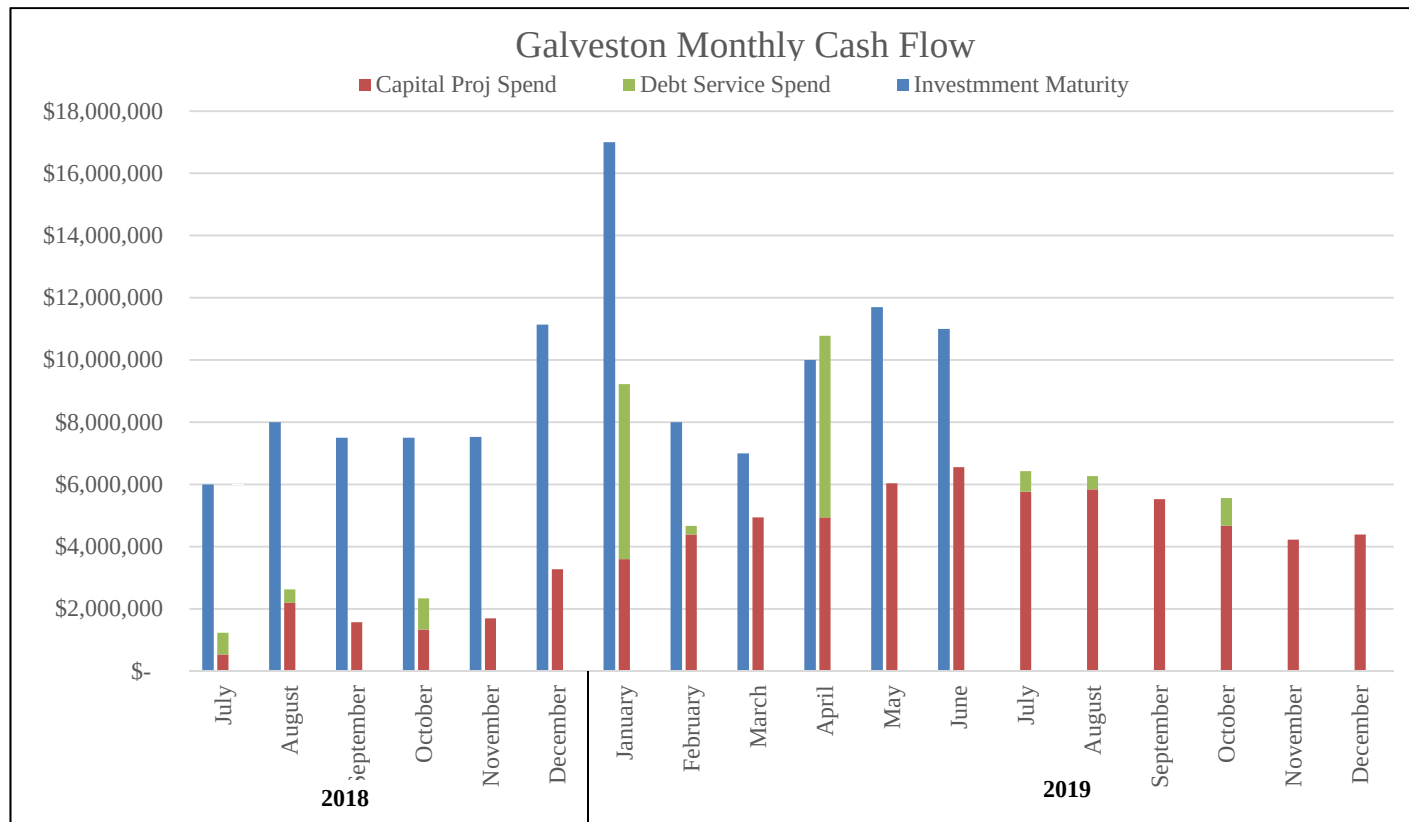


Portfolio / Strategy Highlights

- Second Quarter 2018 Activity:
 - o 9 maturities totaling \$22.7mm with an average yield of 1.15%
 - o 6 purchases totaling \$16.7mm with an average yield of 2.32% and average maturity of 342 days (11 months)
- We continue to build a laddered portfolio with monthly maturities of \$5-6mm in excess of anticipated spending.
- Maturities are now being invested to back end of ladder, in the 12-14 month area.
- The weighted average maturity drifted back from 161 days at 3/31/17 to 156 days as of 6/30/18.
- Overall portfolio yield climbed from 1.50% to 1.70% during the quarter.
- Portfolio earned \$612,403 during the quarter ending 6/30/18, an 8% increase over the prior quarter.
- Recent Purchases (reinvesting maturities)
 - 4/10/18: Bought \$3.7mm FHLB 1.375% to 5/28/19 at 2.18%
 - 5/2/18: Bought \$2mm US T-Note 0.875% to 5/15/19 at 2.29%
 - 5/15/18: Bought \$4mm FHLB 4.375% to 6/14/19 at 2.37%
 - 5/22/18: Bought \$3mm T-Note 0.875% to 6/15/19 at 2.37%
 - 6/11/18: Bought \$1mm FHLB 1.625% to 6/14/19 at 2.36%
 - 6/18/18: Bought \$3mm FHLB 2.375% to 6/18/19 at 2.38%

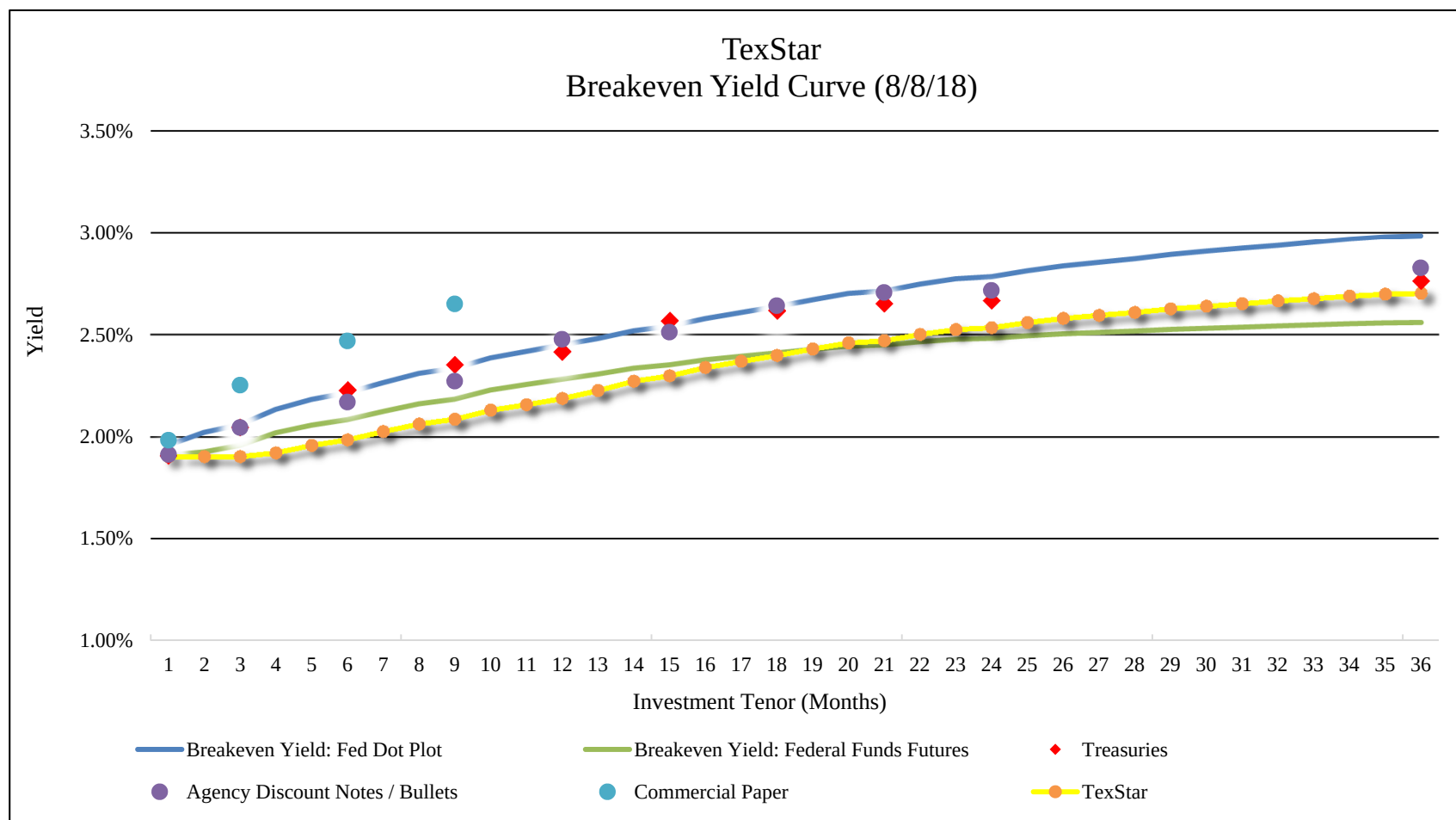
Portfolio / Strategy Highlights

- Portfolio ladder has been smoothed out, with spikes coming in months with large spending needs (construction and debt service). Targeting roughly \$5-6mm in monthly maturities net of spending needs.
- Portfolio is well laddered through June 2019. Focus is now on reinvesting maturities to long end of ladder in the 12-14 month area and positioning for anticipated capital project spending.



Please note: Since debt service payments are due on the 1st of the month, this chart reflects those payments in the prior month. For example, the May 1st payment is shown in April.

Breakeven Analysis



Relative Value Report



MATURITY DATE	SECURITY TYPE	DISCOUNT/ SPREAD	YIELD
Agency Discount Notes			
28-Sep-18	FHLB	1.890%	1.894%
26-Oct-18	FHLMC	1.980%	1.988%
26-Nov-18	FHLMC	2.035%	2.047%
19-Dec-18	FHLMC	2.060%	2.075%
18-Jan-19	FHLMC	2.100%	2.119%
20-Feb-19	FHLB	2.160%	2.185%
20-Mar-19	FHLMC	2.190%	2.219%
17-Apr-19	FHLMC	2.220%	2.254%
20-May-19	FHLMC	2.260%	2.300%
19-Jun-19	FHLMC	2.290%	2.336%
24-Jul-19	FHLB	2.240%	2.289%
13-Aug-19	FHLB	2.390%	2.449%
Commercial Paper			
14-Sep-18	MUFG Bank Ltd, NY	2.020%	2.024%
13-Oct-18	Natixis NY	2.090%	2.097%
13-Nov-18	MUFG Bank Ltd, NY	2.240%	2.253%
12-Dec-18	Natixis NY	2.330%	2.348%
12-Jan-19	Natixis NY	2.350%	2.373%
9-Feb-19	JPMorgan Securities	2.430%	2.460%
11-May-19	ING Funding	2.580%	2.631%
Agency Bullets (Non-Callable)			
13-Aug-19	FHLB 2.375	-17.0	2.424%
24-Oct-19	FNMA 1.000	-12.5	2.469%
11-Feb-20	FHLB 2.125	-3.0	2.564%
12-Jun-20	FHLB 3.375	+3.5	2.629%
11-Sep-20	FHLB 2.875	+6.0	2.654%
16-Feb-21	FHLMC 2.375	+11.0	2.704%
2-Aug-21	FFCB 2.800***	+5.0	2.718%
*** Spread versus 3-Year Treasury (All others vs 2-Year)			

Relative Value Report		
Today's Date: 13-Aug-18		
Settlement Date: 14-Aug-18		

DISCLAIMER: Securities listed here represent the best market offers as of early morning on this date. All information is subject to change at any time without notice. This report is intended for informational purposes only, and is in no way a solicitation or offer to sell any securities or services. This information has been obtained from sources believed to be reliable, but we do not warrant or guarantee the accuracy or timeliness of this information. There are no warranties, expressed or implied, as to accuracy, completeness, or results obtained from this information.

Investment Pool Yields:		TextPool	TextSTAR
Previous Day:		1.923%	1.914%
7 Day Moving Avg:		1.912%	1.911%
Agency Discount Note Yields			
	Current	Week Ago	Month Ago
1 Mo	1.894%	1.899%	1.882%
2 Mo	1.988%	1.937%	1.920%
3 Mo	2.047%	2.010%	1.980%
6 Mo	2.185%	2.102%	2.041%
9 Mo	2.300%	2.237%	2.155%
12 Mo	2.449%	2.260%	2.383%
Commercial Paper Yields			
	Current	Week Ago	Month Ago
1 Mo	2.024%	1.983%	1.933%
2 Mo	2.097%	2.087%	2.007%
3 Mo	2.253%	2.263%	2.212%
4 Mo	2.348%	2.369%	2.348%
5 Mo	2.373%	2.414%	2.322%
6 Mo	2.460%	2.460%	2.470%
9 Mo	2.631%	2.620%	2.652%
Agency Bullet Yields			
	Current	Week Ago	Month Ago
1 Yr	2.424%	2.469%	2.418%
1.5 Yr	2.564%	2.624%	2.553%
2 Yr	2.654%	2.689%	2.653%
2.5 Yr	2.704%	2.769%	2.718%
3 Yr	2.718%	2.808%	2.748%



City of Galveston

Finance Department
PO Box 779 | Galveston, TX 77553-0779
| 409-797-3562

August 23, 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council
From: Michael W. Loftin, Assistant City Manager Finance

RE: Public Hearing on the proposed 2018 property tax rate of \$0.561 per \$100 of taxable value.

I. Background

- A. In accordance with State law, the Galveston County Tax Assessor-Collector (TAC), acting as the City of Galveston's TAC received the City's 2018 tax roll as certified by the Chief Appraiser for Galveston County. The TAC provided the Effective Tax Rate (ETR) calculation for the 2018 tax roll (see attached) using the information from the Galveston County Appraisal District.
- B. The applicable numbers from this year's ETR are as follows:

2018 Certified Assessed Value	\$6,069,496,361
2018 Certified Taxable Value (TV)	\$5,406,440,672
2018 Taxable Value Still Under ARB Review*	\$ 272,046,933
2018 Total Taxable Value Including ARB Review	\$6,341,543,294
2017 Total Taxable Value Including ARB Review	\$6,253,112,533
2018 New Property Taxable Value	\$ 77,346,881
2018 Anticipated Collection Rate	100%
Effective Tax Rate	\$0.562658 per \$100 TV
Rollback Rate	\$0.586744 per \$100 TV

*Note: ARB is the Appraisal Review Board.
- C. This year's taxable value is 1.41 percent higher than the 2017 taxable roll.
- D. Total new construction amounts to \$77,346,881 on this year's tax roll, which is 6.57% higher than last year's \$72,581,406.

II. Current Situation

- A. The proposed rate of \$0.561 is the same total rate as last year, but the composition of the rate is proposed to change.
- B. The Maintenance and Operations rate is proposed at \$0.458500, which is higher compared to last year's rate, after excluding the \$0.05 rate that is allocated directly to the Library under the City Charter. The increase is attributable to the lack of growth in the tax roll.
- C. The Debt Service rate is proposed at \$0.0525, which is \$0.017500 lower than last year's rate as a result a \$907,000 transfer from the Infrastructure and Debt Service Fund to the Debt Service Fund.
- D. The proposed rate of \$0.561 is slightly lower than the \$0.562658 effective rate. This rate would generate the same amount of revenue as last year if you compare properties taxed in both years.
- E. The total rate of \$0.561 is less than the rollback rate of \$0.586745. This rate is the highest tax rate the City can set before the taxpayers can start rollback procedures (petition for a rollback election).
- F. State Tax Code, Section 26.05, requires public hearings on the proposed tax rate if the proposed rate exceeds the lower of the rollback tax rate or the effective tax rate. The proposed tax rate of \$0.561 is lower than both the rollback rate of \$0.586744 and the effective rate of \$0.562658.



- G. This year's tax roll reflects a slight increase in the number of taxpayers whose taxes are frozen because they are over 65 or disabled and a corresponding increase in the taxes reduced by the City's action in adopting the freeze. The number of frozen accounts has increased from 4,407 last year to 4,502. The City estimates that the amount of taxes lost through the freeze is increasing from \$1,040,000 last year to \$1,207,000 this year.
- H. The proposed tax rate is providing the basis for the FY 2019 Proposed Budget.

III. Issues

- 1. The FY 2019 Budget must be approved prior to the adoption of the 2018 property tax rate.
- 2. State law calls for the final tax rate for 2018 to be adopted by City Council prior to September 30. If it is not adopted, State law calls for the council to ratify the effective tax rate (\$0.562658) or last year's rate (\$0.561), whichever is less. In this case, that would be the last year's rate.
- 3. The City affirmed its existing property tax exemptions in June, 2018, abating a total of \$3.7 million in property taxes this tax year as shown below.

IV. Recommendation

Approve the motion proposing a 2018 tax rate of \$0.561 per \$100 of taxable value.



2018 Tax Rate Calculation Worksheet

Date: 07/31/2018 02:21 PM

Taxing Units Other Than School Districts or Water Districts

City of Galveston

Taxing Unit Name

Phone (area code and number)

Taxing Unit's Address, City, State, ZIP Code

Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the effective tax rate and rollback tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest.

School districts do not use this form, but instead use Comptroller Form 50-859 Tax Rate Calculation Worksheet for School Districts.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 Water District Rollback Tax Rate Worksheet.

This worksheet is provided to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: Effective Tax Rate (No New Taxes)

The effective tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the effective tax rate should decrease.

The effective tax rate for a county is the sum of the effective tax rates calculated for each type of tax the county levies.

Effective Tax Rate Activity	Amount/Rate
1. 2017 total taxable value. Enter the amount of 2017 taxable value on the 2017 tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-third over-appraisal corrections from these adjustments. This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (will deduct taxes in Line 14). ¹	\$6,173,082,383
2. 2017 tax ceilings. Counties, cities and junior college districts. Enter 2017 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2017 or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$616,114,490
3. Preliminary 2017 adjusted taxable value. Subtract Line 2 from Line 1.	\$5,556,967,893
4. 2017 total adopted tax rate.	\$0.561000/\$100
5. 2017 taxable value lost because court appeals of ARB decisions reduced 2017 appraised value. A. Original 2017 ARB Values.	\$13,767,810
B. 2017 values resulting from final court decisions.	\$12,307,010
C. 2017 value loss. Subtract B from A. ³	\$1,460,800
6. 2017 taxable value, adjusted for court-ordered reductions. Add Line 3 and Line 5C.	\$5,558,428,693
7. 2017 taxable value of property in territory the taxing unit deannexed after Jan. 1, 2017. Enter the 2017 value of property in deannexed territory. ⁴	\$0
8. 2017 taxable value lost because property first qualified for an exemption in 2018. Note that lowering the amount or percentage of an existing exemption does not create a new	

exemption or reduce taxable value. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost to freeport or goods-in-transit exemptions.	
A. Absolute exemptions. Use 2017 market value:	\$2,165,495
B. Partial exemptions. 2018 exemption amount or 2018 percentage exemption times 2017 value:	\$24,658,143
C. Value loss. Add A and B. ⁵	\$26,823,638
9. 2017 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2018. Use only properties that qualified in 2018 for the first time; do not use properties that qualified in 2017.	
A. 2017 market value:	\$0
B. 2018 productivity or special appraised value:	\$0
C. Value loss. Subtract B from A. ⁶	\$0
10. Total adjustments for lost value. Add lines 7, 8C and 9C.	\$26,823,638
11. 2017 adjusted taxable value. Subtract Line 10 from Line 6.	\$5,531,605,055
12. Adjusted 2017 taxes. Multiply Line 4 by Line 11 and divide by \$100.	\$31,032,304
13. Taxes refunded for years preceding tax year 2017. Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2017. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2017. This line applies only to tax years preceding tax year 2017. ⁷	\$27,389
14. Taxes in tax increment financing (TIF) for tax year 2017. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2018 captured appraised value in Line 16D, enter 0. ⁸	\$1,726,400
15. Adjusted 2017 taxes with refunds and TIF adjustment. Add Lines 12 and 13, subtract Line 14. ⁹	\$29,333,293
16. Total 2018 taxable value on the 2018 certified appraisal roll today. This value includes only certified values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 18). These homesteads include homeowners age 65 or older or disabled. ¹⁰	
A. Certified values:	\$6,069,496,361
B. Counties: Include railroad rolling stock values certified by the Comptroller's office:	\$0
C. Pollution control and energy storage system exemption : Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property:	\$0
D. Tax increment financing: Deduct the 2018 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2018 taxes will be deposited	\$332,560,774

into the tax increment fund. Do not include any new property value that will be included in Line 21 below. ¹¹	
E. Total 2018 value. Add A and B, then subtract C and D.	\$5,736,935,587
17. Total value of properties under protest or not included on certified appraisal roll. ¹²	
A. 2018 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value. ¹³	\$231,239,893
B. 2018 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about, but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value. ¹⁴	\$0
C. Total value under protest or not certified: Add A and B.	\$231,239,893
18. 2018 tax ceilings. Counties, cities and junior colleges enter 2018 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing units adopted the tax ceiling provision in 2017 or a prior year for homeowners age 65 or older or disabled, use this step. ¹⁵	\$677,494,104
19. 2018 total taxable value. Add Lines 16E and 17C. Subtract Line 18.	\$5,290,681,376
20. Total 2018 taxable value of properties in territory annexed after Jan. 1, 2017. Include both real and personal property. Enter the 2018 value of property in territory annexed. ¹⁶	\$0
21. Total 2018 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2017. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, 2017, and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for 2018. ¹⁷	\$77,346,881
22. Total adjustments to the 2018 taxable value. Add Lines 20 and 21.	\$77,346,881
23. 2018 adjusted taxable value. Subtract Line 22 from Line 19.	\$5,213,334,495
24. 2018 effective tax rate. Divide Line 15 by Line 23 and multiply by \$100. ¹⁸	\$0.562658/\$100
25. COUNTIES ONLY. Add together the effective tax rates for each type of tax the county levies. The total is the 2018 county effective tax rate. ¹⁹	

¹Tex. Tax Code Section 26.012(14)

²Tex. Tax Code Section 26.012(14)

³Tex. Tax Code Section 26.012(13)

⁴Tex. Tax Code Section 26.012(15)

⁵Tex. Tax Code Section 26.012(15)

⁹Tex. Tax Code Section 26.012(13)

¹⁰Tex. Tax Code Section 26.012

¹¹Tex. Tax Code Section 26.03(c)

¹²Tex. Tax Code Section 26.01(c) and (d)

¹³Tex. Tax Code Section 26.01(c)

⁶Tex. Tax Code Section 26.012(15)

⁷Tex. Tax Code Section 26.012(13)

⁸Tex. Tax Code Section 26.03(c)

¹⁴Tex. Tax Code Section 26.01(d)

¹⁵Tex. Tax Code Section 26.012(6)

¹⁶Tex. Tax Code Section 26.012(17)

SECTION 2: Rollback Tax Rate

The rollback tax rate is split into two separate rates:

1. **Maintenance and Operations (M&O):** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus eight percent. This rate accounts for such things as salaries, utilities and day-to-day operations.
2. **Debt:** The debt tax rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The rollback tax rate for a county is the sum of the rollback tax rates calculated for each type of tax the county levies. In most cases the rollback tax rate exceeds the effective tax rate, but occasionally decreases in a taxing unit's debt service will cause the effective tax rate to be higher than the rollback tax rate.

Rollback Tax Rate Activity	Amount/Rate
26. 2017 maintenance and operations (M&O) tax rate.	\$0.491000/\$100
27. 2017 adjusted taxable value. Enter the amount from Line 11.	\$5,531,605,055
28. 2017 M&O taxes.	
A. Multiply Line 26 by Line 27 and divide by \$100.	\$27,160,180
B. Cities, counties and hospital districts with additional sales tax: Amount of additional sales tax collected and spent on M&O expenses in 2017. Enter amount from full year's sales tax revenue spent for M&O in 2017 fiscal year, if any. Other taxing units enter 0. Counties exclude any amount that was spent for economic development grants from the amount of sales tax spent.	\$5,065,816
C. Counties: Enter the amount for the state criminal justice mandate. If second or later year, the amount is for increased cost above last year's amount. Other taxing units enter 0.	\$0
D. Transferring function: If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in H below. The taxing unit receiving the function will add this amount in H below. Other taxing units enter 0.	\$0
E. Taxes refunded for years preceding tax year 2017: Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2017. This line applies only to tax years preceding tax year 2017.	\$4,005
F. Enhanced indigent health care expenditures: Enter the increased amount for the current year's enhanced indigent health care expenditures above the preceding tax year's enhanced indigent health care expenditures, less any state assistance.	\$0
G. Taxes in TIF: Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2018 captured appraised value in Line 16D, enter 0.	\$1,726,400
H. Adjusted M&O Taxes. Add A, B, C, E and F. For taxing unit with D, subtract if discontinuing function and add if receiving function. Subtract G.	\$30,503,601

29. 2018 adjusted taxable value. Enter Line 23 from the Effective Tax Rate Worksheet.	\$5,213,334,495
30. 2018 effective maintenance and operations rate. Divide Line 28H by Line 29 and multiply by \$100.	\$0.585107/\$100
31. 2018 rollback maintenance and operation rate. Multiply Line 30 by 1.08.	\$0.631915/\$100
32. Total 2018 debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that: (1) are paid by property taxes, (2) are secured by property taxes, (3) are scheduled for payment over a period longer than one year and (4) are not classified in the taxing unit's budget as M&O expenses. A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. Enter debt amount. B. Subtract unencumbered fund amount used to reduce total debt. C. Subtract amount paid from other resources. D. Adjusted debt. Subtract B and C from A.	\$3,684,512 \$0 \$906,904 \$2,777,608
33. Certified 2017 excess debt collections. Enter the amount certified by the collector.	\$0
34. Adjusted 2018 debt. Subtract Line 33 from Line 32D.	\$2,777,608
35. Certified 2018 anticipated collection rate. Enter the rate certified by the collector. If the rate is 100 percent or greater, enter 100 percent.	100.00%
36. 2018 debt adjusted for collections. Divide Line 34 by Line 35	\$2,777,608
37. 2018 total taxable value. Enter the amount on Line 19.	\$5,290,681,376
38. 2018 debt tax rate. Divide Line 36 by Line 37 and multiply by \$100.	\$0.052500/\$100
39. 2018 rollback tax rate. Add Lines 31 and 38.	\$0.684415/\$100
40. COUNTIES ONLY. Add together the rollback tax rates for each type of tax the county levies. The total is the 2018 county rollback tax rate.	

SECTION 3: Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its effective and rollback tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its effective tax rate and/or rollback tax rate because it adopted the additional sales tax.

Activity	Amount/Rate
41. Taxable Sales. For taxing units that adopted the sales tax in November 2017 or May 2018, enter the Comptroller's estimate of taxable sales for the previous four quarters. ²⁰ Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November 2017, skip this line.	\$0
42. Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ²¹ Taxing units that adopted the sales tax in November 2017 or in May 2018. Multiply the amount on Line 41 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ²² - or - Taxing units that adopted the sales tax before November 2017. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$5,167,435
43. 2018 total taxable value. Enter the amount from Line 37 of the Rollback Tax Rate Worksheet.	\$5,290,681,376
44. Sales tax adjustment rate. Divide Line 42 by Line 43 and multiply by \$100.	\$0.097671/\$100
45. 2018 effective tax rate, unadjusted for sales tax. ²³ Enter the rate from Line 24 or 25, as applicable, on the Effective Tax Rate Worksheet.	\$0.562658/\$100
46. 2018 effective tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November 2017 or in May 2018. Subtract Line 44 from Line 45. Skip to Line 47 if you adopted the additional sales tax before November 2017.	\$0.562658/\$100
47. 2018 rollback tax rate, unadjusted for sales tax. ²⁴ Enter the rate from Line 39 or 40, as applicable, of the Rollback Tax Rate Worksheet.	\$0.684415/\$100
48. 2018 rollback tax rate, adjusted for sales tax. Subtract Line 44 from Line 47.	\$0.586744/\$100

¹⁷Tex. Tax Code Section 26.012(17)

¹⁸Tex. Tax Code Section 26.04(c)

¹⁹Tex. Tax Code Section 26.04(d)

²⁰Tex. Tax Code Section 26.041(d)

²¹Tex. Tax Code Section 26.041(i)

²²Tex. Tax Code Section 26.041(d)

²³Tex. Tax Code Section 26.04(c)

²⁴Tex. Tax Code Section 26.04(c)

SECTION 4: Additional Rollback Protection for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Additional Rollback Protection for Pollution Control Activity	Amount/Rate
49. Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ²⁵ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ²⁶	\$0
50. 2018 total taxable value. Enter the amount from Line 37 of the Rollback Tax Rate Worksheet.	\$5,290,681,376
51. Additional rate for pollution control. Divide Line 49 by Line 50 and multiply by \$100.	\$0/\$100
52. 2018 rollback tax rate, adjusted for pollution control. Add Line 51 to one of the following lines (as applicable): Line 39, Line 40 (counties) or Line 48 (taxing units with the additional sales tax).	\$0.586744/\$100

SECTION 5: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

Effective tax rate (Line 24; line 25 for counties; or line 46 if adjusted for sales tax)	\$0.562658
Rollback tax rate (Line 39; line 40 for counties; or line 48 if adjusted for sales tax)	\$0.586744
Rollback tax rate adjusted for pollution control (Line 52)	\$0.586744

SECTION 6: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the taxing unit.

print here

Printed Name of Taxing Unit Representative

sign here

Taxing Unit Representative

Date

²⁵Tex. Tax Code Section 26.045(d)

²⁶Tex. Tax Code Section 26.045(i)

2018 CERTIFIED TOTALS

Property Count: 33,903

C30 - GALVESTON CITY
ARB Approved Totals

7/21/2018 12:58:55PM

Land		Value			
Homesite:		785,170,044			
Non Homesite:		842,262,103			
Ag Market:		36,832,538			
Timber Market:		0	Total Land	(+)	1,664,264,685
Improvement		Value			
Homesite:		3,569,285,542			
Non Homesite:		2,986,893,486	Total Improvements	(+)	6,556,179,028
Non Real		Count	Value		
Personal Property:	2,511		531,326,715		
Mineral Property:	12		1,230,305		
Autos:	0		0	Total Non Real	(+)
				Market Value	=
					8,753,000,733
Ag		Non Exempt	Exempt		
Total Productivity Market:	36,832,538		0		
Ag Use:	174,359		0	Productivity Loss	(-)
Timber Use:	0		0	Appraised Value	=
Productivity Loss:	36,658,179		0		8,716,342,554
				Homestead Cap	(-)
				Assessed Value	=
				Total Exemptions Amount	(-)
				(Breakdown on Next Page)	2,489,232,078
				Net Taxable	=
					6,069,496,361

Freeze	Assessed	Taxable	Actual Tax	Ceiling	Count		
DP	61,995,663	43,671,523	160,522.55	166,334.46	434		
DPS	1,662,257	1,317,806	3,732.55	3,732.55	11		
OV65	857,011,941	617,093,386	2,386,190.46	2,415,065.60	3,985		
Total	920,669,861	662,082,715	2,550,445.56	2,585,132.61	4,430	Freeze Taxable	(-)
Tax Rate	0.561000						662,082,715
Transfer	Assessed	Taxable	Post % Taxable	Adjustment	Count		
DP	1,004,580	783,664	696,957	86,707	2		
OV65	5,965,720	4,354,096	3,467,829	886,267	20		
Total	6,970,300	5,137,760	4,164,786	972,974	22	Transfer Adjustment	(-)
						Freeze Adjusted Taxable	=
							5,406,440,672

APPROXIMATE LEVY = (FREEZE ADJUSTED TAXABLE * (TAX RATE / 100)) + ACTUAL TAX
32,880,577.73 = 5,406,440,672 * (0.561000 / 100) + 2,550,445.56

Tax Increment Finance Value: 0
Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 33,903

C30 - GALVESTON CITY
ARB Approved Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
DP	458	4,413,260	0	4,413,260
DPS	11	0	0	0
DV1	49	0	476,000	476,000
DV1S	3	0	15,000	15,000
DV2	41	0	433,500	433,500
DV3	37	0	408,000	408,000
DV4	53	0	624,090	624,090
DV4S	11	0	126,000	126,000
DVHS	80	0	14,513,107	14,513,107
DVHSS	2	0	251,295	251,295
EX	1,353	0	1,941,393,361	1,941,393,361
EX-XD	1	0	195,530	195,530
EX-XG	7	0	683,670	683,670
EX-XJ	1	0	342,030	342,030
EX-XP	1	0	346,100	346,100
EX-XV	50	0	75,278,390	75,278,390
EX-XV (Prorated)	11	0	431,582	431,582
EX366	57	0	16,994	16,994
FR	4	6,786,620	0	6,786,620
HS	9,289	371,508,841	0	371,508,841
HT	57	5,520,985	0	5,520,985
OV65	4,361	64,491,611	0	64,491,611
OV65S	39	585,000	0	585,000
PC	6	391,112	0	391,112
Totals		453,697,429	2,035,534,649	2,489,232,078

2018 CERTIFIED TOTALS

Property Count: 1,369

C30 - GALVESTON CITY
Under ARB Review Totals

7/21/2018 12:58:55PM

Land		Value			
Homesite:		31,482,510			
Non Homesite:		29,232,980			
Ag Market:		248,130			
Timber Market:		0	Total Land	(+)	60,963,620
Improvement		Value			
Homesite:		145,033,430			
Non Homesite:		80,040,366	Total Improvements	(+)	225,073,796
Non Real		Count	Value		
Personal Property:	5		2,099,680		
Mineral Property:	0		0		
Autos:	0		0	Total Non Real	(+) 2,099,680
			Market Value	=	288,137,096
Ag		Non Exempt	Exempt		
Total Productivity Market:	248,130		0		
Ag Use:	250		0	Productivity Loss	(-) 247,880
Timber Use:	0		0	Appraised Value	= 287,889,216
Productivity Loss:	247,880		0	Homestead Cap	(-) 3,651,684
				Assessed Value	= 284,237,532
				Total Exemptions Amount (Breakdown on Next Page)	(-) 12,190,599
				Net Taxable	= 272,046,933

Freeze	Assessed	Taxable	Actual Tax	Ceiling	Count		
DP	685,675	498,539	1,954.42	1,954.42	5		
OV65	16,039,770	11,588,083	51,149.99	51,260.25	67		
Total	16,725,445	12,086,622	53,104.41	53,214.67	72	Freeze Taxable	(-) 12,086,622
Tax Rate	0.561000						
						Freeze Adjusted Taxable	= 259,960,311

APPROXIMATE LEVY = (FREEZE ADJUSTED TAXABLE * (TAX RATE / 100)) + ACTUAL TAX

1,511,481.75 = 259,960,311 * (0.561000 / 100) + 53,104.41

Tax Increment Finance Value: 0

Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 1,369

C30 - GALVESTON CITY
Under ARB Review Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
DP	5	50,000	0	50,000
DV1	1	0	5,000	5,000
DV1S	1	0	5,000	5,000
DV4	1	0	12,000	12,000
DVHS	1	0	111,697	111,697
HS	203	9,826,229	0	9,826,229
HT	3	1,070,673	0	1,070,673
OV65	75	1,110,000	0	1,110,000
Totals		12,056,902	133,697	12,190,599

2018 CERTIFIED TOTALS

Property Count: 35,272

C30 - GALVESTON CITY
Grand Totals

7/21/2018 12:58:55PM

Land		Value			
Homesite:		816,652,554			
Non Homesite:		871,495,083			
Ag Market:		37,080,668			
Timber Market:		0	Total Land	(+)	1,725,228,305
Improvement		Value			
Homesite:		3,714,318,972			
Non Homesite:		3,066,933,852	Total Improvements	(+)	6,781,252,824
Non Real		Count	Value		
Personal Property:	2,516		533,426,395		
Mineral Property:	12		1,230,305		
Autos:	0		0	Total Non Real	(+)
			Market Value	=	534,656,700
					9,041,137,829
Ag	Non Exempt	Exempt			
Total Productivity Market:	37,080,668	0			
Ag Use:	174,609	0	Productivity Loss	(-)	36,906,059
Timber Use:	0	0	Appraised Value	=	9,004,231,770
Productivity Loss:	36,906,059	0	Homestead Cap	(-)	161,265,799
			Assessed Value	=	8,842,965,971
			Total Exemptions Amount (Breakdown on Next Page)	(-)	2,501,422,677
			Net Taxable	=	6,341,543,294

Freeze	Assessed	Taxable	Actual Tax	Ceiling	Count		
DP	62,681,338	44,170,062	162,476.97	168,288.88	439		
DPS	1,662,257	1,317,806	3,732.55	3,732.55	11		
OV65	873,051,711	628,681,469	2,437,340.45	2,466,325.85	4,052		
Total	937,395,306	674,169,337	2,603,549.97	2,638,347.28	4,502	Freeze Taxable	(-) 674,169,337
Tax Rate	0.561000						
Transfer	Assessed	Taxable	Post % Taxable	Adjustment	Count		
DP	1,004,580	783,664	696,957	86,707	2		
OV65	5,965,720	4,354,096	3,467,829	886,267	20		
Total	6,970,300	5,137,760	4,164,786	972,974	22	Transfer Adjustment	(-) 972,974
						Freeze Adjusted Taxable	= 5,666,400,983

APPROXIMATE LEVY = (FREEZE ADJUSTED TAXABLE * (TAX RATE / 100)) + ACTUAL TAX
 34,392,059.48 = 5,666,400,983 * (0.561000 / 100) + 2,603,549.97

Tax Increment Finance Value: 0
 Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 35,272

C30 - GALVESTON CITY
Grand Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
DP	463	4,463,260	0	4,463,260
DPS	11	0	0	0
DV1	50	0	481,000	481,000
DV1S	4	0	20,000	20,000
DV2	41	0	433,500	433,500
DV3	37	0	408,000	408,000
DV4	54	0	636,090	636,090
DV4S	11	0	126,000	126,000
DVHS	81	0	14,624,804	14,624,804
DVHSS	2	0	251,295	251,295
EX	1,353	0	1,941,393,361	1,941,393,361
EX-XD	1	0	195,530	195,530
EX-XG	7	0	683,670	683,670
EX-XJ	1	0	342,030	342,030
EX-XP	1	0	346,100	346,100
EX-XV	50	0	75,278,390	75,278,390
EX-XV (Prorated)	11	0	431,582	431,582
EX366	57	0	16,994	16,994
FR	4	6,786,620	0	6,786,620
HS	9,492	381,335,070	0	381,335,070
HT	60	6,591,658	0	6,591,658
OV65	4,436	65,601,611	0	65,601,611
OV65S	39	585,000	0	585,000
PC	6	391,112	0	391,112
Totals		465,754,331	2,035,668,346	2,501,422,677

2018 CERTIFIED TOTALS

Property Count: 33,903

C30 - GALVESTON CITY
ARB Approved Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	21,566		\$68,000,815	\$4,940,942,128
B	MULTIFAMILY RESIDENCE	1,030		\$977,580	\$325,162,498
C1	VACANT LOTS AND LAND TRACTS	5,166		\$0	\$247,367,118
D1	QUALIFIED OPEN-SPACE LAND	272	3,897.4823	\$0	\$36,832,538
D2	IMPROVEMENTS ON QUALIFIED OPEN SP	1		\$0	\$2,390
E	RURAL LAND, NON QUALIFIED OPEN SPA	296	3,207.8683	\$15,000	\$18,902,085
F1	COMMERCIAL REAL PROPERTY	1,493		\$4,679,890	\$624,390,491
F2	INDUSTRIAL AND MANUFACTURING REAL	74		\$206,290	\$51,459,440
G1	OIL AND GAS	12		\$0	\$1,230,305
J2	GAS DISTRIBUTION SYSTEM	6		\$0	\$7,585,390
J3	ELECTRIC COMPANY (INCLUDING CO-OP)	28		\$0	\$46,906,340
J4	TELEPHONE COMPANY (INCLUDING CO-O	35		\$0	\$9,178,636
J5	RAILROAD	19		\$0	\$28,444,373
J6	PIPELAND COMPANY	23		\$0	\$945,149
J7	CABLE TELEVISION COMPANY	11		\$0	\$7,476,098
L1	COMMERCIAL PERSONAL PROPERTY	2,150		\$286,970	\$225,401,162
L2	INDUSTRIAL AND MANUFACTURING PERS	147		\$0	\$130,017,345
M1	TANGIBLE OTHER PERSONAL, MOBILE H	8		\$0	\$72,970
O	RESIDENTIAL INVENTORY	506		\$0	\$21,421,150
S	SPECIAL INVENTORY TAX	18		\$0	\$10,575,470
X	TOTALLY EXEMPT PROPERTY	1,481		\$200,375	\$2,018,687,657
	Totals		7,105.3506	\$74,366,920	\$8,753,000,733

2018 CERTIFIED TOTALS

Property Count: 1,369

C30 - GALVESTON CITY
Under ARB Review Totals

7/21/2018 12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	1,078		\$4,568,300	\$219,523,712
B	MULTIFAMILY RESIDENCE	96		\$147,850	\$27,089,174
C1	VACANT LOTS AND LAND TRACTS	168		\$0	\$12,692,730
D1	QUALIFIED OPEN-SPACE LAND	1	6.3360	\$0	\$248,130
E	RURAL LAND, NON QUALIFIED OPEN SPA	3	13.6210	\$0	\$909,050
F1	COMMERCIAL REAL PROPERTY	38		\$1,777,370	\$25,538,680
F2	INDUSTRIAL AND MANUFACTURING REAL	1		\$0	\$33,840
L1	COMMERCIAL PERSONAL PROPERTY	4		\$0	\$2,070,870
O	RESIDENTIAL INVENTORY	1		\$0	\$2,100
S	SPECIAL INVENTORY TAX	1		\$0	\$28,810
	Totals		19.9570	\$6,493,520	\$288,137,096

2018 CERTIFIED TOTALS

Property Count: 35,272

C30 - GALVESTON CITY
Grand Totals

7/21/2018 12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	22,644		\$72,569,115	\$5,160,465,840
B	MULTIFAMILY RESIDENCE	1,126		\$1,125,430	\$352,251,672
C1	VACANT LOTS AND LAND TRACTS	5,334		\$0	\$260,059,848
D1	QUALIFIED OPEN-SPACE LAND	273	3,903.8183	\$0	\$37,080,668
D2	IMPROVEMENTS ON QUALIFIED OPEN SP	1		\$0	\$2,390
E	RURAL LAND, NON QUALIFIED OPEN SPA	299	3,221.4893	\$15,000	\$19,811,135
F1	COMMERCIAL REAL PROPERTY	1,531		\$6,457,260	\$649,929,171
F2	INDUSTRIAL AND MANUFACTURING REAL	75		\$206,290	\$51,493,280
G1	OIL AND GAS	12		\$0	\$1,230,305
J2	GAS DISTRIBUTION SYSTEM	6		\$0	\$7,585,390
J3	ELECTRIC COMPANY (INCLUDING CO-OP)	28		\$0	\$46,906,340
J4	TELEPHONE COMPANY (INCLUDING CO-O	35		\$0	\$9,178,636
J5	RAILROAD	19		\$0	\$28,444,373
J6	PIPELAND COMPANY	23		\$0	\$945,149
J7	CABLE TELEVISION COMPANY	11		\$0	\$7,476,098
L1	COMMERCIAL PERSONAL PROPERTY	2,154		\$286,970	\$227,472,032
L2	INDUSTRIAL AND MANUFACTURING PERS	147		\$0	\$130,017,345
M1	TANGIBLE OTHER PERSONAL, MOBILE H	8		\$0	\$72,970
O	RESIDENTIAL INVENTORY	507		\$0	\$21,423,250
S	SPECIAL INVENTORY TAX	19		\$0	\$10,604,280
X	TOTALLY EXEMPT PROPERTY	1,481		\$200,375	\$2,018,687,657
	Totals		7,125.3076	\$80,860,440	\$9,041,137,829

2018 CERTIFIED TOTALS

Property Count: 33,903

C30 - GALVESTON CITY
ARB Approved Totals

7/21/2018 12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A		4		\$805	\$81,230
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	17,486		\$67,141,240	\$4,143,041,413
A2	REAL, RESIDENTIAL, MOBILE HOME	8		\$0	\$195,290
A3	REAL, RESIDENTIAL, CONDOMINIUM	4,094		\$858,770	\$796,071,965
A9	PARSONAGES	11		\$0	\$1,552,230
B		1		\$0	\$845,753
B1	APARTMENTS	883		\$46,460	\$177,593,499
B2	DUPLEXES	916		\$931,120	\$141,126,081
B9	MULTIFAMILY EXEMPT	1		\$0	\$5,597,165
C1	VACANT LOT	5,153		\$0	\$247,226,596
C9	VACANT LOT EXEMPT	13		\$0	\$140,522
D1	QUALIFIED AG LAND	272	3,897.4823	\$0	\$36,832,538
D2	IMPROVEMENTS ON QUALIFIED AG LAND	1		\$0	\$2,390
D4	D4	2		\$0	\$11,650
D9	QUALIFIED OPEN SPACE LAND EXEMPT	10		\$0	\$3,977
E1	FARM OR RANCH IMPROVEMENT	284		\$15,000	\$18,886,458
F1	COMMERCIAL REAL PROPERTY	1,489		\$4,679,890	\$622,408,136
F2	INDUSTRIAL REAL PROPERTY	74		\$206,290	\$51,459,440
F9	COMMERCIAL REAL PROPERTY EXEMPT	5		\$0	\$1,982,355
G1	OIL AND GAS	12		\$0	\$1,230,305
J2	GAS DISTRIBUTION SYSTEM	6		\$0	\$7,585,390
J3	ELECTRIC COMPANY	28		\$0	\$46,906,340
J4	TELEPHONE COMPANY	35		\$0	\$9,178,636
J5	RAILROAD	19		\$0	\$28,444,373
J6	PIPELINE COMPANY	23		\$0	\$945,149
J7	CABLE TELEVISION COMPANY	11		\$0	\$7,476,098
L1	COMMERCIAL PERSONAL PROPERTY	2,149		\$286,970	\$225,391,562
L2	INDUSTRIAL PERSONAL PROPERTY	147		\$0	\$130,017,345
L3	L3	1		\$0	\$9,600
M3	Converted code M3	7		\$0	\$65,470
M4	M4	1		\$0	\$7,500
O1	RESIDENTIAL INVENTORY VACANT LAND	506		\$0	\$21,421,150
S	SPECIAL INVENTORY	18		\$0	\$10,575,470
X		1,481		\$200,375	\$2,018,687,657
	Totals		3,897.4823	\$74,366,920	\$8,753,000,733

2018 CERTIFIED TOTALS

Property Count: 1,369

C30 - GALVESTON CITY
Under ARB Review Totals

7/21/2018 12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	846		\$4,568,300	\$178,814,391
A2	REAL, RESIDENTIAL, MOBILE HOME	1		\$0	\$19,720
A3	REAL, RESIDENTIAL, CONDOMINIUM	233		\$0	\$40,689,601
B1	APARTMENTS	88		\$0	\$14,616,400
B2	DUPLEXES	89		\$147,850	\$12,472,774
C1	VACANT LOT	168		\$0	\$12,692,730
D1	QUALIFIED AG LAND	1	6.3360	\$0	\$248,130
E1	FARM OR RANCH IMPROVEMENT	3		\$0	\$909,050
F1	COMMERCIAL REAL PROPERTY	38		\$1,777,370	\$25,538,680
F2	INDUSTRIAL REAL PROPERTY	1		\$0	\$33,840
L1	COMMERCIAL PERSONAL PROPERTY	4		\$0	\$2,070,870
O1	RESIDENTIAL INVENTORY VACANT LAND	1		\$0	\$2,100
S	SPECIAL INVENTORY	1		\$0	\$28,810
	Totals		6.3360	\$6,493,520	\$288,137,096

2018 CERTIFIED TOTALS

Property Count: 35,272

C30 - GALVESTON CITY
Grand Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A		4		\$805	\$81,230
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	18,332		\$71,709,540	\$4,321,855,804
A2	REAL, RESIDENTIAL, MOBILE HOME	9		\$0	\$215,010
A3	REAL, RESIDENTIAL, CONDOMINIUM	4,327		\$858,770	\$836,761,566
A9	PARSONAGES	11		\$0	\$1,552,230
B		1		\$0	\$845,753
B1	APARTMENTS	971		\$46,460	\$192,209,899
B2	DUPLEXES	1,005		\$1,078,970	\$153,598,855
B9	MULTIFAMILY EXEMPT	1		\$0	\$5,597,165
C1	VACANT LOT	5,321		\$0	\$259,919,326
C9	VACANT LOT EXEMPT	13		\$0	\$140,522
D1	QUALIFIED AG LAND	273	3,903.8183	\$0	\$37,080,668
D2	IMPROVEMENTS ON QUALIFIED AG LAND	1		\$0	\$2,390
D4	D4	2		\$0	\$11,650
D9	QUALIFIED OPEN SPACE LAND EXEMPT	10		\$0	\$3,977
E1	FARM OR RANCH IMPROVEMENT	287		\$15,000	\$19,795,508
F1	COMMERCIAL REAL PROPERTY	1,527		\$6,457,260	\$647,946,816
F2	INDUSTRIAL REAL PROPERTY	75		\$206,290	\$51,493,280
F9	COMMERCIAL REAL PROPERTY EXEMPT	5		\$0	\$1,982,355
G1	OIL AND GAS	12		\$0	\$1,230,305
J2	GAS DISTRIBUTION SYSTEM	6		\$0	\$7,585,390
J3	ELECTRIC COMPANY	28		\$0	\$46,906,340
J4	TELEPHONE COMPANY	35		\$0	\$9,178,636
J5	RAILROAD	19		\$0	\$28,444,373
J6	PIPELINE COMPANY	23		\$0	\$945,149
J7	CABLE TELEVISION COMPANY	11		\$0	\$7,476,098
L1	COMMERCIAL PERSONAL PROPERTY	2,153		\$286,970	\$227,462,432
L2	INDUSTRIAL PERSONAL PROPERTY	147		\$0	\$130,017,345
L3	L3	1		\$0	\$9,600
M3	Converted code M3	7		\$0	\$65,470
M4	M4	1		\$0	\$7,500
O1	RESIDENTIAL INVENTORY VACANT LAND	507		\$0	\$21,423,250
S	SPECIAL INVENTORY	19		\$0	\$10,604,280
X		1,481		\$200,375	\$2,018,687,657
	Totals		3,903.8183	\$80,860,440	\$9,041,137,829

2018 CERTIFIED TOTALS

Property Count: 35,272

C30 - GALVESTON CITY
Effective Rate Assumption

7/21/2018 12:59:01PM

New Value

TOTAL NEW VALUE MARKET:	\$80,860,440
TOTAL NEW VALUE TAXABLE:	\$77,346,881

New Exemptions

Exemption	Description	Count		
EX	Exempt	3	2017 Market Value	\$580,470
EX-XD	11.181 Improving property for housing with vol	1	2017 Market Value	\$197,980
EX-XJ	11.21 Private schools	1	2017 Market Value	\$247,420
EX-XP	11.271 Offshore drilling equipment not in use	1	2017 Market Value	\$0
EX-XV	Other Exemptions (including public property, re	27	2017 Market Value	\$1,023,370
EX366	HB366 Exempt	13	2017 Market Value	\$116,255
ABSOLUTE EXEMPTIONS VALUE LOSS				\$2,165,495

Exemption	Description	Count	Exemption Amount
DP	Disability	12	\$110,000
DV1	Disabled Veterans 10% - 29%	3	\$22,000
DV2	Disabled Veterans 30% - 49%	5	\$51,000
DV3	Disabled Veterans 50% - 69%	5	\$60,000
DV4	Disabled Veterans 70% - 100%	5	\$60,000
DV4S	Disabled Veterans Surviving Spouse 70% - 100%	1	\$12,000
DVHS	Disabled Veteran Homestead	4	\$675,830
HS	Homestead	362	\$18,735,313
OV65	Over 65	333	\$4,932,000
PARTIAL EXEMPTIONS VALUE LOSS		730	\$24,658,143
NEW EXEMPTIONS VALUE LOSS			\$26,823,638

Increased Exemptions

Exemption	Description	Count	Increased Exemption Amount
INCREASED EXEMPTIONS VALUE LOSS			
TOTAL EXEMPTIONS VALUE LOSS			\$26,823,638

New Ag / Timber Exemptions**New Annexations****New Deannexations****Average Homestead Value**

Category A and E

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
9,283	\$220,716	\$57,314	\$163,402
Category A Only			

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
9,278	\$220,670	\$57,297	\$163,373

2018 CERTIFIED TOTALS**C30 - GALVESTON CITY
Lower Value Used**

Count of Protested Properties	Total Market Value	Total Value Used
1,369	\$288,137,096.00	\$252,720,899

2018 CERTIFIED TOTALS

Property Count: 330

M30 - GALV COUNTY MUD #30
ARB Approved Totals

7/21/2018 12:58:55PM

Land		Value			
Homesite:		37,485,080			
Non Homesite:		634,440			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	38,119,520
Improvement		Value			
Homesite:		70,140,721			
Non Homesite:		537,879	Total Improvements	(+)	70,678,600
Non Real		Count	Value		
Personal Property:	2		167,620		
Mineral Property:	0		0		
Autos:	0		0	Total Non Real	(+) 167,620
			Market Value	=	108,965,740
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	108,965,740
Productivity Loss:	0	0	Homestead Cap	(-)	70,905
			Assessed Value	=	108,894,835
			Total Exemptions Amount (Breakdown on Next Page)	(-)	181,500
			Net Taxable	=	108,713,335

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)
 271,783.34 = 108,713,335 * (0.250000 / 100)

Tax Increment Finance Value: 0
 Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 330

M30 - GALV COUNTY MUD #30
ARB Approved Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
EX	6	0	31,500	31,500
HS	24	0	0	0
OV65	15	150,000	0	150,000
Totals		150,000	31,500	181,500

2018 CERTIFIED TOTALS

Property Count: 18

M30 - GALV COUNTY MUD #30
Under ARB Review Totals

7/21/2018 12:58:55PM

Land		Value			
Homesite:		1,039,500			
Non Homesite:		43,060			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	1,082,560
Improvement		Value			
Homesite:		2,123,910			
Non Homesite:		251,640	Total Improvements	(+)	2,375,550
Non Real		Count	Value		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	3,458,110
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	3,458,110
Productivity Loss:	0	0			
			Homestead Cap	(-)	0
			Assessed Value	=	3,458,110
			Total Exemptions Amount (Breakdown on Next Page)	(-)	10,000
			Net Taxable	=	3,448,110

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)

8,620.28 = 3,448,110 * (0.250000 / 100)

Tax Increment Finance Value: 0

Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 18

M30 - GALV COUNTY MUD #30
Under ARB Review Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
HS	1	0	0	0
OV65	1	10,000	0	10,000
Totals		10,000	0	10,000

2018 CERTIFIED TOTALS

Property Count: 348

M30 - GALV COUNTY MUD #30
Grand Totals

7/21/2018 12:58:55PM

Land		Value			
Homesite:		38,524,580			
Non Homesite:		677,500			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	39,202,080
Improvement		Value			
Homesite:		72,264,631			
Non Homesite:		789,519	Total Improvements	(+)	73,054,150
Non Real		Count	Value		
Personal Property:	2		167,620		
Mineral Property:	0		0		
Autos:	0		0	Total Non Real	(+) 167,620
			Market Value	=	112,423,850
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	112,423,850
Productivity Loss:	0	0	Homestead Cap	(-)	70,905
			Assessed Value	=	112,352,945
			Total Exemptions Amount (Breakdown on Next Page)	(-)	191,500
			Net Taxable	=	112,161,445

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)
 280,403.61 = 112,161,445 * (0.250000 / 100)

Tax Increment Finance Value: 0
 Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 348

M30 - GALV COUNTY MUD #30
Grand Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
EX	6	0	31,500	31,500
HS	25	0	0	0
OV65	16	160,000	0	160,000
Totals		160,000	31,500	191,500

2018 CERTIFIED TOTALS

Property Count: 330

M30 - GALV COUNTY MUD #30
ARB Approved Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	134		\$3,479,070	\$94,536,010
C1	VACANT LOTS AND LAND TRACTS	117		\$0	\$12,211,990
E	RURAL LAND, NON QUALIFIED OPEN SPA	1	7.2800	\$0	\$730
F1	COMMERCIAL REAL PROPERTY	3		\$0	\$840
J3	ELECTRIC COMPANY (INCLUDING CO-OP)	2		\$0	\$167,620
O	RESIDENTIAL INVENTORY	83		\$0	\$2,017,050
X	TOTALLY EXEMPT PROPERTY	6		\$0	\$31,500
	Totals		7.2800	\$3,479,070	\$108,965,740

2018 CERTIFIED TOTALS

Property Count: 18

M30 - GALV COUNTY MUD #30
Under ARB Review Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	12		\$0	\$2,897,530
C1	VACANT LOTS AND LAND TRACTS	6		\$0	\$558,480
O	RESIDENTIAL INVENTORY	1		\$0	\$2,100
	Totals		0.0000	\$0	\$3,458,110

2018 CERTIFIED TOTALS

Property Count: 348

M30 - GALV COUNTY MUD #30
Grand Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	146		\$3,479,070	\$97,433,540
C1	VACANT LOTS AND LAND TRACTS	123		\$0	\$12,770,470
E	RURAL LAND, NON QUALIFIED OPEN SPA	1	7.2800	\$0	\$730
F1	COMMERCIAL REAL PROPERTY	3		\$0	\$840
J3	ELECTRIC COMPANY (INCLUDING CO-OP)	2		\$0	\$167,620
O	RESIDENTIAL INVENTORY	84		\$0	\$2,019,150
X	TOTALLY EXEMPT PROPERTY	6		\$0	\$31,500
	Totals		7.2800	\$3,479,070	\$112,423,850

2018 CERTIFIED TOTALS

Property Count: 330

M30 - GALV COUNTY MUD #30
ARB Approved Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	134		\$3,479,070	\$94,536,010
C1	VACANT LOT	117		\$0	\$12,211,990
E1	FARM OR RANCH IMPROVEMENT	1		\$0	\$730
F1	COMMERCIAL REAL PROPERTY	3		\$0	\$840
J3	ELECTRIC COMPANY	2		\$0	\$167,620
O1	RESIDENTIAL INVENTORY VACANT LAND	83		\$0	\$2,017,050
X		6		\$0	\$31,500
	Totals		0.0000	\$3,479,070	\$108,965,740

2018 CERTIFIED TOTALS

Property Count: 18

M30 - GALV COUNTY MUD #30
Under ARB Review Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	12		\$0	\$2,897,530
C1	VACANT LOT	6		\$0	\$558,480
O1	RESIDENTIAL INVENTORY VACANT LAND	1		\$0	\$2,100
		Totals	0.0000	\$0	\$3,458,110

2018 CERTIFIED TOTALS

Property Count: 348

M30 - GALV COUNTY MUD #30
Grand Totals

7/21/2018 12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	146		\$3,479,070	\$97,433,540
C1	VACANT LOT	123		\$0	\$12,770,470
E1	FARM OR RANCH IMPROVEMENT	1		\$0	\$730
F1	COMMERCIAL REAL PROPERTY	3		\$0	\$840
J3	ELECTRIC COMPANY	2		\$0	\$167,620
O1	RESIDENTIAL INVENTORY VACANT LAND	84		\$0	\$2,019,150
X		6		\$0	\$31,500
	Totals		0.0000	\$3,479,070	\$112,423,850

2018 CERTIFIED TOTALS

Property Count: 348

M30 - GALV COUNTY MUD #30
Effective Rate Assumption

7/21/2018 12:59:01PM

New Value

TOTAL NEW VALUE MARKET:	\$3,479,070
TOTAL NEW VALUE TAXABLE:	\$3,479,070

New Exemptions

Exemption	Description	Count
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ABSOLUTE EXEMPTIONS VALUE LOSS

Exemption	Description	Count	Exemption Amount
HS	Homestead	5	\$0
OV65	Over 65	5	\$50,000
PARTIAL EXEMPTIONS VALUE LOSS		10	\$50,000
NEW EXEMPTIONS VALUE LOSS			\$50,000

Increased Exemptions

Exemption	Description	Count	Increased Exemption Amount
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INCREASED EXEMPTIONS VALUE LOSS

TOTAL EXEMPTIONS VALUE LOSS	\$50,000
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New Ag / Timber Exemptions**New Annexations****New Deannexations****Average Homestead Value****Category A and E**

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
25	\$980,093	\$2,836	\$977,257
Category A Only			

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
25	\$980,093	\$2,836	\$977,257

Lower Value Used

Count of Protested Properties	Total Market Value	Total Value Used
18	\$3,458,110.00	\$3,377,830

2018 CERTIFIED TOTALST06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
ARB Approved Totals

Property Count: 243

7/21/2018 12:58:55PM

Land		Value			
Homesite:		262,190			
Non Homesite:		35,357,880			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	35,620,070
Improvement		Value			
Homesite:		588,180			
Non Homesite:		152,576,270	Total Improvements	(+)	153,164,450
Non Real		Count	Value		
Personal Property:	3		9,128,740		
Mineral Property:	0		0		
Autos:	0		0	Total Non Real	(+) 9,128,740
			Market Value	=	197,913,260
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	197,913,260
Productivity Loss:	0	0	Homestead Cap	(-)	83,033
			Assessed Value	=	197,830,227
			Total Exemptions Amount (Breakdown on Next Page)	(-)	127,645,190
			Net Taxable	=	70,185,037

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)
0.00 = 70,185,037 * (0.000000 / 100)

Tax Increment Finance Value: 0
Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 243

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
ARB Approved Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
DV1	1	0	12,000	12,000
DVHS	1	0	4,180	4,180
EX	32	0	127,537,290	127,537,290
EX-XV	1	0	91,720	91,720
HS	8	0	0	0
OV65	6	0	0	0
Totals		0	127,645,190	127,645,190

2018 CERTIFIED TOTALS

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
Under ARB Review Totals

Property Count: 3

7/21/2018 12:58:55PM

Land		Value			
Homesite:		0			
Non Homesite:		1,113,400			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	1,113,400
Improvement		Value			
Homesite:		0			
Non Homesite:		2,831,910	Total Improvements	(+)	2,831,910
Non Real		Count	Value		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	3,945,310
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	3,945,310
Productivity Loss:	0	0	Homestead Cap	(-)	0
			Assessed Value	=	3,945,310
			Total Exemptions Amount (Breakdown on Next Page)	(-)	0
			Net Taxable	=	3,945,310

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)

0.00 = 3,945,310 * (0.000000 / 100)

Tax Increment Finance Value: 0

Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
	Totals			

2018 CERTIFIED TOTALS

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY

Property Count: 246

Grand Totals

7/21/2018

12:58:55PM

Land		Value			
Homesite:		262,190			
Non Homesite:		36,471,280			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	36,733,470
Improvement		Value			
Homesite:		588,180			
Non Homesite:		155,408,180	Total Improvements	(+)	155,996,360
Non Real		Count	Value		
Personal Property:	3		9,128,740		
Mineral Property:	0		0		
Autos:	0		0	Total Non Real	(+) 9,128,740
			Market Value	=	201,858,570
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	201,858,570
Productivity Loss:	0	0	Homestead Cap	(-)	83,033
			Assessed Value	=	201,775,537
			Total Exemptions Amount (Breakdown on Next Page)	(-)	127,645,190
			Net Taxable	=	74,130,347

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)

0.00 = 74,130,347 * (0.000000 / 100)

Tax Increment Finance Value: 0

Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 246

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
Grand Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
DV1	1	0	12,000	12,000
DVHS	1	0	4,180	4,180
EX	32	0	127,537,290	127,537,290
EX-XV	1	0	91,720	91,720
HS	8	0	0	0
OV65	6	0	0	0
Totals		0	127,645,190	127,645,190

2018 CERTIFIED TOTALS

Property Count: 243

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
ARB Approved Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	21		\$0	\$1,156,680
B	MULTIFAMILY RESIDENCE	1		\$0	\$1,205,570
C1	VACANT LOTS AND LAND TRACTS	88		\$0	\$2,714,360
E	RURAL LAND, NON QUALIFIED OPEN SPA	4	56.9040	\$0	\$1,848,290
F1	COMMERCIAL REAL PROPERTY	91		\$16,610	\$53,047,660
F2	INDUSTRIAL AND MANUFACTURING REAL	3		\$0	\$857,610
J3	ELECTRIC COMPANY (INCLUDING CO-OP)	4		\$0	\$325,340
S	SPECIAL INVENTORY TAX	3		\$0	\$9,128,740
X	TOTALLY EXEMPT PROPERTY	33		\$0	\$127,629,010
	Totals		56.9040	\$16,610	\$197,913,260

2018 CERTIFIED TOTALS

Property Count: 3

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
Under ARB Review Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
C1	VACANT LOTS AND LAND TRACTS	1		\$0	\$31,300
E	RURAL LAND, NON QUALIFIED OPEN SPA	1	8.0690	\$0	\$546,950
F1	COMMERCIAL REAL PROPERTY	2		\$1,777,370	\$3,367,060
	Totals		8.0690	\$1,777,370	\$3,945,310

2018 CERTIFIED TOTALS

Property Count: 246

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
Grand Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	21		\$0	\$1,156,680
B	MULTIFAMILY RESIDENCE	1		\$0	\$1,205,570
C1	VACANT LOTS AND LAND TRACTS	89		\$0	\$2,745,660
E	RURAL LAND, NON QUALIFIED OPEN SPA	5	64.9730	\$0	\$2,395,240
F1	COMMERCIAL REAL PROPERTY	93		\$1,793,980	\$56,414,720
F2	INDUSTRIAL AND MANUFACTURING REAL	3		\$0	\$857,610
J3	ELECTRIC COMPANY (INCLUDING CO-OP)	4		\$0	\$325,340
S	SPECIAL INVENTORY TAX	3		\$0	\$9,128,740
X	TOTALLY EXEMPT PROPERTY	33		\$0	\$127,629,010
	Totals		64.9730	\$1,793,980	\$201,858,570

2018 CERTIFIED TOTALS

Property Count: 243

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
ARB Approved Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	21		\$0	\$1,156,680
B2	DUPLEXES	1		\$0	\$1,205,570
C1	VACANT LOT	88		\$0	\$2,714,360
E1	FARM OR RANCH IMPROVEMENT	4		\$0	\$1,848,290
F1	COMMERCIAL REAL PROPERTY	91		\$16,610	\$53,047,660
F2	INDUSTRIAL REAL PROPERTY	3		\$0	\$857,610
J3	ELECTRIC COMPANY	4		\$0	\$325,340
S	SPECIAL INVENTORY	3		\$0	\$9,128,740
X		33		\$0	\$127,629,010
		Totals	0.0000	\$16,610	\$197,913,260

2018 CERTIFIED TOTALS

Property Count: 3

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY
Under ARB Review Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
C1	VACANT LOT	1		\$0	\$31,300
E1	FARM OR RANCH IMPROVEMENT	1		\$0	\$546,950
F1	COMMERCIAL REAL PROPERTY	2		\$1,777,370	\$3,367,060
		Totals	0.0000	\$1,777,370	\$3,945,310

2018 CERTIFIED TOTALS

Property Count: 246

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY

Grand Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	21		\$0	\$1,156,680
B2	DUPLEXES	1		\$0	\$1,205,570
C1	VACANT LOT	89		\$0	\$2,745,660
E1	FARM OR RANCH IMPROVEMENT	5		\$0	\$2,395,240
F1	COMMERCIAL REAL PROPERTY	93		\$1,793,980	\$56,414,720
F2	INDUSTRIAL REAL PROPERTY	3		\$0	\$857,610
J3	ELECTRIC COMPANY	4		\$0	\$325,340
S	SPECIAL INVENTORY	3		\$0	\$9,128,740
X		33		\$0	\$127,629,010
		Totals	0.0000	\$1,793,980	\$201,858,570

2018 CERTIFIED TOTALS

Property Count: 246

T06 - GALVESTON RZ 12 - N BROADWAY/GATEWAY

Effective Rate Assumption

7/21/2018 12:59:01PM

New Value

TOTAL NEW VALUE MARKET:	\$1,793,980
TOTAL NEW VALUE TAXABLE:	\$1,793,980

New Exemptions

Exemption	Description	Count
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ABSOLUTE EXEMPTIONS VALUE LOSS

Exemption	Description	Count	Exemption Amount
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PARTIAL EXEMPTIONS VALUE LOSS

NEW EXEMPTIONS VALUE LOSS \$0

Increased Exemptions

Exemption	Description	Count	Increased Exemption Amount
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INCREASED EXEMPTIONS VALUE LOSS

TOTAL EXEMPTIONS VALUE LOSS \$0

New Ag / Timber Exemptions**New Annexations****New Deannexations****Average Homestead Value**

Category A and E

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
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7	\$80,863	\$11,862	\$69,001
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Category A Only

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
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7	\$80,863	\$11,862	\$69,001
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Lower Value Used

Count of Protested Properties	Total Market Value	Total Value Used
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3	\$3,945,310.00	\$2,097,040
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2018 CERTIFIED TOTALS

Property Count: 442

T07 - GALVESTON RZ 13 - BEACHTOWN
ARB Approved Totals

7/21/2018 12:58:55PM

Land		Value			
Homesite:		21,079,330			
Non Homesite:		16,712,830			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	37,792,160
Improvement		Value			
Homesite:		56,112,600			
Non Homesite:		676,470	Total Improvements	(+)	56,789,070
Non Real		Count	Value		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	94,581,230
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	94,581,230
Productivity Loss:	0	0			
			Homestead Cap	(-)	124,041
			Assessed Value	=	94,457,189
			Total Exemptions Amount (Breakdown on Next Page)	(-)	1,960
			Net Taxable	=	94,455,229

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)
0.00 = 94,455,229 * (0.000000 / 100)

Tax Increment Finance Value: 0
Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 442

T07 - GALVESTON RZ 13 - BEACHTOWN
ARB Approved Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
EX	3	0	1,960	1,960
HS	8	0	0	0
Totals		0	1,960	1,960

2018 CERTIFIED TOTALST07 - GALVESTON RZ 13 - BEACHTOWN
Under ARB Review Totals

Property Count: 8

7/21/2018 12:58:55PM

Land		Value			
Homesite:		711,330			
Non Homesite:		879,210			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	1,590,540
Improvement		Value			
Homesite:		1,175,310			
Non Homesite:		0	Total Improvements	(+)	1,175,310
Non Real		Count	Value		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	2,765,850
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	2,765,850
Productivity Loss:	0	0			
			Homestead Cap	(-)	0
			Assessed Value	=	2,765,850
			Total Exemptions Amount (Breakdown on Next Page)	(-)	0
			Net Taxable	=	2,765,850

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)

0.00 = 2,765,850 * (0.000000 / 100)

Tax Increment Finance Value:

0

Tax Increment Finance Levy:

0.00

2018 CERTIFIED TOTALS
T07 - GALVESTON RZ 13 - BEACHTOWN**Exemption Breakdown**

Exemption	Count	Local	State	Total
	Totals			

2018 CERTIFIED TOTALS

T07 - GALVESTON RZ 13 - BEACHTOWN

Property Count: 450

Grand Totals

7/21/2018

12:58:55PM

Land		Value			
Homesite:		21,790,660			
Non Homesite:		17,592,040			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	39,382,700
Improvement		Value			
Homesite:		57,287,910			
Non Homesite:		676,470	Total Improvements	(+)	57,964,380
Non Real		Count	Value		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	97,347,080
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	97,347,080
Productivity Loss:	0	0			
			Homestead Cap	(-)	124,041
			Assessed Value	=	97,223,039
			Total Exemptions Amount (Breakdown on Next Page)	(-)	1,960
			Net Taxable	=	97,221,079

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)

0.00 = 97,221,079 * (0.000000 / 100)

Tax Increment Finance Value: 0

Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 450

T07 - GALVESTON RZ 13 - BEACHTOWN
Grand Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
EX	3	0	1,960	1,960
HS	8	0	0	0
Totals		0	1,960	1,960

2018 CERTIFIED TOTALS

Property Count: 442

T07 - GALVESTON RZ 13 - BEACHTOWN
ARB Approved Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	77		\$1,336,510	\$67,830,060
C1	VACANT LOTS AND LAND TRACTS	197		\$0	\$19,213,390
E	RURAL LAND, NON QUALIFIED OPEN SPA	4	38.0000	\$0	\$380,000
F1	COMMERCIAL REAL PROPERTY	9		\$64,920	\$851,790
O	RESIDENTIAL INVENTORY	154		\$0	\$6,304,030
X	TOTALLY EXEMPT PROPERTY	3		\$0	\$1,960
	Totals		38.0000	\$1,401,430	\$94,581,230

2018 CERTIFIED TOTALS

Property Count: 8

T07 - GALVESTON RZ 13 - BEACHTOWN
Under ARB Review Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	1		\$0	\$1,395,000
C1	VACANT LOTS AND LAND TRACTS	7		\$0	\$1,370,850
	Totals		0.0000	\$0	\$2,765,850

2018 CERTIFIED TOTALS

Property Count: 450

T07 - GALVESTON RZ 13 - BEACHTOWN
Grand Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	78		\$1,336,510	\$69,225,060
C1	VACANT LOTS AND LAND TRACTS	204		\$0	\$20,584,240
E	RURAL LAND, NON QUALIFIED OPEN SPA	4	38.0000	\$0	\$380,000
F1	COMMERCIAL REAL PROPERTY	9		\$64,920	\$851,790
O	RESIDENTIAL INVENTORY	154		\$0	\$6,304,030
X	TOTALLY EXEMPT PROPERTY	3		\$0	\$1,960
	Totals		38.0000	\$1,401,430	\$97,347,080

2018 CERTIFIED TOTALS

Property Count: 442

T07 - GALVESTON RZ 13 - BEACHTOWN
ARB Approved Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	63		\$1,336,510	\$65,690,630
A2	REAL, RESIDENTIAL, MOBILE HOME	1		\$0	\$7,500
A3	REAL, RESIDENTIAL, CONDOMINIUM	13		\$0	\$2,131,930
C1	VACANT LOT	197		\$0	\$19,213,390
E1	FARM OR RANCH IMPROVEMENT	4		\$0	\$380,000
F1	COMMERCIAL REAL PROPERTY	9		\$64,920	\$851,790
O1	RESIDENTIAL INVENTORY VACANT LAND	154		\$0	\$6,304,030
X		3		\$0	\$1,960
		Totals	0.0000	\$1,401,430	\$94,581,230

2018 CERTIFIED TOTALS

Property Count: 8

T07 - GALVESTON RZ 13 - BEACHTOWN
Under ARB Review Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	1		\$0	\$1,395,000
C1	VACANT LOT	7		\$0	\$1,370,850
		Totals	0.0000	\$0	\$2,765,850

2018 CERTIFIED TOTALS

T07 - GALVESTON RZ 13 - BEACHTOWN

Property Count: 450

Grand Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	64		\$1,336,510	\$67,085,630
A2	REAL, RESIDENTIAL, MOBILE HOME	1		\$0	\$7,500
A3	REAL, RESIDENTIAL, CONDOMINIUM	13		\$0	\$2,131,930
C1	VACANT LOT	204		\$0	\$20,584,240
E1	FARM OR RANCH IMPROVEMENT	4		\$0	\$380,000
F1	COMMERCIAL REAL PROPERTY	9		\$64,920	\$851,790
O1	RESIDENTIAL INVENTORY VACANT LAND	154		\$0	\$6,304,030
X		3		\$0	\$1,960
	Totals		0.0000	\$1,401,430	\$97,347,080

2018 CERTIFIED TOTALS

Property Count: 450

T07 - GALVESTON RZ 13 - BEACHTOWN

Effective Rate Assumption

7/21/2018 12:59:01PM

New Value

TOTAL NEW VALUE MARKET:	\$1,401,430
TOTAL NEW VALUE TAXABLE:	\$1,401,430

New Exemptions

Exemption	Description	Count
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ABSOLUTE EXEMPTIONS VALUE LOSS

Exemption	Description	Count	Exemption Amount
HS	Homestead	2	\$0
PARTIAL EXEMPTIONS VALUE LOSS			\$0
NEW EXEMPTIONS VALUE LOSS			\$0

Increased Exemptions

Exemption	Description	Count	Increased Exemption Amount
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INCREASED EXEMPTIONS VALUE LOSS

TOTAL EXEMPTIONS VALUE LOSS	\$0
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New Ag / Timber Exemptions**New Annexations****New Deannexations****Average Homestead Value**

Category A and E

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
8	\$940,668	\$15,505	\$925,163
Category A Only			

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
8	\$940,668	\$15,505	\$925,163

Lower Value Used

Count of Protested Properties	Total Market Value	Total Value Used
8	\$2,765,850.00	\$2,765,850

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 1,556

ARB Approved Totals

7/21/2018

12:58:55PM

Land		Value			
Homesite:		23,848,200			
Non Homesite:		71,763,880			
Ag Market:		11,812,997			
Timber Market:		0	Total Land	(+)	107,425,077
Improvement		Value			
Homesite:		88,535,718			
Non Homesite:		207,740,638	Total Improvements	(+)	296,276,356
Non Real		Count	Value		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	403,701,433
Ag	Non Exempt	Exempt			
Total Productivity Market:	11,812,997	0			
Ag Use:	4,349	0	Productivity Loss	(-)	11,808,648
Timber Use:	0	0	Appraised Value	=	391,892,785
Productivity Loss:	11,808,648	0	Homestead Cap	(-)	2,228,809
			Assessed Value	=	389,663,976
			Total Exemptions Amount (Breakdown on Next Page)	(-)	137,022,810
			Net Taxable	=	252,641,166

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)

0.00 = 252,641,166 * (0.000000 / 100)

Tax Increment Finance Value: 0

Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

Property Count: 1,556

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT
ARB Approved Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
DP	4	0	0	0
DV1	2	0	24,000	24,000
DV2	1	0	12,000	12,000
DV3	1	0	12,000	12,000
DV4	4	0	45,090	45,090
DVHS	2	0	465,040	465,040
EX	34	0	136,371,520	136,371,520
EX-XG	1	0	47,810	47,810
EX-XV	2	0	45,350	45,350
HS	236	0	0	0
OV65	122	0	0	0
OV65S	1	0	0	0
Totals		0	137,022,810	137,022,810

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 58

Under ARB Review Totals

7/21/2018

12:58:55PM

Land		Value			
Homesite:		1,102,400			
Non Homesite:		5,004,190			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	6,106,590
Improvement		Value			
Homesite:		5,330,538			
Non Homesite:		4,411,388	Total Improvements	(+)	9,741,926
Non Real		Count	Value		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	15,848,516
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	15,848,516
Productivity Loss:	0	0			
			Homestead Cap	(-)	329,591
			Assessed Value	=	15,518,925
			Total Exemptions Amount (Breakdown on Next Page)	(-)	0
			Net Taxable	=	15,518,925

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)

0.00 = 15,518,925 * (0.000000 / 100)

Tax Increment Finance Value:

0

Tax Increment Finance Levy:

0.00

2018 CERTIFIED TOTALS

Property Count: 58

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT
Under ARB Review Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
HS	7	0	0	0
OV65	1	0	0	0
Totals		0	0	0

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 1,614

Grand Totals

7/21/2018

12:58:55PM

Land		Value			
Homesite:		24,950,600			
Non Homesite:		76,768,070			
Ag Market:		11,812,997			
Timber Market:		0	Total Land	(+)	113,531,667
Improvement		Value			
Homesite:		93,866,256			
Non Homesite:		212,152,026	Total Improvements	(+)	306,018,282
Non Real		Count	Value		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	419,549,949
Ag	Non Exempt	Exempt			
Total Productivity Market:	11,812,997	0			
Ag Use:	4,349	0	Productivity Loss	(-)	11,808,648
Timber Use:	0	0	Appraised Value	=	407,741,301
Productivity Loss:	11,808,648	0			
			Homestead Cap	(-)	2,558,400
			Assessed Value	=	405,182,901
			Total Exemptions Amount (Breakdown on Next Page)	(-)	137,022,810
			Net Taxable	=	268,160,091

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)

0.00 = 268,160,091 * (0.000000 / 100)

Tax Increment Finance Value: 0

Tax Increment Finance Levy: 0.00

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 1,614

Grand Totals

7/21/2018

12:59:01PM

Exemption Breakdown

Exemption	Count	Local	State	Total
DP	4	0	0	0
DV1	2	0	24,000	24,000
DV2	1	0	12,000	12,000
DV3	1	0	12,000	12,000
DV4	4	0	45,090	45,090
DVHS	2	0	465,040	465,040
EX	34	0	136,371,520	136,371,520
EX-XG	1	0	47,810	47,810
EX-XV	2	0	45,350	45,350
HS	243	0	0	0
OV65	123	0	0	0
OV65S	1	0	0	0
Totals		0	137,022,810	137,022,810

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 1,556

ARB Approved Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	972		\$3,356,560	\$147,614,710
B	MULTIFAMILY RESIDENCE	9		\$0	\$34,056,026
C1	VACANT LOTS AND LAND TRACTS	226		\$0	\$12,276,164
D1	QUALIFIED OPEN-SPACE LAND	89	89.2215	\$0	\$11,812,997
E	RURAL LAND, NON QUALIFIED OPEN SPA	61	125.4234	\$0	\$3,140,276
F1	COMMERCIAL REAL PROPERTY	69		\$0	\$52,463,560
J4	TELEPHONE COMPANY (INCLUDING CO-O	2		\$0	\$37,120
O	RESIDENTIAL INVENTORY	148		\$0	\$5,835,900
X	TOTALLY EXEMPT PROPERTY	37		\$0	\$136,464,680
	Totals		214.6449	\$3,356,560	\$403,701,433

2018 CERTIFIED TOTALS

Property Count: 58

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT
Under ARB Review Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	47		\$623,870	\$9,634,916
C1	VACANT LOTS AND LAND TRACTS	7		\$0	\$2,610,880
F1	COMMERCIAL REAL PROPERTY	4		\$0	\$3,602,720
	Totals		0.0000	\$623,870	\$15,848,516

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 1,614

Grand Totals

7/21/2018

12:59:01PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	1,019		\$3,980,430	\$157,249,626
B	MULTIFAMILY RESIDENCE	9		\$0	\$34,056,026
C1	VACANT LOTS AND LAND TRACTS	233		\$0	\$14,887,044
D1	QUALIFIED OPEN-SPACE LAND	89	89.2215	\$0	\$11,812,997
E	RURAL LAND, NON QUALIFIED OPEN SPA	61	125.4234	\$0	\$3,140,276
F1	COMMERCIAL REAL PROPERTY	73		\$0	\$56,066,280
J4	TELEPHONE COMPANY (INCLUDING CO-O	2		\$0	\$37,120
O	RESIDENTIAL INVENTORY	148		\$0	\$5,835,900
X	TOTALLY EXEMPT PROPERTY	37		\$0	\$136,464,680
	Totals		214.6449	\$3,980,430	\$419,549,949

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 1,556

ARB Approved Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	277		\$3,356,560	\$78,665,550
A2	REAL, RESIDENTIAL, MOBILE HOME	2		\$0	\$99,120
A3	REAL, RESIDENTIAL, CONDOMINIUM	718		\$0	\$68,850,040
B1	APARTMENTS	9		\$0	\$32,499,506
B2	DUPLEXES	4		\$0	\$1,556,520
C1	VACANT LOT	226		\$0	\$12,276,164
D1	QUALIFIED AG LAND	89	89.2215	\$0	\$11,812,997
E1	FARM OR RANCH IMPROVEMENT	61		\$0	\$3,140,276
F1	COMMERCIAL REAL PROPERTY	69		\$0	\$52,463,560
J4	TELEPHONE COMPANY	2		\$0	\$37,120
O1	RESIDENTIAL INVENTORY VACANT LAND	148		\$0	\$5,835,900
X		37		\$0	\$136,464,680
		Totals	89.2215	\$3,356,560	\$403,701,433

2018 CERTIFIED TOTALS

Property Count: 58

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT
Under ARB Review Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	16		\$623,870	\$5,226,360
A3	REAL, RESIDENTIAL, CONDOMINIUM	32		\$0	\$4,408,556
C1	VACANT LOT	7		\$0	\$2,610,880
F1	COMMERCIAL REAL PROPERTY	4		\$0	\$3,602,720
		Totals	0.0000	\$623,870	\$15,848,516

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 1,614

Grand Totals

7/21/2018

12:59:01PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	293		\$3,980,430	\$83,891,910
A2	REAL, RESIDENTIAL, MOBILE HOME	2		\$0	\$99,120
A3	REAL, RESIDENTIAL, CONDOMINIUM	750		\$0	\$73,258,596
B1	APARTMENTS	9		\$0	\$32,499,506
B2	DUPLEXES	4		\$0	\$1,556,520
C1	VACANT LOT	233		\$0	\$14,887,044
D1	QUALIFIED AG LAND	89	89.2215	\$0	\$11,812,997
E1	FARM OR RANCH IMPROVEMENT	61		\$0	\$3,140,276
F1	COMMERCIAL REAL PROPERTY	73		\$0	\$56,066,280
J4	TELEPHONE COMPANY	2		\$0	\$37,120
O1	RESIDENTIAL INVENTORY VACANT LAND	148		\$0	\$5,835,900
X		37		\$0	\$136,464,680
	Totals		89.2215	\$3,980,430	\$419,549,949

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT

Property Count: 1,614

Effective Rate Assumption

7/21/2018 12:59:01PM

New Value

TOTAL NEW VALUE MARKET:	\$3,980,430
TOTAL NEW VALUE TAXABLE:	\$3,703,470

New Exemptions

Exemption	Description	Count		
EX-XV	Other Exemptions (including public property, re	2	2017 Market Value	\$45,350
ABSOLUTE EXEMPTIONS VALUE LOSS				\$45,350

Exemption	Description	Count	Exemption Amount
DV2	Disabled Veterans 30% - 49%	1	\$12,000
DV3	Disabled Veterans 50% - 69%	1	\$12,000
DVHS	Disabled Veteran Homestead	1	\$350,220
HS	Homestead	19	\$0
OV65	Over 65	14	\$0
PARTIAL EXEMPTIONS VALUE LOSS		36	\$374,220
NEW EXEMPTIONS VALUE LOSS			\$419,570

Increased Exemptions

Exemption	Description	Count	Increased Exemption Amount
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INCREASED EXEMPTIONS VALUE LOSS

TOTAL EXEMPTIONS VALUE LOSS \$419,570

New Ag / Timber Exemptions**New Annexations****New Deannexations****Average Homestead Value**

Category A and E

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
243	\$266,482	\$10,528	\$255,954
Category A Only			

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
242	\$267,217	\$10,572	\$256,645

2018 CERTIFIED TOTALS

T10 - GALVESTON RZ 14 - GALVESTON AIRPORT
Lower Value Used

Count of Protested Properties	Total Market Value	Total Value Used
58	\$15,848,516.00	\$14,312,546

**FRANCHISE AGREEMENT
FOR COMMERCIAL SOLID WASTE COLLECTION SERVICES
FOR THE CITY OF GALVESTON**

This Franchise Agreement for Commercial Solid Waste Collection Services (herein Franchise) is made and entered into this _____ day of _____, 2018, by and between the City of Galveston (“City”), a Texas home-rule municipality, and BFI Waste Services of Texas, LP (“Grantee”), located at 5301 Brookglen, Houston, Texas 77017. The City and Grantee may each be referred to hereinafter as a “Party” and/or collectively referred to as “the Parties”.

WHEREAS, pursuant to the City Code of the City of Galveston, Chapter 15 “Garbage and Trash”, the City recommends a franchise agreement for garbage and refuse collection services for commercial accounts within the City of Galveston (the “Agreement”).

WHEREAS, Grantee has requested the opportunity to provide garbage and refuse collection (waste collection) services for commercial accounts within the City of Galveston.

WHEREAS, the City has established certain conditions and requirements that must be met by any person that wishes to receive a Franchise Agreement for commercial solid waste collection services in the city and the Grantee has agreed to comply with the conditions and requirements the City has established in this Franchise Agreement and the Ordinance granting the Franchise.

WHEREAS, the Grantee recognizes the privileges and benefits that the Grantee will receive by entering into this Agreement with the City.

WHEREAS, the City has investigated the financial condition, experience and service record of Grantee and finds it to be a well-qualified company in the area of waste collection.

WHEREAS, this Agreement between the Parties consist of the terms and conditions set forth herein, and **Exhibit A**, identified as the proposal from the Grantee for the collection of solid waste for commercial accounts within the City of Galveston. In the event that there is a conflict between this Agreement and **Exhibit A**, this Agreement controls.

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter set forth, the parties do mutually agree as follows:

SECTION 1. Recitals and Definitions. The foregoing recitals are true, correct, and incorporated herein by reference. The following are definitions as used throughout this Agreement:

Commercial Solid Waste. Any non-hazardous Solid Waste, as defined below, generated by any Commercial Unit located with the City.

Commercial Unit. Any commercial or industrial enterprise operating within the corporate limits of City, excluding the University of Texas Medical Branch, residential dwellings that are 4-plex apartment units or less, excluding enterprises using containers of less than 2 cubic yards capacity, excluding enterprises using temporary roll offs; and excluding enterprises using containers permitted by the City during a time of public emergency declared by the Governor of the State of Texas.

Compactor. A machine or mechanism used to reduce the size of material such as waste material or bio mass through compaction.

Excluded Waste. Means highly flammable substances, Construction and Demolition Waste, Hazardous Waste, Liquid Waste, Special Waste, certain pathological and biological wastes, explosives, toxic materials, radioactive materials, material that the disposal facility is not authorized to receive and/or dispose of, and other materials deemed by state, federal or local law, or in the reasonable discretion of the Grantee, to be dangerous or threatening to health, or the environment, or which cannot be legally accepted at the applicable disposal facility.

Hazardous Waste. Waste defined as, or of a character or in sufficient quantity to be defined as, a “Hazardous Waste” by the Resource Conservation and Recovery Act, as amended, or any state or local laws or regulations with respect thereto, or a “toxic substance” as defined in the Toxic Substance Control Act, as amended, or any regulations with respect thereto, or any reportable quantity of a “hazardous substance” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended or any regulations with respect thereto. The term “Hazardous Waste” also includes any waste whose storage, treatment, incineration or disposal requires a special license or permit from any federal, state or local government entity, body or agency and any substances that, after the effective date of this Agreement, is determined to be hazardous or toxic by any judicial or governmental entity, body or agency having jurisdiction to make that determination.

Infectious Medical Waste. Waste resulting from medical procedures which may cause or is capable of causing disease, such as:

- (i) Biological waste, including blood and blood products, excretions, exudates, secretions, suctioning’s and other bodily fluids that cannot be directly discarded into a municipal sewer system, including solid or liquid waste from renal dialysis and waste materials reasonably contaminated with biological fluids.

- (ii) Cultures and stocks and etiologic agents and associated biologicals, including specimen cultures and dishes and devices used to transfer, inoculate, and mix cultures; wastes from production of biologicals; and serums and discarded live and attenuated vaccines.

- (iii) Sharps that have been removed from their original sterile containers, including needles, IV tubing with needles attached, scalpel blades, lancets, glass tubes that could be broken during handling and syringes.

Solid Waste. All materials defined as solid waste by the laws of the State of Texas or regulations promulgated thereunder by the Texas Commission on Environmental Quality (“TCEQ”) or other agency having jurisdiction over solid waste generated within such state, except that the term Solid Waste:

- i. is intended to mean and include only those substances which are normally permitted to be disposed of in a Type 1 sanitary landfill; and
- ii. shall exclude Special Waste, radioactive waste, Hazardous Waste and Infectious Medical Waste.
- iii. The solid waste shall not include any Excluded Waste.

Liquid Waste. Grease, oil, liquid waste and grease trap waste.

Special Waste. Any Solid Waste which is defined as special waste by the laws of the State of Texas or regulations promulgated thereunder by the TCEQ or other agency having jurisdiction over solid waste generated within such state.

Unacceptable Waste. Any waste excluded from the definition of Solid Waste, including Hazardous Waste, Infectious Medical Waste, Liquid Waste, Special Waste and any other material defined as unacceptable in the Franchise Agreement.

SECTION 2. Issuance of Exclusive, Revocable Franchise. An exclusive Franchise is hereby granted to Grantee to use the public streets, alleys and thoroughfares within the corporate limits of the City of Galveston, Texas, for the purpose of engaging in the business of collecting Commercial Solid Waste.

The granting of this Franchise does not create any vested rights. The Franchise and this Agreement may be suspended or revoked (terminated) in accordance with the terms of this Ordinance and this Agreement.

SECTION 3. Term. The term of this Franchise shall be for a period of five (5) years effective from October 1, 2018, and terminating September 30, 2023. The term of this Franchise may be extended for an additional five (5) years upon mutual agreement of the Parties.

SECTION 4. Independent Contractors. The parties are independent contractors as to each other. Nothing in this Agreement shall be construed as creating any agency or employment relationship. Neither Party shall make any representations tending to create an apparent or implied agency or employment relationship; neither party has the authority to act for the other or to create obligations or debts binding on the other; and neither party shall be responsible for any obligations or expenses incurred by the other.

SECTION 5. Scope and Nature of Operation. Grantee shall at all times furnish Commercial Solid Waste collection services to meet or exceed current industry standards. Grantee shall collect and deliver for disposal Commercial Solid Waste, accumulated within the corporate limits of the city, for all city commercial accounts. Residential services including 4-Plex and other smaller residential properties are excluded. Services that are contracted for by individuals or companies with the Grantee are excluded.

Grantee will, at its own expense, furnish personnel and equipment to collect the Commercial Solid Waste and will establish and maintain in an efficient and businesslike manner such scheduled routes and special schedules as may be necessary to fulfill the solid waste service requirements of the accounts located within the city. The Grantee shall provide for the solicitation and servicing of customers and in its solicitation shall recommend schedules of service to said customers.

Grantee will ensure a smooth transition into an exclusive franchisee environment by meeting with all current and future customers prior to the effective Term to educate such customers on the transition process.

A. Special Scheduled Service: Grantee shall provide special scheduled service for the following “Special Events” that occur within the City.

1. The Special Events are commonly known as:
 - a. The two weekends of the Galveston Mardi Gras;
 - b. The Lone Star Biker Rally;
 - c. Dickens on the Strand.
2. The City reserves the right to add or remove a Special Event by providing a minimum of 30 days’ notice prior to a change in the special event schedule.

The **special scheduled service** is described as the removal/management of Commercial Solid Waste that occurs on the first business day before the special event and on the first business day after the special event.

The **special schedule service area** is described as the Downtown business area from the center line of 20th Street and the center line of 25th Street and the center line of Avenue A and the center line of Avenue G, in the City of Galveston. The City reserves the right to expand or contract the geographic locations of these service areas and expand or contract the number of special events.

B. Curbside Residential Recycling Option. The City reserves the right to exercise the residential curbside recycling option at any time during the term of the agreement subject to the costs as provided for in **Exhibit C**. However, Grantee shall be provided a reasonable amount of time to acquire the resources necessary to implement such program.

SECTION 6. Non-Waiver of Powers and Regulations. This Franchise shall not be taken, or held to imply the relinquishment, or waiver by the City of its power to make other reasonable requirements, or regulations which may be necessary, or proper to secure, to the greatest extent, the safety, welfare, and accommodation of the public, including the right to adopt and enforce regulations to protect and promote the health and general welfare of the public from danger, and inconvenience in the management and operations of garbage and waste collections, and to provide such service as is contemplated by this franchise. Nothing herein contained shall constitute a waiver of any of the requirements of the rules and regulations, heretofore adopted by the City, including the right to make such changes and amendments to the rules and regulations as the City may deem to be advisable or as required by state or federal law.

SECTION 7. Vehicles. All vehicles used by the Grantee for the collection and transportation of Commercial Solid Waste shall be covered at all times while loaded and in transit to prevent the blowing or scattering of waste onto the public streets or property adjacent thereto, and such vehicles shall be marked with the Grantee's name in clearly legible letters, not less than six ("6") inches in height. Any solid waste, litter or liquid spilled, discarded, or otherwise left on public or private property by Grantee shall be cleaned up immediately by Grantee. If Grantee fails to clean up the same within two (2) hours of notification by the City, the City may cause such property to be cleaned and the City may charge all associated costs to Grantee in addition to any other penalties provided by this Ordinance and Agreement.

SECTION 8. Regulation of Containers. Grantee shall rent or lease containers to the owner or occupant of any commercial establishment within the City for waste, subject to the following requirements that include but may not be limited to:

- (1) ALL such containers shall be constructed according to good industry practice in the trade;
- (2) ALL such containers shall be equipped with suitable covers with secured, attached lids to prevent blowing or scattering of the waste while being transported for disposal of their contents;
- (3) ALL such containers shall be cleaned and maintained by Grantee so as to be in good repair, of a good appearance, and free of such refuse residues as may cause odor and provide a breeding place for flies and harborage for rodents; and
- (4) ALL such containers belonging to Grantee shall be of the same color and clearly marked with the Grantee's name and telephone number in letters not less than two ("2") inches in height. Grantee must remove its name from containers before transferring title to same, and may not place its name on containers belonging to others.
- (5) In the event of termination of this Agreement, Grantee shall as soon as practicable, but no later than 90 days, remove all containers at its sole expense.
- (6) The City may require the Grantee to service one or more of its customers' containers or enclosures at a frequency that is in addition to the contracted amount in the interest of public health. The Grantee shall respond to such a request as soon as practicable and such additional pick-ups shall be governed by the rate schedule provided for in **Exhibit B** and billed to the customer. Grantee shall work with such customer afterward to ensure that their containers are adequately sized and the frequency of their service is also adequate.
- (7) Grantee shall notify the City within 72 hours of any observed violation of the City Code, Chapter 15, "Garbage and Trash." This includes but is not limited to any dumpster enclosures that are not in compliance with the law and any parties operating within the City without a valid franchise agreement.

SECTION 9. Delinquency or Removal of Customer Service. Grantee shall remove its containers if the entity or person to which it is rented/leased has not paid Grantee in accordance with the terms of their agreement with Grantee. Grantee shall notify the City of delinquent accounts that are scheduled for termination of service when such account is 30 days past due and when such account reaches 45 days past due.

Upon each notification the City shall notify the account holder to determine the reason for the delinquency and obtain a plan to rectify such delinquency. The Grantee shall notify the

City whenever the termination or removal of a delinquent account is no longer anticipated or necessary.

SECTION 10. Disposal of refuse/waste. Grantee shall deliver all acceptable waste collected to the City Transfer Station located at 5515 Harborside Drive. In the event the transfer station becomes unavailable for use, the Parties may agree on an alternative site. However, Grantee shall be required to utilize the Transfer Station to assure that the minimum amount of tonnage delivered to the Transfer Station by the City equals, or exceeds 75,000 tons of waste annually.

The Director of Sanitation shall monitor the tonnage on a monthly basis to guarantee the City will meet its minimum annual tonnage under the contract. No other location may be used for the disposal of such refuse and solid waste during the term of this Franchise without the written authorization of the Director of Sanitation or his/her designee.

Rules and regulations governing hours of operation and disposal practices at the disposal site, as may be published by the City, will be observed and followed by the Grantee while engaged in the disposal of refuse and solid waste collected under the Franchise.

Collection and Disposal of Unacceptable Waste. It is specifically understood and agreed that the collection and disposal of Unacceptable Waste by the Grantee is not required by this Agreement, and Grantee shall in no event be required to collect or dispose of any Unacceptable Waste. Grantee, may in its discretion, provide for collection of Unacceptable Waste as long as the collection and disposal is completed in compliance with all Federal, State and local laws and regulations, and may charge customers separately therefore. Method and pricing of Unacceptable Waste removal is at the sole discretion of the Grantee and not subject to the rates in Exhibit B, attached hereto.

SECTION 11. Pickup Schedule. Grantee shall determine pickup schedules and routes for collection services pursuant to this Agreement. Such schedules and routes shall provide for pickup with a frequency that provides adequate service to collection customers, but minimizes the amount of collection truck traffic on City streets. Grantee shall avoid the use of residential streets by collection trucks or other heavy equipment operated by the Grantee without the specific permission of the City. The City reserves the right to limit the hours of operation of Grantee within the City should the need arise.

SECTION 12. Customer Service. The Grantee, at its own expense, will provide a local telephone number for customer service calls, from 8 a.m. until 5 p.m. daily, Monday through Friday, excluding such holidays as may be approved by Grantor, for the purpose of handling calls regarding waste collection services, and also including complaints of service. The customer service number shall be made available to the public via the Grantee's social media sites. The City and Grantee shall publish said customer service number on their respective web sites.

1. Grantee shall provide the City with an administrative organizational chart to include key personnel name, position, telephone number, email, cellular number, and home phone number when appropriate. Grantee shall provide to City an updated chart within 14 days after any key personnel change.

2. Grantee shall supply City with a monthly summary of all complaints lodged against Grantee for services performed in the City indicating the date and hour of inquiry or complaint receipt, the nature of the complaint or inquiry, and the manner and timing of the resolution of the complaint or inquiry.

3. Grantee shall supply City with a report of any missed collections by 9:00 a.m. of the following business day.

SECTION 13. Property Damage. Grantee shall be solely responsible for the repair and/or replacement of any damages to public property, including pavement damage, during the operation of containerized commercial solid waste collection services that is caused by the negligence or willful misconduct of the Grantee, its agents or employees. Repair and/or replacement of property includes, but is not limited to fences, gas meters, and water meters.

Section 14. Records, Reports and Inspections.

(a) The Grantee shall furnish to the City certified copies of its monthly financial and operating reports, for the City of Galveston service area, necessary to determine gross receipts, and an annual financial statement certified by a public accountant. The monthly financial operating reports shall be due within thirty (30) days of the close of the month and the annual audited financial report is due within sixty (60) days of the close of the Grantee's fiscal year. An extension of such period up to thirty (30) additional days may be granted by the City upon request by the Grantee.

(b) The Grantee shall furnish the City with an accurate copy of its customers every 3 months. The starting date to receive the reports shall be designated by the Grantor.

(c) Grantee shall keep and maintain all its books, record, accounts, documents, and papers pursuant to applicable state or federal record retention regulations.

(d) The City shall retain all of the investigative powers and other rights provided to the City by the Charter and state law.

(e) Nothing herein, shall require the Grantee to reveal confidential and proprietary information except as may be necessary to meet the requirements of this franchise. Grantor and Grantee shall endeavor to keep any information which could damage the business of the Grantee, confidential and a non-public record to the extent this can be accomplished under the law.

SECTION 15. Service Rates.

The City Council may fully regulate and fix the rates and charges for the services of the Grantee to its customers, to the full extent that such power is provided in the Charter, this franchise, and State law. Grantee's rates shall be as specified in **Exhibit B** attached hereto and made a part of this Ordinance and Franchise Agreement for all purposes. In the event there is a conflict between the rates, fees and charges outlined in Exhibit A and Exhibit B, Exhibit B shall control.

Grantee shall enter into a contract with each Customer in the same form as provided for in **Exhibit D**.

Grantee may from time to time propose changes in the general rates. Grantee shall file an application with the City Secretary for consideration by the City Council of the proposed rate change(s). City Council shall review the proposed change(s) within a reasonable time and shall afford the Grantee the opportunity to be heard at a public hearing. City Council may either approve, disapprove or otherwise amend the proposed rate changes.

The service rates in Exhibit B provide for an annual escalation clause of 2.5%. Grantee shall give the City notice of its intent to exercise such escalation clause by August 1st of each year during the Term.

The City shall not allow an unreasonable preference or advantage to anyone within a service classification, nor allow Grantee to subject anyone within a service classification to any unreasonable prejudice or discrimination. Distinctions in rates and services between locations and service classifications shall be reasonable and shall be approved by the City.

SECTION 16. Assignment of Franchise; Principal Office Location.

(a) The Grantee shall be a legal entity with legal capacity to operate, construct, reconstruct, and maintain garbage, trash, brush and commercial solid waste collection service in the City. Grantee shall maintain a place of business within the City or near enough to the City so that it can fulfill the obligation of its franchise without any unreasonable inconvenience to the public.

(b) This Franchise shall not be leased, assigned or otherwise amended without the approval by City Council.

SECTION 17. Conformity to Constitution, Statutes and City Code.

This Agreement is subject to the applicable provisions of the State and Federal Constitution, Federal laws and regulations, laws of the State of Texas, The Charter of the City of Galveston, and The City Code, as these laws may now read or hereinafter be amended. This Franchise shall in no way affect or impair the rights, obligations, or remedies of the parties under the Public Utility Regulatory Act of Texas, or amendments thereto, or any other applicable state or federal laws.

SECTION 18. Consideration.

(a) The Grantee hereby agrees to pay to the City, at the office of the Director of Finance, thirteen (13%) percent of the gross receipts measured by the waste collection service fees, revenues collected and other income from any source collected from the operation of the waste collection service pursuant to this Franchise with the City of Galveston, which remittance shall be made monthly on or before the 20th day of each calendar month. Such payment shall not release the Grantee from the payment of ad valorem property taxes levied, or to be levied, on property Grantee owns within the City. No application for a franchise will be granted unless Grantee has fully paid and kept current all ad valorem property taxes on property it owns within the City. As further consideration, Grantee agrees to pay unto the City, all transfer station fees as established in Section 15-95 of the Code of the City of Galveston, as amended.

(b) Grantee shall file with the Grantor's Director of Finance simultaneously with each payment, a sworn and certified financial statement clearly showing the gross receipts received by Grantee during the preceding month. This statement shall be filed within twenty (20) days following the end of each month. In addition, the Grantee shall file with the Director of Finance annually, after the expiration of each of the Grantee's fiscal years, a sworn and certified financial statement clearly showing the gross receipts and all components thereof received by the Grantee on an annual basis during the preceding fiscal period. Sales tax collected by the Grantee pursuant to this Agreement shall be reported to the State as being collected within the Galveston city

limits to ensure Grantor receives its proportionate sales tax from the State. Grantee is not exempt from ad valorem taxes, special taxes, assessments for public improvements and transfer station fees.

(c) In the event that any franchise payment, due but not received, on or before the applicable dates specified, interest shall be charged from such due date at the annual rate of twelve (12%) percent per annum provided; however, that if this rate should be in excess of the maximum rate authorized by state law the interest rate shall automatically be reduced to the maximum rate authorized by state law.

(d) Billing methods that have the effect of reducing or avoiding the payment of Franchise Fees are prohibited and shall be cause for termination of the Franchise and this Agreement. If the Grantee or the Grantee's employees, agents or representatives use billing methods that are false, misleading or fraudulent for the purpose of reducing or avoiding payment of Franchise fees, they may be subject to penalties as provided for herein, by the City of Galveston and by State and Federal law.

SECTION 19. INDEMNITY / INSURANCE

INDEMNIFICATION. IN ACCORDANCE WITH STATE LAW, THE GRANTEE AGREES TO INDEMNIFY, SAVE AND HOLD THE CITY OF GALVESTON HARMLESS, INCLUDING ITS OFFICERS, AGENTS, EMPLOYEES AND SERVANTS, FROM ANY CLAIMS, ACTIONS, LAWSUITS, PROCEEDINGS, DAMAGES, JUDGMENTS, OR LIABILITIES FOR PERSONAL INJURY, DEATH, OR PROPERTY DAMAGES RESULTING FROM THE NEGLIGENT ACTS OR OMISSIONS OF ANYONE UNDER THE GRANTEE'S SUPERVISION OR CONTROL.

IN THE EVENT OF ANY CAUSE OF ACTION OR CLAIM ASSERTED BY A PARTY TO THIS AGREEMENT OR ANY THIRD PARTY, THE CITY WILL PROVIDE THE GRANTEE WITH TIMELY NOTICE OF SUCH CLAIM, DISPUTE OR NOTICE. THEREAFTER, THE GRANTEE SHALL AT ITS OWN EXPENSE, FAITHFULLY AND COMPLETELY DEFEND AND PROTECT THE CITY AGAINST ANY AND ALL LIABILITIES ARISING FROM THIS CLAIM, CAUSE OF ACTION OR NOTICE.

INDEMNITY FOR INTELLECTUAL PROPERTY: GRANTEE HEREBY WARRANTS THAT THE USE OR SALE OF THE PRODUCTS, MATERIALS AND SERVICES DELIVERED HEREUNDER WILL NOT INFRINGE ON THE RIGHTS OF ANY TRADE SECRETS, PATENT, COPYRIGHT, REGISTERED TRADEMARK, OR OTHER INTELLECTUAL PROPERTY RIGHT COVERING SUCH MATERIALS AND GRANTEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY FOR ANY AND ALL COSTS, EXPENSES, JUDGMENTS AND DAMAGES WHICH THE CITY MAY HAVE TO PAY OR INCUR.

INSURANCE REQUIREMENTS: Grantee shall provide all required City of Galveston certificates of coverage and all renewals throughout the duration of the Franchise. For each policy except Workers' Compensation protection, Grantee shall name the City as an additional

insured and shall provide that the policy require the insurance carrier to notify the City a minimum of thirty days (30) in advance of cancellation of all or part of the policy. All insurance policies are to be issued by an insurance company authorized to do business in the State of Texas and using an insurance company with an A.M. Best rating of B+ or better. All subcontractors utilized must also comply with these specifications. Specific details of coverage limits and conditions are listed below.

Required Insurance:

Commercial liability insurance, naming the City of Galveston as an additional insured and as certificate holder, and waiving subrogation per the contractual requirements of this Agreement. Limits are to be equal to or greater than:

\$1,000,000 Commercial General Liability

2,000,000 general liability (includes products and personal, etc.)

\$1,000,000 fire damage

\$1,000,000 automobile damage

\$500,000 workers compensation or other state-approved program, employer's liability in compliance with the laws of the State of Texas.

Insurance coverage shall be on a "per **occurrence basis with a \$2,000,000 aggregate**".

SECTION 20. Bonds.

1. The Grantee shall provide a Performance Bond to ensure the faithful performance of the terms and conditions of this Agreement. The Surety shall be a surety company duly authorized to do business in the State of Texas. The Grantee shall pay all premiums chargeable for the Performance Bond. The Grantee shall maintain the bond in full force and effect at all times during the term of this Agreement.

2. The Performance Bond must be in the amount of (One Million Five Hundred Thousand) \$1,500,000.00.

SECTION 21. Termination, Forfeiture and Default.

Termination for Convenience – The City of Galveston may terminate the Franchise upon at least ninety (90) days prior written notice for its convenience or for any reason deemed by the City to serve the public interest and/or the City of Galveston may terminate the contract upon thirty (30) days prior written notice for any reason resulting from any governmental law, order, ordinance, regulation, or court order. In no event shall the City be liable for any profits anticipated to be made hereunder by the Grantee should the contract be terminated early.

The Parties may cancel or terminate this Franchise at any time for failure to comply with the terms, conditions, or provisions of this franchise, City Charter, City Code, or state or federal law, in accordance with the following procedure:

1. Should Grantee violate or fail to comply with the terms and provisions of this Franchise or the terms and conditions of any applicable City ordinance over a period of thirty (30) days after the Grantee was duly notified in writing by the City to cease or desist from any such

violation or failure to comply, then the Grantee may be deemed to have forfeited and annulled and shall there by forfeit and annul all rights and privileges granted by this franchise.

2. Such forfeiture shall be declared only by a written decision of the City after an appropriate public proceeding before the City Council. All due process requirements shall be met by providing the Grantee with at least fifteen (15) days prior written notice of any public hearing concerning the forfeiture of the franchise and, in addition, fifteen (15) days' notice by publication shall be given of the date, time and place of any public hearing to interested members of the public, which notice shall be paid for by Grantee.

3. The City Council, after full public hearing, may, in its discretion, forfeit the Franchise, or, upon finding a violation, or failure to comply, impose a lesser penalty than forfeiture of this franchise or excuse the violation, or failure to comply upon a showing by Grantee of mitigating circumstances, or upon showing good cause for said violation or failure to comply as may be determined by the Council. City Council, may declare said Franchise forfeited and may exclude the Grantee from further use of the streets of the City of Galveston under said Franchise forfeited and said Grantee shall thereupon immediately surrender all rights in and under the same and said franchise shall become null and void and no effect.

4. Grantee shall have the right to appeal any finding of violation or failure to comply that result in a forfeiture of the Franchise to any court of competent jurisdiction sitting in Galveston County, Texas, within thirty (30) days from the date of the City Council's decision, or the right to appeal is waived.

5. If after 90 days' notice by the City to Grantee to remove/collect their containers, and Grantee fails to collect their containers, it is understood and agreed that the City has the right but is not required, to remove, and sell said containers at any public auction to recover the removal and storage fees. Any excess proceeds after sale shall be remitted to Grantee.

SECTION 22. Retention of Rights by City. The City of Galveston, in granting this Franchise, fully retains and reserves all the rights, privileges, and immunities that it now has under the law to fully patrol and police the streets, alleys, and public ways within the city and the granting of this Franchise in no way interferes with the improvements or maintenance, or any other street, alleys, and public ways, and the rights of the Grantee herein to use said streets shall at all times be subservient to the right of the governing body of the City of Galveston to fully exercise its rights or control over said streets, alleys and public ways.

SECTION 23. Amendments. The City of Galveston expressly reserves the right, after due notice to Grantee, to modify, amend, alter, change or eliminate any of the provisions of this Franchise and to impose such additional conditions upon the Grantee as may be just, reasonable and necessary for the purpose of insuring adequate service to the public.

SECTION 24. No Waiver; Penalties

(a) Failure of the City to act upon any violation of any of the terms and conditions of the Franchise Agreement does not excuse or waive the Grantee from complying with any of the terms and conditions of the franchise Agreement.

(b) Grantee's violation or failure to comply with any of the provisions of the Ordinance or this Agreement is subject to a fine of not more than Five Hundred (\$500.00) Dollars and each day any violation or non-compliance continues shall constitute a separate and distinct offense.

(c) The penalty provided herein shall be cumulative of other remedies provided herein and by State and Federal law including, but not limited to, the power to forfeit or terminate this Franchise, the power of injunction or any other equitable remedies as provided by State law and the right to sue for damages which remedies may be exercised in enforcing this ordinance whether or not there has been a criminal complaint filed.

SECTION 25. Taxes. The Grantee shall promptly pay all lawful ad valorem taxes, and such other levies and assessments that may lawfully be imposed upon it. Failure to pay any of such charges or taxes shall be deemed a breach of the Franchise Agreement.

SECTION 26. Applicable Law, Venue and Jurisdiction: This Agreement shall be construed under and in accordance with the laws of the State of Texas, with jurisdiction in the courts of the State of Texas and venue in Galveston, County regardless of where the obligations of the parties were performed. By execution of this Agreement, the parties agree to subject themselves to the jurisdiction of the Courts of the State of Texas in all matters relating to or arising out of this Agreement.

SECTION 27. Entire Agreement: This Agreement and all the terms and provisions contained herein, including without limitation the exhibits hereto, constitute the full and complete agreement between the Parties, and shall supersede and control over any and all prior agreements, understandings, representations, correspondence and statements, whether written or oral. Grantee, by signing this Agreement, acknowledges the City of Galveston is entering into this Agreement in its governmental capacity, and not a proprietary capacity. No changes in the terms of this Agreement shall be binding unless it is in writing and signed by an authorized representative of both parties.

SECTION 28. Attorney's Fees: In the event there is a dispute concerning this Agreement, each party shall be responsible for its own costs and expenses including attorneys' fees and court costs incurred in the course of any dispute, mediation, or legal proceeding.

[Signatures on following page]

IN WITNESS WHEREOF, City and Grantee have entered into this Agreement, effective as of the day and year first above written, with the intention of being legally bound hereby.

CITY OF GALVESTON

Grantor:

BFI Waste Services of Texas, LP

Grantee:

By: _____ Date: _____
Brian Maxwell, City Manager

By: _____ Date: _____
_____, General Partner

ATTEST:

Janelle Williams
City Secretary

APPROVED AS TO FORM:

City Attorney's Office

**BY EXECUTION OF THIS AGREEMENT, COMPANY ACKNOWLEDGES
RECEIPT OF A COPY OF THIS FRANCHISE AGREEMENT AND ORDINANCE, AND
HEREBY ACCEPTS THE TERMS OF THE SAME.**

**THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §**

On this day, BEFORE ME, personally appeared _____ its General Partner, of BFI Waste Services of Texas, LP., personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted executed the instrument.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, 2018.

Notary Public in and for the State of Texas

EXHIBIT A:

**GRANTEE'S PROPOSAL FOR SOLID WASTE COMMERCIAL HAULING SERVICES
WITHIN THE CITY OF GALVESTON**

EXHIBIT B:

COMMERCIAL RATE HAULER RATES

EXHIBIT C

CURBSIDE-RESIDENTIAL RECYCLING RATES DURING OPTION PERIOD

EXHIBIT D
FORM OF CUSTOMER CONTRACT

ORDINANCE NO. 18-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, GRANTING AN EXCLUSIVE, REVOCABLE FRANCHISE AGREEMENT TO BFI WASTE SERVICES OF TEXAS, LP, TO PROVIDE A GARBAGE AND REFUSE (WASTE) COLLECTION SERVICE FOR COMMERCIAL ACCOUNTS, WITHIN THE CITY OF GALVESTON FOR FIVE YEARS; TERMINATING ALL PRIOR FRANCHISE GRANTS FOR COMMERCIAL GARBAGE AND REFUSE COLLECTION SERVICES; PROVIDING FOR A CURBSIDE RESIDENTIAL RECYCLING OPTION CLAUSE; PROVIDING FOR THE SCOPE AND NATURE OF THE OPERATION; PROVIDING FOR FEES; PROVIDING FOR A PENALTY PROVISION; PROVIDING FINDINGS OF FACT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to the City Code of the City of Galveston, Chapter 15 “Garbage and Trash”, the City recommends a franchise agreement for garbage and refuse collection services for commercial accounts within the City of Galveston; and,

WHEREAS, BFI Waste Services of Texas, LP, has requested the opportunity to provide garbage and refuse collection (waste collection) services for commercial accounts within the City of Galveston; and

WHEREAS, the City has investigated the financial condition, experience and service record of BFI Waste Services of Texas, LP and finds it to be a well qualified company in the area of waste collection;

WHEREAS, the City finds that granting an exclusive Franchise to a sole commercial hauler will provide more efficiencies in managing such operations and will bring about more accountability and responsiveness between the parties;

WHEREAS, the terms, nature and scope of the Franchise Agreement are more fully set forth in Attachment A, the “Franchise Agreement”, attached and fully incorporated herein for all purposes; and,

WHEREAS, after notice and publication of this Ordinance as required by the City Charter and applicable local and state laws and after public hearings where evidence was received concerning the granting of a franchise to BFI Waste Services of Texas, LP, it is the opinion of the City Council that it would promote the public health, welfare and safety, and that the applicant has demonstrated that the granting of this franchise would serve the public convenience and necessity.

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. In considering this agreement the City Council has exceeded the requirements of the Code of the City of Galveston Section 15-65, by having this Ordinance granting a Franchise Agreement read at a minimum of three regular meetings of the Council and was finally acted upon thirty (30) days or more after the first reading thereof. Within five days (5) days following each of the three readings of the Ordinance, the full text thereof was published one time in the official newspaper of the City, and the expense of such publication was borne by the Franchise Holder.

SECTION 3. The City Council hereby finds and declares that public convenience and necessity require the granting of an exclusive commercial refuse solid waste collection services franchise, which is to be furnished by the Grantee named herein.

SECTION 4. An exclusive franchise is hereby granted to BFI Waste Services of Texas, LP, hereinafter referred to as “Grantee” or “BFI”, to use the public streets, alleys and thoroughfares within the corporate limits of the City of Galveston, Texas, for the purpose of engaging in the business of collecting non-hazardous, commercial garbage, trash, brush, and other refuse, herein (“waste”).

The Franchise Agreement between the Parties consist of the terms and conditions set forth in Attachment A, the “Franchise Agreement”, attached and fully incorporated herein for all purposes, for the waste collection services for commercial accounts within the City of Galveston.

All prior Commercial Hauler Franchise Grants are hereby terminated, revoked or rescinded.

SECTION 5. This Franchise Ordinance and Agreement does not pertain to Temporary Haulers which are addressed separately in the City Code.

SECTION 6. The term of this Franchise shall be for a period of five years effective from October 1, 2018, and terminating September 30, 2023.

SECTION 7. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Ordinance.

SECTION 8. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 9. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 10. This Ordinance shall be and become effective no October 1, 2018.

APPROVED AS TO FORM:

DONALD S. GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its Regular Meeting held on _____, 2018 as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ___ day of _____, 2018.

Secretary for the City Council
of the City of Galveston

EXHIBIT A:

**FRANCHISEE'S PROPOSAL FOR SOLID WASTE COMMERCIAL HAULING
SERVICES WITHIN THE CITY OF GALVESTON**



CITY OF GALVESTON, TEXAS

TRANSFER STATION AND RECYCLING CENTER OPERATIONS

RFP # 17-23



REPUBLIC
SERVICES

SUBMITTED BY: Steve Carroll
DATE: October 18, 2017
ADDRESS: 5301 Brookglen Drive
Houston, TX 77017
(713) 539-3782



TABLE OF CONTENTS

TITLE PAGE

TAB 1

COVER LETTER

Exceptions to Specifications

Contact Information

Corporate Resolution for GM Signatory Authority

TAB 2

CORPORATE OVERVIEW & CAPABILITIES

Table of Contents

TAB 3

LEGAL & FINANCIAL DOCUMENTATION

Bid Bond

Performance Bond Commitment

Selected Financial Information

Sample Certificate of Insurance

Legal Disclosures

TAB 4

REPUBLIC SERVICES, INC 2016 FORM 10K

TAB 5

REQUIRED FORMS / PRICING DOCUMENTS

BACK COVER

REPUBLIC SERVICES, INC 2016 SUSTAINABILITY REPORT



October 18, 2017

City of Galveston Purchasing Department
823 Rosenberg
Street Room 306
Galveston, TX 77553

Re: City of Galveston RFP # 17-23 "Transfer Station and Recycling Center Operations"

Good afternoon, Ladies and Gentlemen:

Enclosed, please find the submission of Republic Services of Houston in response to the above referenced Request for Proposals.

This submission conforms to the requirements and addresses all of the required elements as set forth in the Request. We have read and are familiar with the requirements of this Request and the information contained in this Proposal or any part thereof, including its exhibits, schedules and other documents and instruments delivered or to be delivered to the City are true, accurate and complete to the Proposer's knowledge. This Proposal includes all information necessary to ensure that the statements herein do not in whole or in part mislead the City as to any material facts. As required in Section 6(I), "Validity Period", all rates quoted herein will remain firm for a period of 90 (ninety) calendar days from the due date.

In our continuing effort to deliver quality services to the City on a "best value" basis, we have opted to submit proposed rates for the following services in the Request:

- Operation and Maintenance of the City Owned Solid Waste Transfer Station,
- Commercial and Industrial Containerized Solid Waste Collection and Disposal Services, and
- Residential Recycling Services

We are of the opinion that implementation of a successful curbside recycling program will minimize the need for a permanent citizen's drop off recycling center.

Should the City accept our Proposal, a final Agreement will be negotiated between the City and Republic Services which will include terms acceptable to both parties. Please note that Republic Services would take exceptions to specifications in the Request as detailed below:

Insurance Requirements: Republic Services takes the following exceptions to the insurance provisions:

- a) The City will not be named as an additional insured on any workers' compensation (or other state-approved program) policies.
- b) After "workers compensation", and "or other state-approved program" in Section I(3)(A)(i) as Republic is a non-subscriber to workers compensation in the State of Texas;
- c) Delete "including All States Endorsement" in Section I(3)(A)(i).
- d) Delete Medical Payments in Section I(3)(A)(ii) and add "blanket-form" before Endorsements in the last line of this same subsection.
- e) Delete the requirement to carry professional liability insurance in Section I(3)(a)(iv) as this is not applicable to the services.

Indemnity: Insert the following in Section II(3)(B) of the agreement: "Notwithstanding anything to the contrary in this section, Contractor shall have no obligation to indemnify the City of Galveston to the extent that any claims, losses, damages, causes of action, suits, or liabilities are caused by the negligence or willful misconduct of the City of Galveston, its offers, agents or employees."

Final Contract: Republic Services reserves the right, if awarded the bid, to negotiate a contract that is mutually acceptable to both parties. At a minimum, the final contract must include the following provisions:

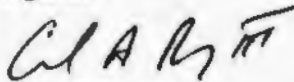
- a) The solid waste shall not include any Excluded Waste.
- b) "Excluded Waste" means highly flammable substances, Hazardous Waste, liquid wastes, special wastes, certain pathological and biological wastes, explosives, toxic materials, radioactive materials, material that the disposal facility is not authorized to receive and/or dispose of, and other materials deemed by state, federal or local law, or in the reasonable discretion of Contractor, to be dangerous or threatening to health or the environment, or which cannot be legally accepted at the applicable disposal facility.
- c) "Hazardous Waste" means waste defined as, or of a character or in sufficient quantity to be defined as, a "Hazardous Waste" by the Resource Conservation and Recovery Act, as amended, or any state or local laws or regulations with respect thereto, or a "toxic substance" as defined in the Toxic Substance Control Act, as amended, or any regulations with respect thereto, or any reportable quantity of a "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any regulations with respect thereto. The term "Hazardous Waste" also includes any waste whose storage, treatment, incineration or disposal requires a special license or permit from any federal, state or local government entity, body or agency and any substance that, after the effective date of this Agreement, is determined to be hazardous or toxic by any judicial or governmental entity, body or agency having jurisdiction to make that determination.
- d) Notwithstanding anything set forth in this Agreement or otherwise to the contrary, ownership and liability of Excluded Waste shall not pass to Contractor.

As required, rate information for individual services is included in those sections of the RFP rate documents. Please note that, all rates quoted by Republic Services of Houston in this submission are exclusive of applicable taxes and fees, including existing Franchise Fees.

We are proud to provide this submission to the City and look forward to discussing it with you at your convenience. Should you have questions or require additional clarification on any portion of our submission, please *do not hesitate* to contact me. I can be reached by phone at (225) 810-2434 or by email at CRay@republicservices.com. Should I be unavailable for any reason, you may also contact Steve Carroll by phone at (713) 539-3782 or by email at SCarroll@republicservices.com.

On behalf of Republic Services of Houston, we are extremely appreciative of the opportunity to have been of continual service to the City of Galveston during the past 10+ years and look forward to continuing our partnership with the City in the foreseeable future.

Regards,



Calvin A Ray III
For Republic Services of Houston

CR/sc

xc: B. Rogers

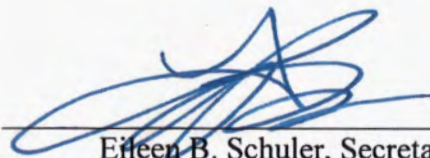
CERTIFICATE OF SECRETARY
RELATING TO THE BID OR PROPOSAL FOR
TRANSFER STATION AND RECYCLING CENTER OPERATIONS
FOR THE CITY OF GALVESTON
IN THE STATE OF TEXAS

The undersigned, Secretary of **ALLIED WASTE LANDFILL HOLDINGS, INC.**, a Delaware corporation, the general partner (the "General Partner") of **BFI WASTE SERVICES OF TEXAS, LP**, a Delaware limited partnership (the "Partnership") hereby certifies that the following is a true and correct copy of the resolution which was duly adopted by written consent of the General Partner on February 24, 2016, that such resolution has not been rescinded, amended or modified in any respect, and is in full force and effect on the date hereof:

RESOLVED, that (i) any individual at the time holding the position of General Manager or Area Director, Finance be, and each of them hereby is, appointed as an Authorized Agent, to act in the name and on behalf of the General Partner, in its capacity as the General Partner of the Partnership, and to include the execution of related documents, in connection with the day-to-day business activities of the Partnership, and further, that (ii) in addition to the General Manager or Area Director, Finance, any individual at the time holding the position of Area Director, Business Development; Area Director, Operations; or Market Vice President be, and each of them hereby is, appointed as an Authorized Agent to execute any bid and proposal, and if awarded, any related contract for services to be performed by the Partnership and any bond required by such bid, proposal or contract, all in accordance with the existing Levels of Authority and other relevant policies and procedures.

I further certify that **CALVIN A. RAY, III** holds the title of General Manager and in such capacity has full authority to act in the name and on behalf of the Partnership as set forth in the foregoing resolution.

WITNESS MY HAND, this 2nd day of August, 2017.



Eileen B. Schuler, Secretary

Corporate Data Sheet Report

As of August 01, 2017

BFI Waste Services of Texas, LP

Formed in Delaware on 03/29/2001

Status:	Current	
Entity Type :	Limited Partnership	
Federal ID #:	86-1024527	Internal #: 8Z
Domicile:		

Primary Address

18500 North Allied Way
Phoenix, Arizona 85054

Partners

Title

Allied Waste Landfill Holdings, Inc.	General Partner
Allied Waste Systems Holdings, Inc.	Limited Partner

Direct Owners

	<u>Registered in</u>	<u>%Ownership</u>
Allied Waste Landfill Holdings, Inc.	Delaware	1.0000 %
Allied Waste Systems Holdings, Inc.	Delaware	99.0000 %

Registrations

		<u>Charter No.</u>	<u>Tax ID No.</u>	<u>Date</u>	<u>End Date</u>
Delaware	Formation	3375017		03/29/2001	
Louisiana	Qualification	41012954L		12/06/2012	
Texas	Qualification	00148677-11	18610245278	04/03/2001	



Table of Contents

Contents

Table of Contents	i
Executive Summary	1
Best Value	1
Local Leadership with National Support	2
Sustainability	3
Operations	3
Materials	3
Communities	4
Safety	4
People	4
Customer First	5
We'll Handle It From Here™	5
Company Overview	6
Local Presence	6
Our Company	7
Vision	8
Values	8
Strategy	9
Brand	9
Sustainability	9
People	9
Leadership	9
Ownership	9
Credit Rating	10
Associations	10
Facilities	11
Hauling Company	11
Transfer Station	12

Material Recovery Facility (MRF)	12
Landfill.....	13
Customer Resource Center (CRC).....	13
Facilities Serving Galveston	14
Collections – Operations.....	15
Operations Overview	15
Operations Training	15
Routing Optimization.....	16
Communication with the Community.....	16
Economy of Scale	16
Collection – Rear Load Residential Recycling	17
Residential Recycling Collection.....	17
Service Days	18
Collections – Commercial.....	19
Commercial Solid Waste	19
Commercial Recycling.....	19
Flexible, Tailored Solutions.....	19
Methodology and Procedures	19
Front Load Vehicles.....	20
Small Containers.....	20
Holidays & Schedule Disruptions.....	20
Small Container Dimension Guide	21
Collections – Industrial Roll-Off	22
Roll-off and Compactor Collection Overview	22
Industrial Waste	23
Industrial Recycling	23
Special Waste.....	23
Methodology and Procedures	23
Account Accessibility	23
Holidays & Schedule Disruptions.....	23
Industrial Collection Equipment	24
Industrial Containers	24



Large Container Dimension Guide	25
Collection – Multi Family	26
Multi Family MSW Collection	26
Multi Family Recycle Collection	26
Post Collections – Transfer Stations & Landfills	27
Post Collection Process	27
Transfer Station	27
City of Galveston Transfer Station Profile	27
Landfill	28
Galveston County Landfill Profile	28
Design	29
Facility Operations	29
Regulatory Compliance	29
Post Collections – MRF	30
Recycling Overview	30
Marketing	30
Equipment	30
Processing Cycle	30
Residual Materials Management	31
Permits and Regulatory Compliance	31
Customer Service	32
Net Promoter Score	32
We Delight Our Customers	32
Knowledge and Experience Delivers Satisfaction	32
Customer Access	32
Customer Service Principles	33
What to Expect	33
When you call our Customer Resource Center, a sophisticated series of actions begin:	33
Value of Three National Centers	34
Sustainability	35
Implementation Plan	38
Our Approach	38



Implementation Table	39
Key Personnel	40
Local Leadership	40
National Backing	41
Key Personnel Bios	41
Area President	41
General Manager	41
Municipal Manager	41
Business Unit Controller	41
Operations Manager	42
Maintenance Manager	43
Operations Supervisors	43
Human Resources Manager	43
Customer Service Manager	43
One Fleet	44
Preventative Maintenance	44
Planning and Scheduling	45
Workplace Organization	45
Training	45
Drivers Practice	45
Parts Management	45
Vehicle Inspection Reports	46
Vehicle Appearance	46
Public Education and Outreach	47
Website	47
My Resource™	48
Reference Guides & Collateral	48
Welcome Packet	48
Annual Education Updates	48
Oops Tags	48
Presentations to Schools and Other Community Organizations	48
Enroll and Involve the Entire School Community in Becoming Great Recyclers	49



1) Communication and Feedback	49
2) Logistical Training in an Educational Format	49
3) Recycling Champions	49
4) District Recycling Committee	49
5) Recycling Education	50
Public Events	50
Curbing Contamination	51
Community Engagement	52
Thought Leadership	52
Community Events	52
Volunteering	53
In-Kind or Cash Contributions	53
Awards and Recognition	53
Safety	54
Safety Overview	54
Think. Choose. Live.	54
ReSOP Program	54
Safety Meetings & Training	55
Safety Recognition Program	55
Drivers' Alert System	55
Driver Grading System	55
Quality Control	56
Together for Safer Roads	57
Focus 6	57
Personal Protective Equipment	58
Driver of the Year	58
Subcontract / MBE	59
Fostering Economic Growth	59
Sub-Contracting Opportunities	59
Transition Plan	60
Experience Matters	60
Financials and Other Requested Information	62

Financial Overview	62
Financial Reporting	62
Labor Agreements and Wages	62
Litigation Information	63
Republic Services Identifications, Classifications and Ratings	64
Summary Financial Information – Income Statement	65
Summary Financial Information – Balance Sheet	66
Bank and Credit References	67
Employee Engagement	68
Driver Training	68
Supervisor Training	69
Management Training	69
Career Development	70
Creative Offerings and Solutions	71
Electronics Recycling with BlueGuard™	72
Sustainability	72
Safety	73
Security	73
Environmental Protection	73
Storage Space	73
Product Delivery Options	73
Collection Methods	73
Universal Recycling	74
Product Delivery Options	74
Peace of Mind	74
Sharps	75
Environmentally responsible	75
Simple program	75
Trouble-free set up	75
Household Hazardous Waste	76
Drop off location	76
Scheduled Pick Up	76



REPUBLIC
SERVICES



RFP # 17-23
Transfer Station and
Recycling Center
Operations

Emergency Response	77
Republic Services Responds	77
Plan Implementation	77



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Executive Summary

92% of municipalities partnered with Republic Services extend their contracts because of our partnerships and local expertise offering simple, reliable solutions that are environmentally responsible.

Best Value

We'll handle it from here™, our brand's promise, lets customers know they can always rely on us to handle their recycling and waste needs in a way that is easy and effortless for them.

There is an undeniable energy of excellence at Republic, and it is surging through everything we do. Excellence is the essence of our Growth through Differentiation strategy.

We believe that excellence means being better than competitors at everything we do. Every day. We begin by actively listening to our customers. We seek out thousands of conversations each month, mining for insights into customer wants and needs. Those insights

lead to innovation. Our innovation brings about simple solutions for our customers.

Republic Services is your low-risk, best value partner

- A number of employees live in the Galveston Area
- 20 years continuously serving Galveston and the Galveston Area
- Reliable - 99.9% pickup rate
- Environmental Responsibility - over 2,400 CNG trucks nationwide
- Safer - 41% fewer incidents than industry average
- Simple Solutions – Customer App, My Resource
- Only recycling and waste company named to the 2017 Forbes America's Best Employer List
- Only recycling and waste company on the Dow Jones Sustainability Index North America and World Indices
- Member of 2017 World's Most Ethical Company® List by Ethisphere Institute
- Three fully staffed, US-based, national customer resource centers

Figure 1. You're Low-Risk, Best Value Partner - Republic Services is proud to lead the industry in many key factors that make us your preferred partner for municipal recycling and waste services.

Strengths of our Company	Benefits to Municipality
99.9% On-time pickup rate	Happy community; fewer calls to City
41% safer than industry average	Fewer incidents; safer community streets for children at play
Simple Solutions for your community waste and recycling needs	Easy access to solutions for the growing number of waste streams
Recognized Globally on Dow Jones Sustainability Index	Peace of mind that you have a global leader in sustainable initiatives as your partner
Most advanced, integrated Customer Resource Centers in the industry	Longer customer service hours, with hundreds of trained agents networked together nationwide
Web and Smartphone based apps for easy access by community residents to relevant information	Stronger communications, and ease of alert and news dissemination
Robust community education and outreach	Better informed community leads to lower contamination and greater diversion rates

We configure products and services to the individual customer, at the right price.

Next, we make it an effortless and enjoyable experience. We enable customers to interact with us on their terms: online, in-person or by phone. Then, the best people deliver a superior product or service, fulfilling and exceeding our promise. Every time.

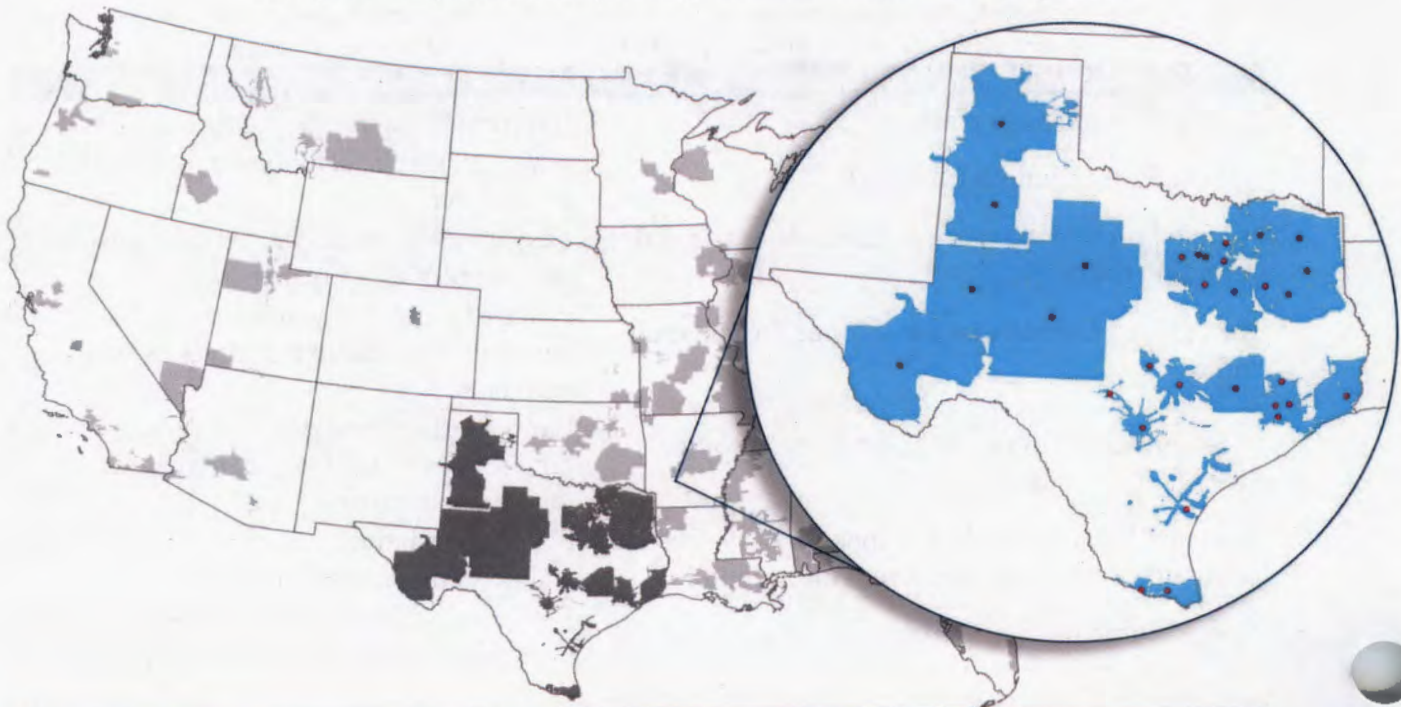
The zeal for our customers has brought forth new and exciting changes. From operations to talent to technology, we are focused on not just meeting the needs of our 14 million customers, but exceeding them.

Low cost providers in the industry sacrifice one or more of these elements, translating to risk to your municipality. Republic Services is your best-value partner, through our proven and demonstrated balance of these factors, while serving over 2,700 municipal contracts today.

Local Leadership with National Support

Our local team is vital to the successful delivery of this contract and its daily operations. This team's unique combination of collection experience, recycling expertise, and innovative management systems will ensure quality service for the duration of the contract. Our local and area management teams have extensive industry experience in operating and managing solid waste companies and have substantial experience in the region. As a result of retaining experienced managers with extensive knowledge of their local communities, we are proactive in anticipating customers' needs and adjusting to changes in the markets. We also seek to implement the best practices of our various business units throughout our operations to continue improving our operations and service to our customers.

Figure 2. **Local accountability backed by national support.** Our Galveston operations are backed by our corporate-wide strength and experience, incorporating innovations from other local operations.





While our local business operation is fully empowered and accountable for delivering on our commitments, they are also backed by the support and breadth of our area and corporate leadership teams, capable of amassing expertise and corporate support to assist or respond to any challenge. An example of this benefit to you is the response capabilities during times of crisis such as hurricanes, tornados, or other disasters. In times of challenges like this, our area and corporate teams activate to ensure people, assets and services are safe and can return to normal operations quickly. This is a considerable benefit and risk mitigation to Galveston that many other providers in the industry are unable to stand behind.

Sustainability

Sustainability contributes to a cleaner world, while also providing opportunities to improve brand awareness, to increase customer loyalty, to grow our business, to motivate our employees and to differentiate Republic Services from our competitors.

We believe we have a responsibility to regenerate our planet with the materials we are entrusted to handle every day by driving increased recycling, generating renewable energy, and helping our customers be more resourceful.

Additionally, we must lead by example, working diligently to improve our relationship with the environment and society through decreased vehicle emissions, innovative landfill technologies, use of renewable energy, community engagement and employee growth opportunities.

Operations

We exercise the utmost responsibility in our operations. This includes our fleet, our buildings, our landfill technology and the day-

Republic Services South Houston Division Exclusive Franchise Partners

<u>City of League City</u>	– 33,000 residences / 1000 commercial locations
<u>City of Texas City</u>	– 13,000 residences / 600 commercial locations
<u>City of Dickinson</u>	– 7,000 residences / 250 commercial locations
<u>City of La Marque</u>	– 6,000 residences / 250 commercial locations
<u>City of South Houston</u>	– 3,500 residences / 300 commercial locations
<u>City of Webster</u>	– 600 residences / 800 commercial locations
<u>Chambers County MUD #1</u>	– 1,200 residences
<u>Spring Meadows MUD</u>	– 1,500 residences

to-day activities we conduct in our communities. We are working hard to understand and measure our impact on air, land and water to minimize or eliminate any negative consequences, where possible.

Materials Management

We recognize the responsibility and opportunity we have in managing the nation's waste stream to provide a source of recovered and renewable materials and energy to the economy. We are innovative and constantly exploring new options to capture value and energy from materials in the waste stream, while ensuring environmental responsibility and sustainability.

Communities

We are dedicated to being a good neighbor in the communities in which we live and work. This includes investing back in our communities through customer engagement, philanthropic giving, volunteerism, environmentally responsible infrastructure, and operating in over 240 markets at the highest standards.

Republic's community engagement plan is based on the needs of the community-based organizations and civic and business entities in Galveston. Republic has a track record of giving to and spending in the Galveston area. Our estimated spend in this area is estimated to be nearly \$100,000.00 annually.

Safety

We prioritize safety above all else. When people feel safe, they can fully participate in the opportunities that are available to them every day.

Republic has a consistently low and trending lower occurrence of incidents and accidents and is known for its strict focus on safety and corresponding best in industry, multi-faceted, and well organized safety program. Republic's average OSHA scores are lower than the average OSHA scores for the waste industry

according to Department of Labor, Bureau and Statistics Data. Employees, the general public, and rate payers all benefit from Republic's dedication to safety. Republic has been and will continue to strive to be the safest waste services company in America. We are 41 percent safer than our competition. Republic also has one of the youngest fleets among waste services providers in the United States.

People

Engaged employees are the greatest indicator of our success. We provide ongoing job training, growth and development opportunities for our employees at every level. We are invested in our employees and continue to look for meaningful ways to demonstrate our appreciation for the hard work and dedication they show each and every day.

Republic is a local company staffed with a committed team of over 200 professionals who take personal responsibility for serving customers with care, and Republic is also an industry leader providing the strength of its national network, decades of experience, diversified capabilities and expertise serving clients of all sizes—including, proudly, the City of Galveston.

Figure 3. 5 Elements of Sustainability – These commitments are reflected in the way we do business and guided by the five elements of our sustainability platform.



Customer First

In 2016, Republic Services made a major commitment to further differentiate from our competitors by investing in the enhancement of the quality and reliability of our customer service capabilities. To accomplish this, we consolidated hundreds of small call centers across the country into three state-of-the-art, fully integrated Customer Resource Centers (CRC) located in Phoenix, AZ, Indianapolis, IN, and Charlotte, NC. These facilities were

selected for their location to ensure we can deliver call support for 15 hours per day (7:00am Eastern to 7:00pm Pacific) on weekdays, and 5 hours on Saturday.

We'll Handle It From Here™

Our brand promise is backed by the details of this proposal. In summary, we take pride in offering you a best-value partnership that consists of Simple Solutions, which are Reliable and Environmentally Responsible.

Figure 4. **We'll Handle It From Here™** – Our brand promise to you is backed by our three pillars of differentiation, enabling us to be your preferred recycling and waste partner.



Figure 5. **An industry leading safety program** that has been 41% better than the industry average.



- **Simple Solutions** – We offer a wide range of tailored products to assist the community in the responsible recycling or disposal of unique waste streams that include electronics, universal waste, or household hazardous waste. Additionally, our investments in customer-facing web and smartphone based apps allow simple interaction between customers and Republic Services, offering service details, alerts, as well as delivery schedules and billing information.

- **Reliable** – Our operations and performance metrics prove that we are your most reliable partner. Our 99.9% pickup rate means that you face fewer calls from the community regarding service, and when callers reach out to us for any needs, we strive for 1st call resolution through our fully integrated customer resource centers. Our drivers are the safest in the industry, which means your residents are better off with our team on your streets.
- **Environmental Responsibility** – We are globally recognized as a leader in sustainability. Our investments in recycling infrastructure, Natural Gas powered trucks, and landfill gas-to-energy plants are all examples of how we drive to be a good neighbor in every municipality we partner with.

It is through these initiatives and recognitions that we reiterate our commitment to Galveston. On behalf of the 33,000 employees at Republic Services, we appreciate the opportunity to earn your business through this submittal, and look forward to a long and continued partnership for years to come.

Company Overview

Republic Services is a leading provider of municipal recycling and waste services in the country, serving over 2,700 communities, with over 14 million customers in 39 states and Puerto Rico.

Local Presence

During the past 20 years, Republic Services has partnered with municipalities, residents, and businesses in the Galveston County area to provide solid waste, recycling, yard waste and bulky item collection services as well as post collection services including landfill and transfer station operations and management.

Republic Services invests in our communities by continuing to provide customers with safe, customer service focused solutions

- Municipalities that partner with Republic Services choose to renew or extend 92% of the time
- Our 15,000 drivers execute 5.8M pickups/day
- Average tenure of Republic Services Municipal customer is over 12 years
- As a corporate partner we sponsor and are present in the communities we serve.
- Over 50,000 residential customers, 5,000 commercial and industrial customers in the Galveston County Area.
- Republic Services deploys over 150 trucks daily from its local collection operations.

Republic Services is integrated in the community, employing approximately 50 people within the Galveston Area, some of whom live in Galveston County and the City of Galveston.

We place great importance on our human capital and recognize that our employees are our most important asset. Republic Services endeavors to provide the very best working conditions, including a safe environment, competitive pay and benefits, and many opportunities for professional growth. In fact, a number of our supervisors and managers began their careers at Republic Services as drivers, landfill operators, or technicians.

Our Company

Republic Services is an industry leader in the non-hazardous solid waste industry with revenues in excess of \$9.3 billion and over 33,000 dedicated employees. Figure 6 shows our lineage, which includes three of the industries most recognized brands, who combined in 2008. All of our legacy brands operate today as a part of the Republic Services family.

Republic's collection companies, transfer stations, recycling centers and landfills focus on providing effortless solutions for our more than 14 million commercial, industrial, and residential customers. Republic Services responsibly operates 333 collection operations, 204 transfer stations, 192 active solid waste landfills and 64 recycling centers across 39 states and Puerto Rico. We also have 71 landfill gas and renewable energy projects and are adding new facilities every year.

Figure 4. **Company History** – Today's Republic Services is the product of three former industry leaders

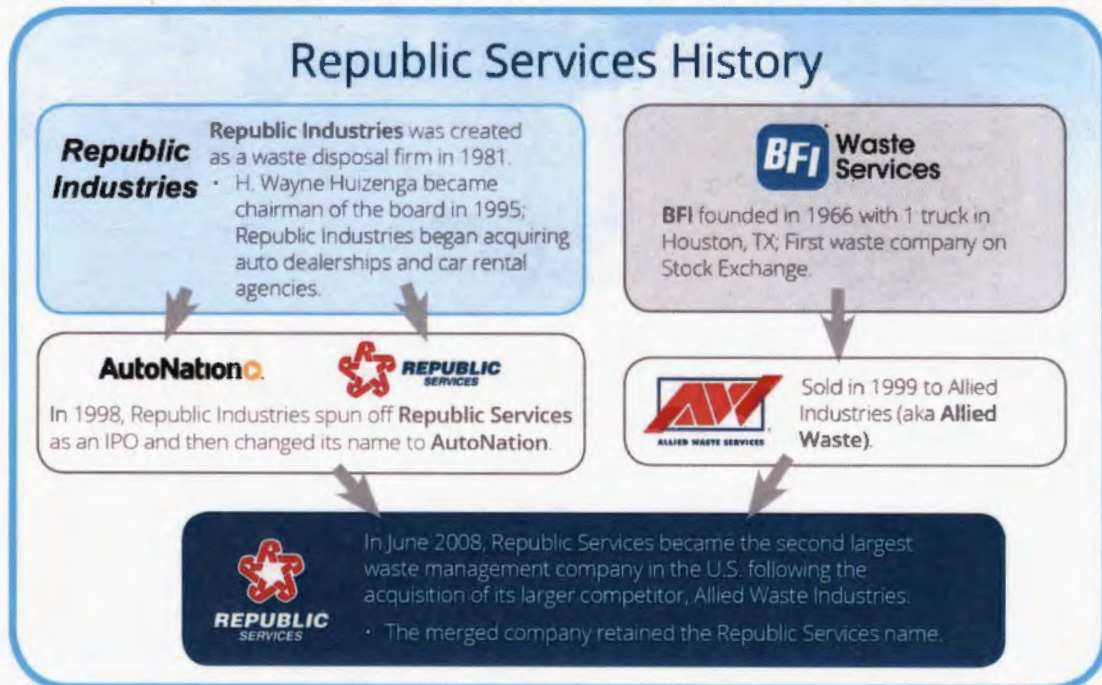


Figure 7. **Environmental Responsibility** - As stewards of our Blue Planet™ we have a responsibility to regenerate our planet with materials we are entrusted to handle every day



With over 16,000 vehicles Republic deploys the 8th largest fleet in the U.S. to collect approximately 100 million tons of waste and collect five million tons of recyclables.

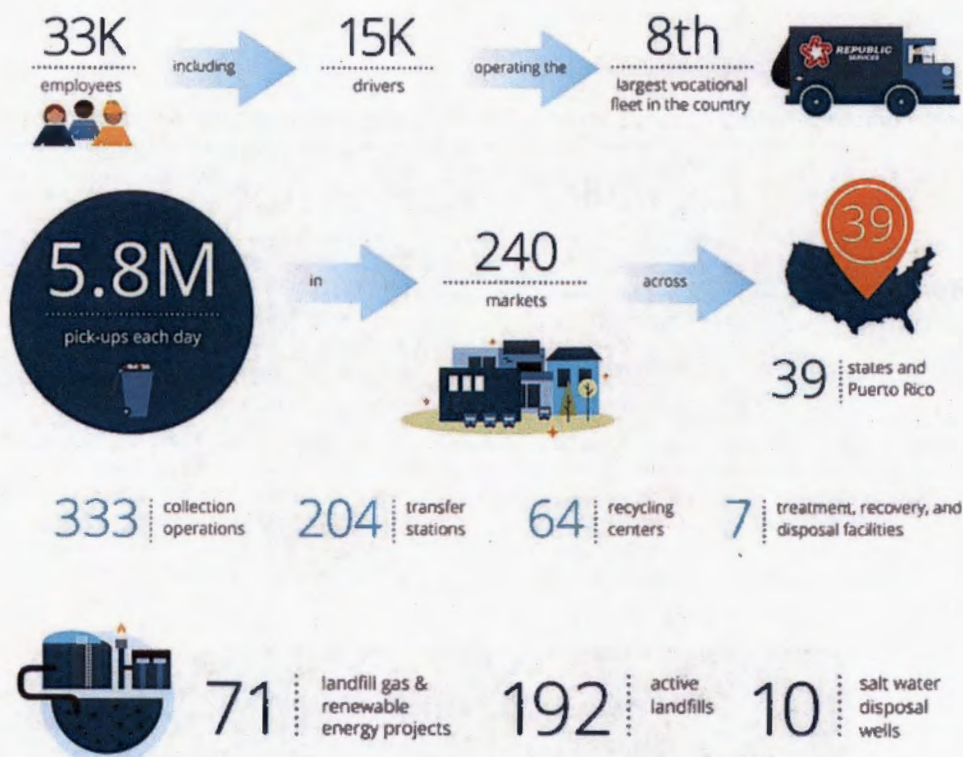
Vision

Republic Services' vision is to be America's preferred recycling and waste services partner. We'll earn this by providing our customers with simple solutions, reliability and environmental responsibility, wrapped with a level of service unmatched anywhere else in our industry.

Values

We believe that empowered and engaged employees are the greatest indicator of our success. We are guided by the principles we have adopted as our core values – to be

Figure 8. **Key Company Statistics** - Republic Services is an industry leader in the U.S. non-hazardous solid waste industry





Respectful, Responsible, Reliable, Resourceful and Relentless in all we do, every day. We are reminded of these principles every time we see the five R's joined together to form the Republic Services' Star.

Strategy

Our strategy is profitable growth through differentiation. Simply put, we hire the best people that deliver the best products that best meet our customers' needs.

Brand

We'll handle it from here.™, our brand's promise, lets customers know they can always rely on us to handle their recycling and waste needs in a way that is easy and effortless for them.

Sustainability

At Republic Services, we are dedicated environmental stewards entrusted to properly handle materials every day by driving increased recycling, generating renewable energy, and helping our customers be more resourceful. Republic Services leads by example, working diligently to improve our relationship with the environment and society through decreased vehicle emissions, innovative landfill technologies, use of renewable energy, community engagement and employee growth opportunities.

Sustainability contributes to a cleaner world, while also providing opportunities to increase customer loyalty, grow our business, motivate our employees and differentiate Republic Services from our competitors.

People

Our people are the center of our success. Attracting, developing and engaging the best talent is critical to our strategy of profitable growth through differentiation. Whether it's through our dedication to safety, robust

learning and talent development programs or expanding our diversity and inclusion initiative, Mosaic, we are committed to making Republic Services an Employer of Choice where the best and brightest come to work.

Leadership

Republic Services' operations are national in scope, but the physical collection and disposal of waste is very much a local business and the dynamics and opportunities differ in each of our markets.

Our national presence allows us to identify and incorporate best practices that drive greater overall operating efficiency across the company while maintaining day-to-day operating decisions at the local level, closest to the customer. We manage our operations through ten geographic operating areas, consisting of multiple divisions that each provides recycling and waste collection, transportation and disposal services.

Your municipal contract will be executed locally, by our seasoned teams located at 5301 Brookglen Drive and 5757A Oates Road in Houston. These teams are fully empowered within our company structure to deliver on our promise to be your preferred recycling and waste provider. These local teams are only two levels removed from our corporate staff, which means the backing and support of a national company is accessible on a moment's notice.

Ownership

Republic Services, Inc. is a publicly traded company on the New York Stock Exchange (NYSE symbol: **RSG**).

Ownership beyond five percent

The following table shows certain information as of January 6, 2017 with respect to the ownership of common stock by each shareholder who is known by Republic Services to own more than 5% of our outstanding common stock:

Name of Owner	% Outstanding	Shares
Cascade Investment, LLC	32.0%	108.8M
The Vanguard Group, Inc.	5.2%	17.8M

Credit Rating

Republic Services, Inc. has an "investment grade" rating. No creditor is owed a debt greater than 10 percent of the Company's total assets.

Associations

Republic Services is a member of the following associations and organizations. Republic Services employees are actively engaged in these organizations. In many cases, our employees serve on the Boards of Directors and are elected officers in many of these associations.

- National Waste & Recycling Association (NW&RA)
- Solid Waste Association of North America (SWANA)
- Environmental Research and Education Foundation (EREF)
- United States Green Building Council (USGBC)
- Public Affairs Council

- U.S. Conference of Mayors, Solid Waste Advisory Council
- National League of Cities (NLC)
- International Galveston Managers Association (ICMA)

Figure 5. Republic Services is a proud member of our industry association as well as many other trade associations.





Facilities

It is our business to help you and your residents to be environmentally responsible at their homes and workplaces. As you would expect, we strive to be exemplary in our own environmental compliance and responsibility.

Our facilities are engineered for safe, environmentally friendly operations. We use sustainable materials that facilitate energy and water conservation, as well as design principles to enhance employee and guest safety and comfort.

Providing outstanding recycling and waste services for your community requires the existence of multiple types of facilities, which typically include:

- Hauling Company
- Transfer Station
- Material Recovery Facility (MRF)
- Landfill
- Customer Resource Center (CRC)

Below is a brief description of our most common facility types. One or more of these facility types may reside at the same physical address/location in a Galveston.

*Figure 6. **Hauling Company** - Our hauling operations are the core of the collection service to your community, offering the newest truck fleet with the most tenured drivers in the industry*



Facilities that work with the environment are basic design elements at Republic

- Our newest recycling center uses 75 percent recycled steel and 1,776 solar panels.
- More than half of the materials in our new Customer Resource Center is from repurposed materials and has LED and natural lighting throughout.
- Low-flow water fixtures and xeriscaping in our newest facility in the Southwest reduces water consumption by 20 percent.
- Republic Services has operations in 240 markets across the US
- Responsibly operate 333 collection operations across the country

Hauling Company

A hauling company is the location that community recycling and waste collection services are based. These facilities typically serve several important functions that are critical to delivering exceptional service to your residents:

- A yard for parking all the trucks that serve the community, including fueling infrastructure if possible
- Storage yard for spare containers and containers, used to serve the residential, commercial and industrial customers in the community
- An industry leading maintenance facility, which delivers service for the trucks and containers
- Training facilities to keep our workforce at the forefront of learning and safety
- Administrative offices to interact with your municipal staff

It is typical that our largest workforce presence exists at a hauling company, to support the complex operation that goes into serving your community with 99.9% reliable on-time pickups every

Transfer Station

A transfer station is frequently used in communities that are located outside the recommended drive time from a landfill or other post-collection facility. The purpose of transfer stations is to enable the efficient transfer of recycling or municipal solid waste from the collection trucks to tractor trailer trucks that can more efficiently transport the material to the appropriate post-collection facility. Typical transfer stations consist of a large concrete tip floor, where collection trucks deposit the material after their trucks reach capacity on a route. Once on the tip floor, material is transferred to larger tractor trailers, where the material is hauled to the MRF, landfill or other post collection facility.

At Republic Services, our transfer stations are designed and operated with a focus on safety, environmental responsibility, and being a good neighbor. We invest frequently in Republic operated facilities to ensure they meet appropriate standards for operations and fit well within the areas in which they are located.

Figure 7. Transfer Stations - Reduce wear on roads and trucks by offering an efficient and local transfer of material for transport to post collection facilities



Material Recovery Facility (MRF)

A Material Recovery Facility (MRF) is a very complex facility that is designed to receive process and package the various recyclable commodities that are collected in the community. Material collected on recycling routes is brought to the MRF, where it is deposited on the tip floor. From there, the material is loaded onto a large conveyor belt that progresses through multiple stations in the facility. Each station of a MRF is specifically engineered to separate unique types of material from the recycling stream on the belt, such that all material is uniquely separated by the time it reaches the end of the MRF line. Once each commodity is separated, it is baled to assist in transportation and sale to end market buyers.

Examples of the typical commodities separated in a MRF include:

- Cardboard
- Paper
- Plastics
- Cartons
- Aluminum

Figure 8. Material Recovery Facility (MRF) - Republic Services operates some of the most advanced Material Recovery Facilities (MRF) in the country



Landfill

A landfill is where material that cannot be recycled in some manner is processed for disposal. This can be one of the most complex facilities in our portfolio due to the tremendous responsibility we hold to appropriately handle the nation's waste. Each landfill is segmented into cells, which are engineered in sections to handle the waste deposited at the facility. All of our landfill facilities are subject to the Resource Conservation Recovery Act (RCRA) Subtitle D regulations which ensure that the facility contains:

- Liner in the bottom of each cell to separate the deposited waste from the environment
- Layers of daily waste deposits from the community
- A layer of daily cover, such as soil to help reduce odors
- An elaborate leachate system, which catches and processes rain water that leaches through the landfill over time
- A complex system of pipes and pumps that capture and process the landfill gas (methane) which is a natural byproduct of waste over a period of time.
- An engineered cap that is placed over the top of a closed cell

*Figure 9. **Landfill** - Our landfill operations are staffed by highly trained environmental and landfill engineers*



- A top cover of soil that is placed over the top of a capped cell

Our landfills are staffed by trained environmental engineers who monitor the operations daily, as well as monitor closed landfill facilities for years after they have been closed and capped.

Customer Resource Center (CRC)

In 2016, Republic consolidated hundreds of small call centers into three state-of-the-art, fully integrated Customer Resource Centers (CRC) located in Phoenix AZ, Indianapolis IN, and Charlotte NC. These facilities were selected for their location to ensure we can deliver call support for 15 hours per day (7:00am Eastern to 7:00pm Pacific) on weekdays, and 5 hours on Saturday. These facility locations were also selected in markets known for a high population of call center agents, which means they are staffed with a highly trained and carefully selected staff who have each passed a rigorous 5 week training course. Additionally, every agent is equipped with industry-leading technology to ensure a superior customer experience when they call with questions or to request additional service.

*Figure 10. **Customer Resource Centers (CRC)** - combine state-of-the-art technology to give customers the best service possible*



Facilities Serving Galveston

Republic Services will serve Galveston with the following facilities

Facility Type	Address	Distance from City	No. of Employees	Hours of Operation
Republic Services South Houston Division	5301 Brookglen Houston, TX	40 Miles	270	M – F / 6:00am – 6:00pm
City of Galveston Transfer Station	5501 Harborside Galveston, TX	In City	20	M – F / 6:00am – 6:00pm
City of Galveston Recycling Center	702 61 st Street Galveston, TX	In City	10	M – Su / 8:00am – 5:00pm
Galveston County Landfill	3935 Avenue A, Santa Fe, Texas	18 Miles	20	M – F / 6:00am – 5:00pm Sat / 8:00am – 2:00pm
Customer Resource Center	Phoenix, AZ Indianapolis, IN Charlotte, NC	Virtual	300+ 300+ 300+	7:00am (EST) - 7:00pm (PST) – M-F 5 hours on Sat

Collections – Operations

Great operations come from great people. Republic's locally based operations team draws from extensive training and the backing of a seasoned corporate support team. The result is a 99.9% on-time service record, with an emphasis on safety, sustainable practices, and low risk operation for the Municipality.

Operations Overview

Successful collection operations begin with a seasoned operations supervisor who knows the business as well as your community. Your Republic local operations supervisor is responsible for the day-to-day collection operations, including development and evaluation of routing (in conjunction with the general manager), training and oversight of drivers, and implementation and enforcement of safety procedures.

We ensure our operations supervisors are not overloaded, nor tied to a desk. On average, we maintain a 15:1 ratio of routes to supervisor, which means that items needing attention are dealt with immediately, and that the supervisor knows your community intimately. In addition, our supervisors are out on the routes

Republic Services' operations team is market-leading through training, collaboration and hands on experience

- The most robust operations supervisor training in the industry
- Average of 15:1 route to dedicated supervisors ratio – means prompt response and oversight for your community
- Proven optimized routing process ensures efficiency, safety and minimal impact on Galveston streets
- Republic Services executes 5.8M pickups per day

regularly. At least twice per week, they conduct ride-alongs with drivers on their routes. This creates great opportunities for driver mentoring, ensures quality control on the route, and keeps the supervisor directly aware and familiar with the nuances of the route and the community. Few if any other companies in the industry dedicate their operations staff to success in this manner.

Operations Training

Our Operations Supervisor training programs are second to none. Every supervisor, upon starting employment at Republic Services, attends a rigorous 2-week boot camp training course. Regardless of prior industry experience, this boot camp level sets all our supervisors on *The Republic Way* of running operations, and builds a strong peer network with those who attend the training together. After the initial training boot camp, supervisors engage in regular refresher and new training opportunities, between 2 and 4 times per year. This yields an operations supervisory team that is able to share best practices and constantly look for ways to improve on the level of service in your community.

Figure 11. **Operational Excellence** - Our rigorous supervisor training program yields highly skilled operations teams.



Routing Optimization

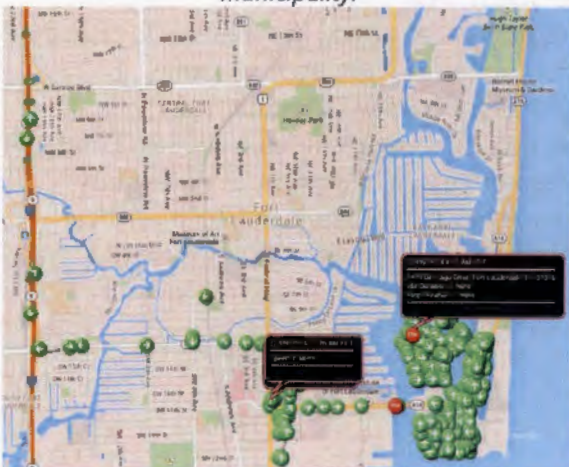
Establishing the most optimized routes for a community has dramatic effects on the quality of service, safety and efficiency of the collection

operation through shorter routes, safety in the neighborhoods, and ultimately the wear and tear on the streets in the municipality. We conduct a proven route optimization process for your municipality, which involves a tight collaboration between the local team and our corporate route optimization team. Through several iterations, these teams collaborate together, sharing local knowledge and details, while running our optimization processes to yield the best routes possible for your community. An example of this process, we evaluate planned routes to ensure that trucks are not conducting collection on streets during times that are known for congestion or traffic.

Communication with the Community

In addition to the regular collaboration between the routing teams, our Operations Team can communicate with the residents and commercial customers easily using several forms of technology. Our web and smartphone

*Figure 12. **Route Optimization** – Our optimized routes yield safer, more efficient collection for your municipality.*



based app, called *My Resource™*, enables customers to see their accounts, make service requests, or raise issues for resolution. This app also enables our operations team to offer alerts or emails to customers regarding changes in service for holidays or inclement weather, or even holidays. We also employ a technology known as *call-em-all*, which is a phone-based capability for distributing operations updates when needed to customers on effected routes.

Economy of Scale

Another benefit of Republic Services as your partner is our economy of scale. As an industry leader with a national operation, we are able to obtain trucks and equipment at a better price due to discounting, which allows us to refresh our assets more frequently than smaller companies. This applies to many of our vendors, including our uniforms, so our drivers and operations teams are better representatives of your Galveston when out in the community.

*Figure 13. **In Cab Technology** – Our operations teams are in direct contact with our drivers in your community through our in-cab technology.*



Collection – Rear Load Residential Recycling

When it comes to handling your residential recycling needs, Republic knows how important, safe and dependable curbside pickup is to you. We work to exceed your expectations with quality containers and outstanding customer service.

Residential Recycling Collection

Rear loader collection vehicles ensure a standard collection methodology for customer containers since they are typically specified for tree-lined streets, streets with overhead lines, and narrow alleys. These collection vehicles meet unique collection service requirements

The largest provider of municipal residential collection services in the US

- Over 12 million homes collected every week nationwide
- 99.9% on-time pickup
- 5.8M pickups each day
- Comprehensive collection services, including solid waste, recycling, yard waste, and bulk

due to their flexibility and durability.

Rear loader vehicles are operated with a crew of two—a driver and a helper, which allows for safe and continuous collection. The larger crew means that workers are aware of what is happening all around the vehicle at all times—creating greater safety.

Figure 14. **Residential Collection** – Our residential collection service is simple, reliable, and environmentally responsible



This collection methodology inherently requires the collection crew to supervise the emptying of contents into the truck's hopper—which is not the case with automated side-loader collection, where the driver remains in the cab and container contents are emptied by an automated arm on the side of the vehicle.

Since workers are surveying customer contents during emptying, household hazardous waste and other unpermitted materials can be identified and intercepted, and the customer notified of proper handling of these materials

We will offer all single-family customers weekly single-stream recycling collection services utilizing customer or Republic furnished containers.

Service Days

The following table reflects the service schedules for residential MSW, Recycle, Yard Waste and Bulk Items collection.



Figure 14. Simple Solutions for Residential Customers – Republic Services Rear Load Residential Truck

Figure 15. Service Days – below are the service days for your contract

<u>Service</u>	<u>Days of Week</u>	<u>Collection Hours</u>
MSW	N/A	N/A
Residential Recyclables	Weekdays	7:00AM 5:00PM
Yard waste	N/A	N/A
Bulky Items	N/A	N/A

Collections – Commercial

Republic provides effortless recycling and waste solutions for our commercial customers, working with them to evaluate and optimize their solution.

Commercial Solid Waste

Republic Services offers solid waste, recycling, and composting services with a variety of container sizes and service frequencies to meet every business' needs, from once weekly to daily collections and containers sizes from containers to commercial containers in 2 to 8 yard sizes.

Our commitment to you is simple, we will:

- Complete every collection as scheduled
- Return the container to its dedicated location
- Clean loose litter or debris
- Ensure that enclosures are properly secured

Commercial Recycling

Republic Services offers both single-stream recycling, in which the customer deposits recommended **empty, clean, and dry** recyclable materials in the one recycling container. Republic Services then collects and transports the materials to the Material Recovery Facility (MRF) for separation and processing.

Republic Services also offers source-separated recycling for cardboard and other commodities that can be taken directly to a local processing facility.

Flexible, Tailored Solutions

Our dedicated team is available to consult with businesses of any size to conduct a comprehensive on-site waste assessment to determine the needed services, collection frequencies, and container sizes. During the audit, we will identify container locations and

Commercial customers enjoy options and tailored solutions, regardless of their size

- In-person waste audits for commercial customers confirms the right level of service
- Wide range of services, including waste, recycling, and innovative sustainable solutions
- Range of container sizes, from 2 - 8 yards, with an average lifespan of over 10 years

access paths that allow for safe, convenient service.

Right-sizing service levels can increase waste diversion, improve collection productivity, and can lead to reduced costs for customers.

Methodology and Procedures

Republic Services uses front load collection vehicles to service small container commercial customers in the City of Galveston.

Figure 16. Waste Assessments - An onsite waste assessment ensures that all of your questions are asked and answered.

BluePrint Municipal Interview Guide: Current

Municipal Manager Name: _____ Date: _____

GENERAL COMMUNITY INFORMATION

Community Name: _____ Population: _____
 # of Homes Served: _____ Growth Rate %: _____
 M/I Income: _____

CONTACT INFORMATION

Contact's Name: _____
 Contact's Position/Title in Community: _____
 Phone (Direct): _____ Phone (Mobile): _____
 Email: _____ Preferred method of contact: _____

CURRENT SERVICES & PERFORMANCE

Indicates on-going process

Time with Republic Services: _____ Contract Expiration: _____
 # of households served: _____ # of businesses served: _____
 Total annual waste spent \$: _____ Average annual waste spent per household \$: _____

Current Services	Currently Provided	% of Waste (If Yes)	Interviewed? (If no)	Frequency of Service (Per Week)	On Call	Other
Solid Waste	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Recycling	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Yard Waste	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Bulk Waste	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Organic Waste	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Electronics	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Wet	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Shrubs	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Medical Waste	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Electronic Recycling	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Underwater Waste	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Special Waste	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Dumpster Rentals	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	
Republic Rentals	☐ Yes ☐ No		☐ Yes ☐ No	1X 2X 3X 4X 5X 6X 7X 8X 9X 10X	☐ On Call ☐ Other	

Are current services adequate? ☐ YES ☐ NO ☐ Other: _____

Tonnage (Annual)

MRF household tonnage: _____ MRF business tonnage: _____
 Recycling household tonnage: _____ Recycling business tonnage: _____
 % Change in overall household tonnage: _____ % Change in overall business tonnage: _____
 Household diversion %: _____ Business diversion %: _____

Front Load Vehicles

We service commercial customers with front load collection vehicles with 28-cubic yard volume bodies because:

- The supplier is a company that has proven to be among the strongest, safest and lowest maintenance trucks in the industry
- Our first-hand local knowledge shows that this truck's size and attributes will "fit" every neighborhood we service, including hard-to-service accounts

Small Containers

Republic Services uses Small Containers constructed of durable steel bodies and two plastic lids. Containers range in size from 2 – 8 yards, and can be placed on casters for easy maneuverability, if necessary.

Holidays & Schedule Disruptions

Republic Services will take all necessary steps to notify customers prior to all holidays and unforeseen schedule disruptions via our MyResouce app and the Call-Em-All automated calling system.

*Figure 17. **Container Refresh** - Our customers know they can rely on us to handle their needs, allowing them to focus on growing their business.*



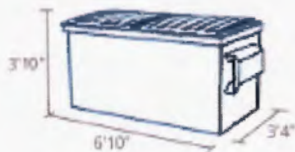
*Figure 18. **Simple Solutions for Commercial Customers** - Republic Services Front Load Commercial Truck*



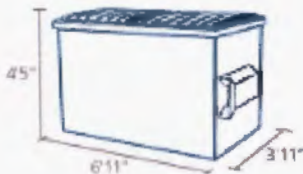
Small Container Dimension Guide

Upright - Front Load

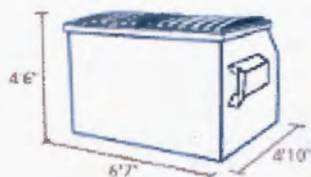
2 YARD



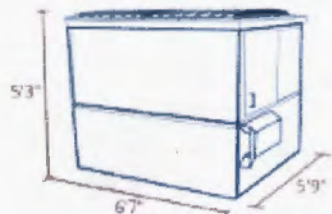
3 YARD



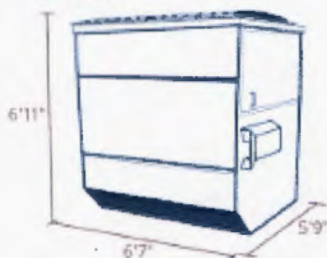
4 YARD



6 YARD



8 YARD



Slanted Top - Front Load

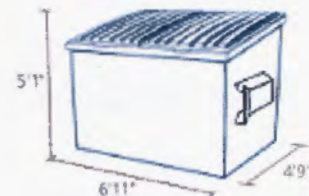
2 YARD



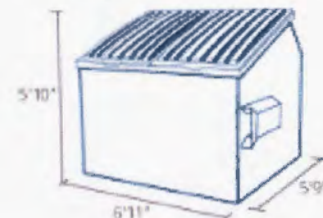
3 YARD



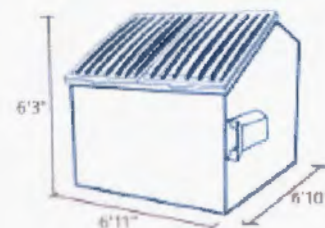
4 YARD



6 YARD



8 YARD



Collections – Industrial Roll-Off

Republic Services' versatility ensures that every roll-off customer will receive the service they need, every time, whether it's an on-call open top at a construction site or compactors at the hospital, with strict service constraints.

Roll-off and Compactor Collection Overview

Republic Services offers roll-off collection, hauling, and disposal services to more than 70,000 customers in the United States, often for the principal employers in an area, such as:

- Construction Industry
- Manufacturers
- Public Institutions
- Hospitals

Republic's roll-off services are essential for a strong and growing economy

- High capacity containers ranging from 20 – 40 yards.
- Complete inventory of containers and back-up equipment.
- We have the resources to grow our fleet and equipment to meet industry needs

Roll-off service is unique, because every day requires a different route for each of our trucks.

We ensure that all routes are optimized daily for efficiency and service with continual investment in the best employees, best practices, best equipment, and the best technologies.

We provide a large inventory of containers ranging in size from 20 to 40 cubic yards, and scheduling options, from on-call to multiple times daily, to meet the needs of every customer throughout the year. Republic

Figure 19. **Industrial Collection Process** - Our service is efficient, reliable, and comprehensive.



Services is able to scale up services during peak times to accommodate large temporary projects or seasonal industries like construction.

Industrial Waste

Within the service area Republic Services operates a fully permitted Type 1 landfill site in addition to the City of Galveston Transfer Station, allowing us to efficiently collect and dispose of waste from hundreds of customers throughout Galveston on a daily basis

Industrial Recycling

Republic Services excels at helping customers meet their sustainability needs, by identifying disposal locations that are able to recycle their materials, and by sharing best management practices for on-site commodity separation. Implementation of a successful separation program will both increase commodity values and decrease landfill bound volumes.

Special Waste

Republic Services' roll-off fleet is used to meet the special waste needs of our customers. We work with each customer to accurately characterize and profile disposal needs prior to collection, and then collect and dispose of the waste in a manner that meets all regulatory

Figure 20. Industrial collection - Drivers can collect 6-12 containers per day



requirements.

Methodology and Procedures

Collection is serviced with roll-off trucks and open top containers or compactors coupled with a highly trained, professional driver.

Servicing the container starts by backing the truck up to the container, hooking a cable from the truck to the container, and then using a hydraulic mechanism called a "hoist" to pull the container onto the truck. All Republic Services roll-off trucks are equipped with an automatic tarp, which is placed over the container to prevent spillage during transport. Once the driver loads the container onto the truck, it is hauled to the disposal facility, dumped and returned back to the customer.

Service times vary daily, and depend on distance from prior stop and the distance to the disposal site. In some cases, the driver will arrive at the customer's site with an empty container and swap it for the full one.

Our hours of operation are 3:00 AM to 5:00 PM Monday - Saturday. In a typical day, the driver services 6 to 12 roll-off containers. The maximum weight per load cannot exceed 10 tons on most U.S. highways.

Account Accessibility

Customers can easily access their account 24/7 with the My Resource™ app or website. My Resource™ allows customers to schedule a pickup, pay invoices, and even sign up for new services while on the go.

Holidays & Schedule Disruptions

Republic Services will take all necessary steps to notify customers prior to all holidays and unforeseen schedule disruptions via our MyResource app and the *Call-Em-All* automated calling system.

Industrial Collection Equipment

The roll-off fleet is comprised of three axle collection vehicles with rail and hydraulic hoist systems. These vehicles are extremely durable and each can service all roll-off sizes while maintaining maneuverability in tight locations and varying terrain.

Industrial Containers

Roll-off containers are built to last with heavy gauge steel floors, sides and pockets along with fully welded in-seams and are designed for compatibility with our fleet. A rust-inhibiting primer inside and out improves durability. Containers meet all applicable ANSI safety standards.

The containers vary in size from 20 to 40 cubic yards. The average life span of these containers is typically 10 or more years



Figure 25. *Industrial Roll-off Containers*

Figure 26. *Simple Solutions for Industrial Customers- Republic Services Roll-off Truck*





**REPUBLIC
SERVICES**

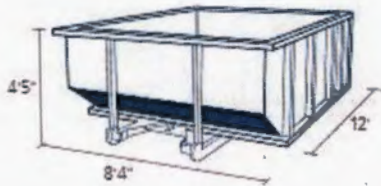


**RFP # 17-23
Transfer Station and
Recycling Center
Operations**

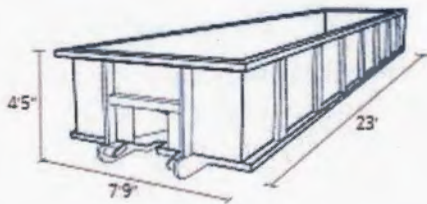
Large Container Dimension Guide

Tub - Open Top

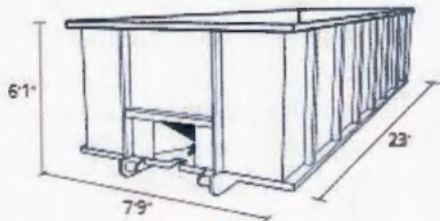
10 YARD



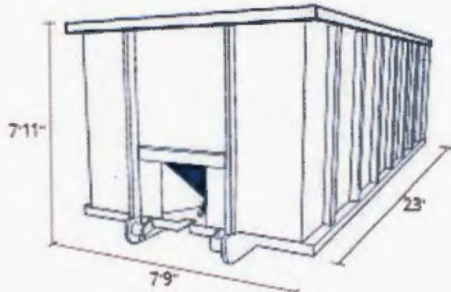
20 YARD



30 YARD

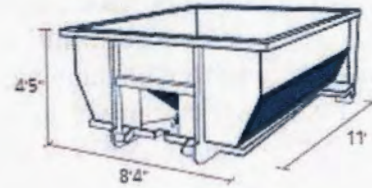


40 YARD

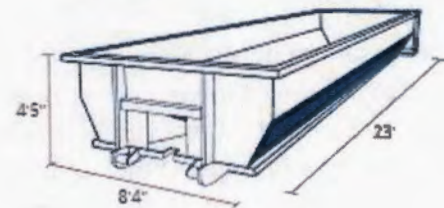


Box - Open Top

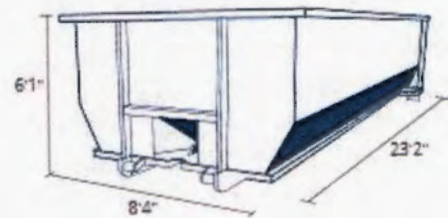
10 YARD



20 YARD



30 YARD



Collection – Multi Family

We provide an innovative combination of programs and services for Multi-Family customers.

Multi Family MSW Collection

Republic Services will provide a combination of programs and services for Multi-Family customers, ranging from containerized service similar to residential customers, to containerized service similar to commercial customers. Once defined and properly sized, multi-family customers are integrated into residential or commercial routes to provide the efficiency and reliability desired.

In all cases, Republic Services will identify the correct equipment to service multi-family complexes based on individual location and unique characteristics. If the complex requests containerized service, Republic Services can provide 2 through 8 yard capacity front load solid waste containers or 20, 30 or 40 yard capacity roll-off containers.

MSW collection issues such as narrow streets, traffic blockages and alleyways, may require the use of a rear-load vehicle and or alternative service options. In all cases, the servicing drivers are familiar with these areas and are

Figure 21. Multi-Family Container Options – Solutions for Multi-Family Complexes include containers, front-load, or roll-off



Personalized multi-family solutions to meet your needs

- Industry leading service and customized waste solutions ensures Republic Services will exceed your community's expectations.
- The latest single stream recycling technology paired with ongoing education make certain your community is receiving best in class service.
- There are approximately 35M multi family units across the US and growing

trained to ensure the personal safety, property protection, and awareness of traffic stops, distance to parked cars and other objects.

Multi Family Recycle Collection

Republic Services will offer weekly single-stream recycling services as part of its core services for all multi-family customers. Front load recycling containers are available in either 6 and 8 yard sizes.

The same equipment and methodology used in single-family container collection will be implemented when servicing multi-family recycling container customers. Multi-Family recycling front-load containers customers will be serviced using the same methodology as multi-family trash front-load containers customers and will be integrated into commercial routes

Post Collections – Transfer Stations & Landfills

Responsible waste disposal requires science, engineering and technology to manage an evolving waste stream in a manner that is protective of the air, land and water upon which our communities depend.

Post Collection Process

After waste is collected the material will be delivered to one of two places; a transfer station for further consolidation and transportation to a landfill or it will be direct hauled to a landfill for final disposal

Transfer Station

Republic Services owns or operate 204 transfer stations throughout the United States.

In its simplest form, a transfer station is a facility with a designated receiving area where waste collection vehicles empty their loads. The waste is then consolidated and loaded into larger vehicles for more efficient transport to an area landfill. No overnight storage of waste occurs at a transfer station; waste is quickly consolidated and loaded into larger vehicles and moved off-site.

A transfer station allows waste to be efficiently transported long distances, driving down costs for businesses and residents and positively impacting the environment through reduced air emissions and energy usage.

Benefits of Transfer Stations:

- Service customers faster
- Reduction of Greenhouse gasses and traffic congestion

A national leader in compliant and sustainable transfer stations and landfills

- Our transfer stations and landfills are designed, constructed, operated using the latest resources in environmental protection and monitoring technologies
- 71 landfill gas-to-energy projects have created enough energy to power over 250,000 homes
- 1.4B gallons of treated water returned to nation's watershed

City of Galveston Transfer Station Profile

Republic Services operates and maintains the City of Galveston Transfer Station located at 5515 Harborside Drive in Galveston.

Service Area: City of Galveston

Capacity: 1,500 Tons / Day

Accepted Materials:

- Yard Waste
- Solid Waste

Hazardous waste is not accepted at this transfer station.

This location's permit number is 164.

Figure 22. Transfer Stations reduce greenhouse gasses and traffic congestion in your community.



Landfill

Republic Services owns or operates 193 active landfills. As of December 31, 2015, we have approximately 37,100 permitted acres and total available permitted and probable expansion disposal capacity of approximately 5 billion in-place cubic yards. The in-place capacity of our landfills is subject to change based on engineering factors, requirements of regulatory authorities, our ability to continue to operate our landfills in compliance with applicable regulations, and our ability to successfully renew operating permits and obtain expansion permits at our sites. Some of our landfills accept non-hazardous special waste, including utility ash, asbestos and contaminated soils.

Most of our active landfill sites have the potential for expanded disposal capacity beyond the currently permitted acreage. We monitor the availability of permitted disposal capacity at each of our landfills and evaluate whether to pursue an expansion at a given landfill based on estimated future waste volumes and prices, market needs, remaining capacity and the likelihood of obtaining an expansion. To satisfy future disposal demand, we are currently seeking to expand permitted capacity at certain landfills.

Republic Services is committed to harnessing landfill gas, the natural byproduct of decomposing waste, and converting it to energy. The use of landfill gas provides our economy with benefits, including reducing air pollution through the capture and use of methane. As of December 31, 2016, we operated 71 landfill gas and renewable energy projects. We also have responsibility for 126 closed landfills, for which we have associated closure and post-closure obligations.

Galveston County Landfill Profile

Republic Services owns and operates the Galveston County Landfill located at 3935 Avenue A, Santa Fe, Texas

Facility Hours: Weekdays: 6AM – 5PM

Saturday: 8AM – 2PM

Service Area: Galveston County Area

Remaining Life: 30 + Years

Accepted Materials:

- Yard Waste
- Solid Waste

Hazardous waste is not accepted at this landfill station. This location's permit number is 1149-B.

Figure 23. Republic operates 71 landfill gas-to-energy projects, creating enough energy to power over 250,000 homes.



Design

We are a permitted Subtitle D lined facility with 24 inches of 1 x 10⁻⁷ cm/s compacted clay and a 60 mil HDPE composite liner.

Leachate is managed by a dual-lined leachate collection system with side-slope riser pumps and leachate storage tanks. The designed airspace was 56,140,000 cubic yards at 1,664 tons per day. Current remaining airspace as of November of 2016 is 36,007,200 cubic yards. This gives a life-expectancy of 56 years at the current daily tonnages.

Facility Operations

Operating plans and records are maintained on site. Operations are conducted in accordance with local, state and federal regulations, as well as the facility's permit requirements. One inbound and one outbound scale are utilized.

Site has a tipper available for tipping trailers.

Waste is covered daily with a minimum of 6" of soil or permitted Alternate Daily Cover (ADC).

Figure 24. Republic Services avoided 38 million metric tons of CO2 emissions in our landfills in 2015.



Methane gas is monitored quarterly. An active gas collection system is operational and maintained. Berms, pipes, drainage ditches and sediment ponds are used to prevent runoff and run-on storm water. Monitoring is conducted in accordance with the NPDES storm water permit and the Storm water Pollution Prevention Plan. Independent consultants collect samples and perform analyses at off-site laboratories.

Closure is performed as a normal operating procedure throughout the life of the facility. Post-Closure will be performed by Republic Services, for a minimum of 30 years after final closure.

Regulatory Compliance

We have an excellent record of compliance with Federal, State, and local regulatory requirements. In fact, our Environmental Managers (EM) are dedicated to this specific task. Our EMs have significant experience in the environmental and solid waste industry and have dealt with all aspects of Federal, State, and local regulations. Additionally, the EMs use a Compliance Tracking and Reporting System (CTRS), which is an intranet-based software system that assists them with tracking specific compliance tasks. The CTRS provides notification of specific permit conditions so that the conditions are satisfied and documented in an appropriate timeframe.

We obtain permits for our facilities and continuously renew these permits before they expire. Our EMs are well-versed with the permitting process for all types of solid waste facilities and have excellent relationships with the staff of the State's Solid Waste Section. Through these relationships, our permit applications are readily reviewed and approved without comment.

Post Collections – MRF

We are committed to investing in recycling processing infrastructure where appropriate, with over \$12M invested in 2016. We believe we have a responsibility to regenerate our planet with the materials we are entrusted to handle everyday by driving increased recycling, generating renewable energy, and helping our customers be more resourceful.

Recycling Overview

Republic Services owns or operates 67 recycling centers nationwide. As consumer demand for recycling services has increased, we have met the demand by integrating recycling components to each of our collection service offerings. Based on an industry trade publication, approximately 34% of municipal solid waste is recycled. Communities have increasingly committed to their residents to enhance and expand their recycling programs. We continue to focus on innovative waste disposal processes and programs to help our customers achieve their goals related to sustainability.

Marketing

Republic's Materials Marketing Group, a regional staff positioned throughout the country, is a team of highly experienced professionals who provide our recycling facility with assistance in the identification of material recovery opportunities and the best markets and marketing opportunities for those materials.

Equipment

We continue to invest in proven technologies to control costs and to simplify and streamline recycling for our customers. Advanced sorting equipment, such as disk screens, magnets and

optical sorters to increase efficiency and maximize our recycling efforts are used.

Processing Cycle

Recycling trucks collect from curbside or commercial locations, take their loads to the MRF, weigh in and continue to the tipping area. Trucks tip their loads and the loads are pushed by a rubber-tire loader into stockpiles in preparation for processing. The mixed material travels to a quality control station where contaminants and undesirable material are removed. Material goes over an OCC (Old Corrugated Cardboard) triple deck screen that has a series of shafts with discs that remove cardboard from the material stream.

Remaining materials travel through ONP (Old Newsprint) screens which pull the lighter newsprint material over the deck while heavier materials (plastic, steel, glass, and aluminum) fall onto a DRS (Debris Roll Screen) and larger plastic and steel containers roll off onto a conveyor. The spacing of the ONP screens allows the glass to fall through and then is conveyed to the glass screening system. An electromagnet pulls any metal cans out of the paper stream and the paper stream continues for further separation. For additional recovery there are more screens and optical scanners to

Figure 25. Industry Leading Recycling Capabilities - Established screening processes to maximize material recovery



capture and detect material types at the molecular level.

Residual Materials Management

Our dedication to residual management involves the entire system, not just efforts to eliminate contamination. What happens to residual materials once the processing is done is the next step in Republic Services' mission to let nothing go to waste. Residual material can contribute to a gas-to-energy facility, which generates clean, renewable energy by converting the methane gas (landfill gas) to electricity. From the Curb, through our facility, and in the end, Republic provides the most thorough and comprehensive plan to screen out non-recyclable contamination and gain the greatest benefit from the materials entrusted to us.

Permits and Regulatory Compliance

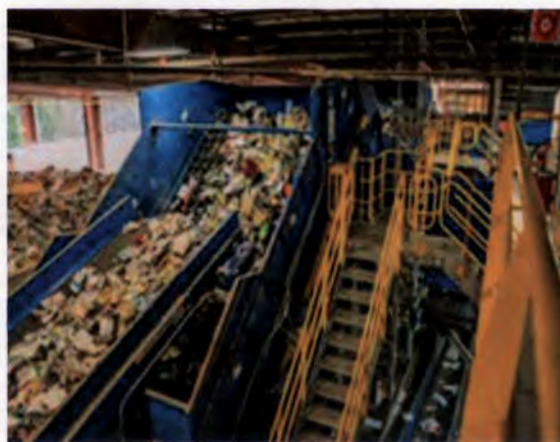
Republic Services strongly supports and advocates Sustainability, as a core component of our values. Republic Services understands that the sustainability of the environment depends on protecting and preserving natural resources and educating current and future generations on environmental compliance. In

*Figure 26. **Committed to Sustainability** - Our state of the art equipment minimizes residual waste.*



fact, Republic's sustainability program centers on the theme of "Protecting Today's Environment for a Better Tomorrow." This message is important to the quality of life and regional prosperity in the communities we serve and why compliance is so important to us.

*Figure 27 **Environmentally Responsible** - We continually expand capabilities to serve more communities or adjust to changing waste streams*



Customer Service

We strive for first-call resolution when customers contact us for service. We provide a superior experience through integrated facilities, technology, and highly knowledgeable employees.

Net Promoter Score

Our Net Promoter Score, or NPS, measures our customers' willingness to recommend a company's products and services. Republic Services' NPS has improved on a year-over-year basis for the fifth consecutive year which means our customers are seeing a difference in our product offering.

We Delight Our Customers

Our approach to customer service is to ask daily, "how have we delighted our customers?" For most customers, this means that our front-line customer service representatives—our professional drivers—collect everything on schedule. That also means drivers return containers in a safe and tidy manner—whether it's walking around a car to get to a container or rolling the container up a steep driveway for a disabled or elderly

Figure 28. **Outstanding Customer Service Talent** - We take pride in hiring and developing talented staff to exceed our customer's expectations.



We provide an exceptional customer experience when your residents or businesses contact us for assistance

- Three fully staffed, US-based, national call centers
- Powerful, integrated technology, enabling you to talk to a real person
- 1M customers expertly served each month via text, email, or phone
- Extended hours 7am EST to 7pm PST Monday thru Friday, until 12 pm PST Saturday
- Web based applications for 24/7 access
- Well trained staff
- Net Promoter Score has improved on a year-over-year basis for 5 consecutive years

customer.

We recognize that sometimes, customers have questions regarding scheduled service, or would like to order additional services. In that event, a speedy response is expected. We strive for first call resolution—from call, email, mobile app, website or in-person request.

Knowledge and Experience Delivers Satisfaction

Our representatives' experience and knowledge does not just come from the customer interactions, our representatives spend time in a classroom environment and participate in monthly/weekly training sessions to ensure our agents are in touch with the customer's needs and the ever changing conditions of the waste disposal industry. This is why our representatives are always ready, willing and able to help our customers and exceed their expectations.

Customer Access

Our call centers are fully networked together, allowing them to support callers from 7 a.m. EST to 7 p.m. PST Monday through Friday

and 7 a.m. EST to 12 p.m. PST on Saturday.

In addition to the call center hours customers also have the ability to reach us 24/7 via our website, www.republicservices.com, or our smartphone app, known as *MyResource*. Our self-service options are designed to improve overall response and resolution to customer inquiries and needs anytime, anywhere with the least amount of customer inconvenience as possible.

Customer Service Principles

Republic's customer services programs are based on the following five principles that guide our daily business operations and excellent service. These principles will also pave the way in development of the customer service program for Galveston

1. **Employ the highest quality personnel.** We retain highly skilled and experienced personnel and compensate them accordingly.
2. **Ensure easy and immediate access for customers and City of Galveston staff.** Appropriate staffing is critical to ensure easy and streamlined access to our professional staff for both customers and Galveston staff.
3. **Ensure timely and efficient issue resolution and follow-up.** We have detailed policies/ procedures for our customer service systems and controls which facilitate expeditious issue resolution and follow-up. Our use of appropriate methods, field communication, and same-day resolution goals will translate into a timely and efficient turn-around from point of contact by customer to resolution. All customer concerns are responded to within eight business hours of receiving the customer's phone call or message.
4. **The customer is always right.** Our employees are taught to give the benefit of

the doubt to every customer even if the facts may imply customer error.

5. Train all employees in customer service.

To ensure a high level of quality service, every Republic employee—whether a driver, administrative, or manager—is trained in customer service. This ensures all customer interactions, whether internal or external, are processed efficiently, professionally and up to Republic's standards. Employees are evaluated annually on their performance in this area.

What to Expect ...

When you call our Customer Resource Center, a sophisticated series of actions begin:

- Your phone number associates with known customer details in our database, and triggers the integrated system to populate with a map of your service address, level of service, past service requests, and your Galveston-specific contract information. This knowledge-based system even shows the agent your current weather.
- The Customer Service Representative's computer screen instantly populates with the information above and (in just a few seconds from the moment the customer calls), which ensures the agent has all possible information available in an instant to be ready for the caller.
- The agent confirms the customer's name and service address and begins to assist the customer with the reason for their call.
- Often the call is about a billing question, service-level change or "what do I do with" inquiry. If the question requires communication with the local operations team (such as, missed pick-up or container exchange), the agent can instantly connect with the local operations team through our national network.



- Often, the customer's concern is handled by the time s/he hangs up the phone. For those issues requiring operations support (container delivery, collection of a missed pick up), the issue will be addressed in the most-timely manner. Republic tracks hundreds of performance metrics to ensure continuous improvement.

Value of Three National Centers

Imagine US-based agents available 15 hours every weekday (7 a.m. Eastern time to 7 p.m. Pacific time) and five hours of support on Saturdays. Our CRC agents across the country enjoy the same training, follow the same protocols, and have access to each customers' specific contract details, regardless of their CRC location.

At a time when many service companies are handling billing or service calls through call centers based outside of the United States, we are extremely proud to be delivering high

quality customer service with a commitment to keeping jobs here at home. Republic's three sites (Phoenix, Indianapolis and Charlotte) were selected after exhaustive research and employ more than 600 call center experts, trained and staffed to serve your community.

Our siting team looked for cities renowned as call center markets, knowing that there would be a large population of prospective employees with the temperament and skills to seamlessly integrate into Republic Services' Customer Resource Center.

Figure 29. Industry Leading Customer Resource Centers - Our centers are strategically located in the US, and networked together to support any call from any location



Sustainability

We invest more than \$100 million per year in our sustainability initiatives, as a commitment to our BluePlanet™. We are the only solid waste company selected to the prestigious Dow Jones Index for Sustainability in both North American and International markets.

Our industry-leading sustainability platform is focused on increasing recycling, decreasing vehicle emissions, generating renewable energy, and enabling our customers to be more resourceful. In 2016, Republic Services steadily built upon its sustainability achievements, including:

- Earning the “gold standard” of corporate sustainability rankings. Republic was listed

Republic's BluePlanet™ initiative strives for a cleaner, safer and healthier world

- Named to the Dow Jones Sustainability Index (the only solid waste company listed)
- Scored 98 out of 100 in the Carbon Disclosure Project S&P 500 Climate Change Assessment
- More than a quarter of a million homes can be powered by our 70-plus landfill-gas-to-energy plants
- 2,200 (and counting) compressed natural gas vehicles

among the top companies in both the Dow Jones Sustainability Index North America and World indices. Republic is the only recycling and solid waste collection provider in the Commercial Services and Supplies sector included in the World Index

Figure 30. **Committed to Sustainability** – Republic's sustainability goals trace to four key areas





- Inclusion on two elite lists by the Carbon Disclosure Project (CDP), including the Global Climate A List as well as the Supplier A List. The CDP is an organization based in the United Kingdom which works with shareholders and corporations to disclose the greenhouse emissions of major corporations. In the last assessment, we scored 98 out of 100 in the S&P 500 Climate Change Assessment
- Receiving the industry's top awards for Recycling Facility of the Year. Republic's Southern Nevada Recycling Center, the largest and smartest residential recycling facility in North America, was recognized by the top two industry associations for its excellence
- Recognition for landfill gas utilization excellence by the Georgia Chapter of the Solid Waste Association of North America. Three Republic facilities in the metro-Atlanta area generate more than 24 megawatts of renewable energy, capable of powering more than 15,600 homes

- Designation as one of the World's Most Ethical Companies by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business

We continue to find new avenues for sustainability success. Consider our five-point sustainability platform (see Figure 50):

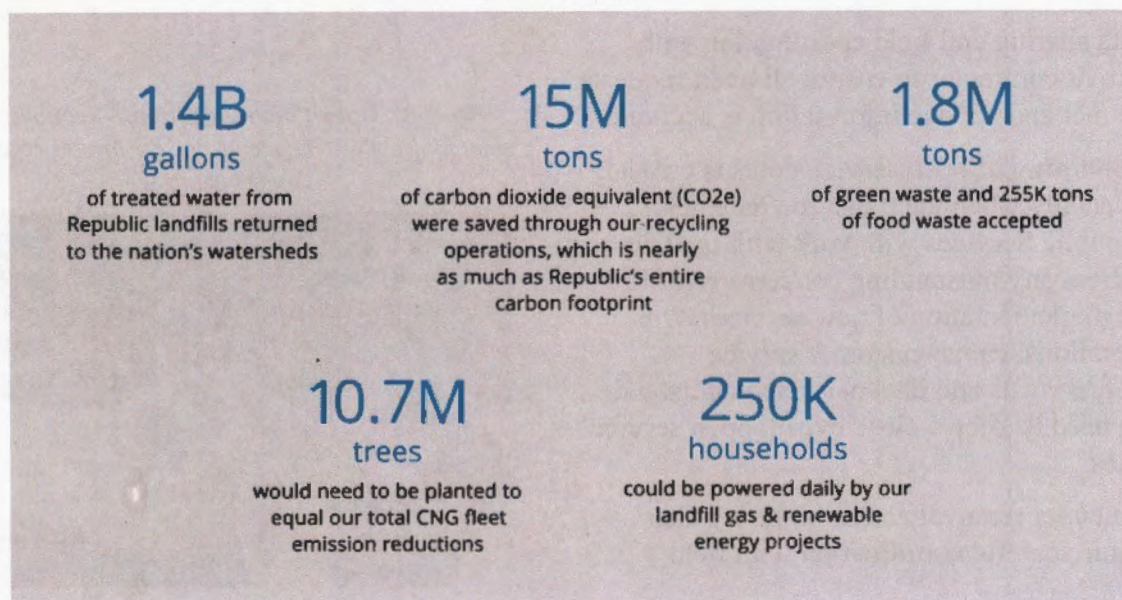
- **Operations.** We are working to minimize the impact of our operations around our fleet and our facilities. We will reduce our carbon emissions by 2.5 million tons in the next four years, by adding more recycling capacity in Galveston, increasing our CNG fleet and opening additional alternative energy-producing facilities.
- **Materials Management.** When we extract materials from the waste stream (commodities and/or energy), we reduce greenhouse gas emissions and your community's carbon footprint.
- **Communities.** Our *Empty, Clean, Dry* recycling outreach and education program helps customers recycle more / waste less.

Figure 31. 5 Elements of Sustainability – Republic Services is the lowest risk, best-value partner for your municipality, focusing our sustainability platform around these five areas



- **Safety.** We are committed to creating a safe environment for our customers, communities and employees. A recent national study found that Republic Services is the safest solid waste company – by a 41-percent margin.
- **People.** We employ and develop talented professionals who are committed to sustainability, our customers and each other.

Figure 32.– **Sustainability Statistics** – We are proud of our accomplishments in our efforts in helping to protect our Blue Planet™





Implementation Plan

We have successfully implemented new or emerging services into our 2,700 municipalities nationwide. Our team takes pride in our ability to implement new services without service impacts.

Our Approach

Your transition will take into consideration the unique needs of the contract and the City of Galveston. The key to success, regardless of project details, relies on communication plans to include:

- We start with a plan, crafted in collaboration with the the City. This plan includes milestones, roles/responsibilities and contact information and timeline for execution.
- Frequent, pro-active communication with the City to ensure no surprises along the way.
- Weekly in-person meetings and phone calls/emails as the situation requires. Our philosophy is sharing good news as well as bad news gives everyone a chance to prepare and respond in a timely and calm fashion.
- Data sharing and field coordination with current contractor to ensure all open requests are met and service information is accurate.
- Monitoring of open service notes is critical, especially when the transition date nears. Republic Services will work with the City to address any outstanding concerns prior to the implementation of new services. Our operations teams; customer service professionals and data partners understand the need to keep a close eye on open service notes.
- Container removal and/or delivery also require careful coordination with field

Decades of experience partnering with municipalities to implement new programs in the community

- 92% track record of successful extension or retention of existing partner contracts
- Frequent and transparent dialogue with the municipality
- All details and plans reviewed
- National strength, with local experts

crews. Customers need same-day service from both providers, and our local teams work with the current hauler to streamline this function.

- Timely and appropriate communication with residents and businesses—from events and mailings to website information and direct communication (phone, email, live chat). Redundant communications through a variety of channels is paramount to success.
- Daily communication with the internal team to assess project status.
- Our operations management will meet daily with our supervisors and maintenance crews to ensure critical-path items are addressed.

Figure 33. Open Communications - Republic will communicate with residents and businesses regarding services changes



The education team meets with the transition lead (operations manager), customer service manager and general manager to ensure customer-specific aspects of the rigorous training for customer service staff and drivers.

- Contract-specific information, route development and truck test drives will be used to bring a safe and well informed team to the City of Galveston.
- Regular communication with vendors supplying containers, printed material, trucks and on-board computing systems.

Republic Services brings relationships and experience to Galveston. We have extensive expertise in implementing collection programs from purchasing to operations, to communications, Republic has the national strength and the local experts to get the job done using our network of national and local suppliers.

Implementation Table

Figure 34. Implementation Schedule – We are ready to review and refine the implementation schedule upon award

Task	Assigned	Start	End	Comment
Contract Negotiations				
Equipment				
Operations				
Routing				
Customer Service				
Public Education				
Service Start				

Key Personnel

Our operations are run locally, by seasoned industry veterans who live in your community, and are backed by the experience and strength of their Area and Corporate leadership team.

Republic Services is structured along functional lines, which allows for local decision-making by managers with direct responsibility and experience relevant to the contract operations. They are knowledgeable of local collection and post-collection processing activities and are supported by the extensive resource recovery technical expertise and financial strength of our parent company Republic Services, Inc.

Republic's in-house training, personnel advancement, recruitment programs, and work force development are some of the most comprehensive in the industry. This enables Republic to attract and retain the most highly qualified, dedicated, and experienced professionals in the business today.

Local Leadership

Our local personnel are vital to the successful delivery of this contract and its daily operations. We will manage the various operational and administrative components of contract implementation and ongoing service to the City of Galveston. This team's unique combination of collection experience, recycling expertise, and innovative management systems will ensure quality service for the duration of the contract. Our local and area management teams have extensive industry experience in operating and managing solid waste companies and have substantial experience in the region. This allows us to quickly respond and meet your needs; all

Local Business Unit has over 50 years of Combined Industry Experience

- We provide jobs to over 31,000 people nationwide, including a number who live and work in your community
- The local General Manager and his business unit are fully empowered to serve your needs
- Every business unit is supported by Area and Corporate staff

the while staying in touch with you're your local businesses and residents. We believe our strong area management team allows us to effectively and efficiently drive our initiatives and helps ensure consistency across the organization. These teams have extensive authority, responsibility and autonomy for operations within their geographic markets. As a result of retaining experienced managers with extensive knowledge of their local communities, we are proactive in anticipating customers' needs and adjusting to changes in the markets. We also seek to implement the best practices of our various business units throughout our operations to continue improving our operations and service to our customers.

Figure 35. **Empowered Leadership** – The local business unit is fully empowered, with full support of Area and Corporate staff





National Backing

Each of our local business operations is fully empowered and accountable for delivering on our commitments to our customers. They are also backed by the support and breadth of our area and corporate leadership teams, capable of massing expertise and corporate might to assist or respond to any challenge during the term of the contract. An example of this benefit to you is the response capabilities during times of crisis such as hurricanes, tornados, or other disasters. In times of challenges like this, our area and corporate teams activate to ensure people, assets and services are safe and can return to normal operations as soon as possible.

Key Personnel Bios

Your local team has been working together for 5 years, serving a number of municipalities in your area, including the City of Galveston. The key positions and roles involved in the delivery of this contract are listed below:

Area President

Robert Boyer has over 9 years of experience in the solid waste industry, and oversees the strategic and operational direction for the State of Texas. Mr. Boyer has been with Republic Services since 2008. He is responsible for managing 3,600 employees in 19 solid waste divisions which include 27 landfills, 8 transfer stations and 3 materials recovery facilities (recycling centers). His business unit generates 1.2 billion in annual revenue with a focus on strategic integrated growth.

General Manager

Calvin Ray has been with Republic Services since 2012 and has been responsible for leading the business unit which serves Galveston County, Texas. Responsibilities include 240 employees, 8 municipal contracts, 1 landfill and 1 transfer station. Mr. Ray

comes to Republic with a wealth of management skills including operations, P&L Management, Risk Management, Customer Relations and Satisfaction, Sales, and Marketing Management.

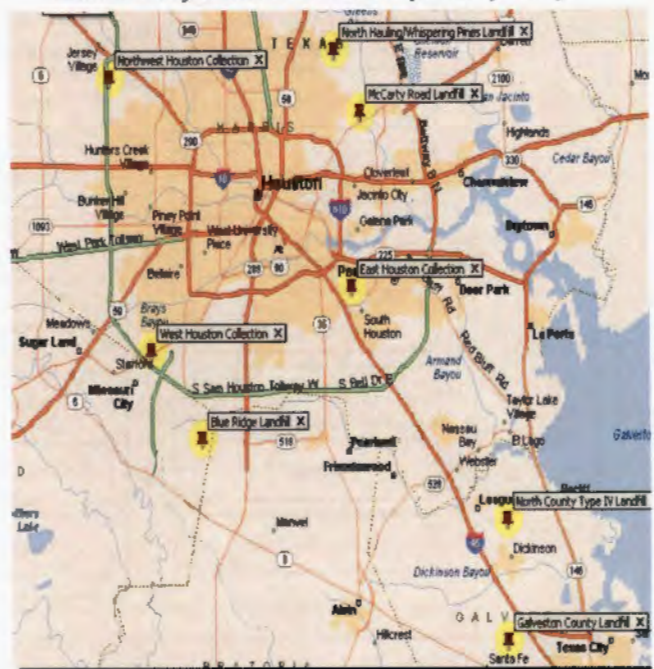
Municipal Manager

Steve Carroll has 25 years' experience in the solid waste industry. He is responsible for earning and maintaining contracts with our municipal partners in and around the Galveston County area. Additional responsibilities include marketing, public education, project development, governmental relations and negotiations.

Business Unit Controller

James Wingfield has 7 years within the solid waste industry and is currently responsible for all administrative, accounting and statistical reporting functions for Republic Services. He ensures that financial controls and records are maintained in accordance with company

Figure 36. Houston/Galveston Area Facilities – Our team is ready to deliver service to your city today.





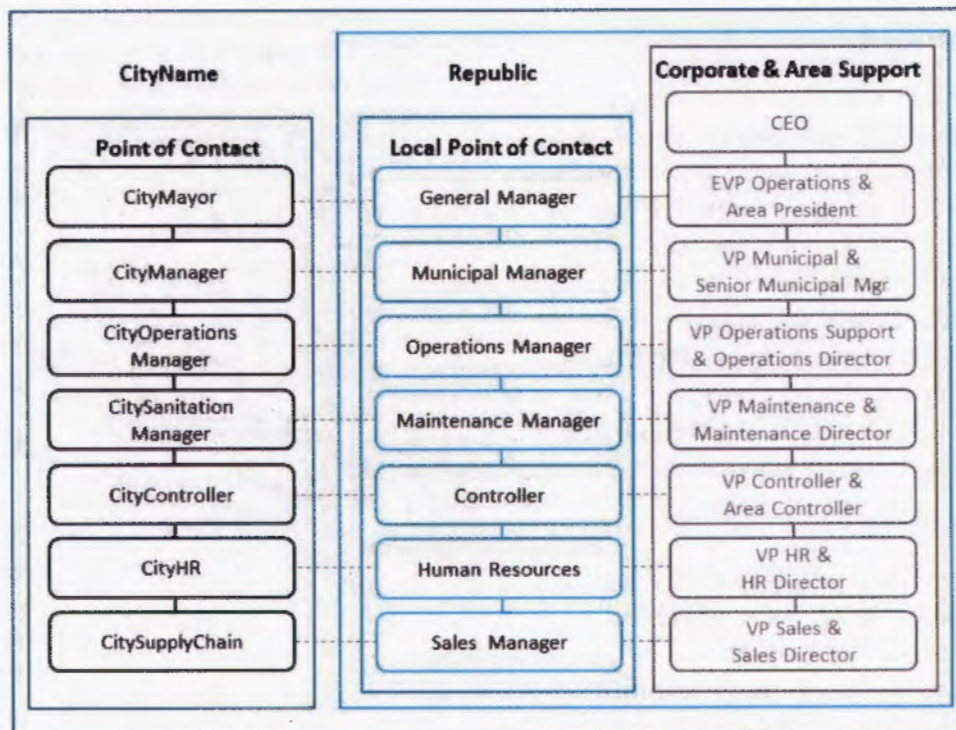
policy and legal requirements. He is responsible for providing and reviewing financial statements and variance analyses, billing, account reconciliation. In addition Mr. Wingfield is responsible for providing analytical support and assistance for the isresponsible for providing analytical support and assistance for the division goals and action plans. He develops and coordinates the annual budget, negotiates contract rates for municipal bids, and manages and trains staff in the accounting department.

Operations Manager

Chris Wallace has 10 years of experience the solid waste industry and 2 years direct experience in municipal daily operations. He manages the daily operations for the East Houston hauling division and ensures maximum productivity and route management systems for commercial, roll off and

residential routes and establishes productivity improvementgoals where needed. Responsibilities include the development of supervisory goals and objectives, management of labor hours, and disposal expenses. Mr. Wallace directly manages the budget for the operations department, which includes approval of purchase orders and vendor pricing. He also interacts with customers and local, state and federal government employees to resolve customer service concerns and the budget for the operations department, which includes approval of purchase orders and vendor pricing. He also interacts with customers and local, state and federal government employees to resolve customer service concerns and ensure regulatory compliance standards are met.

Figure 37. *Personal and Powerful* - Your dedicated local support backed by Republic infrastructure



Maintenance Manager

Dwyane Nelson joined the Republic Services team in 2015, bringing 20 years experience in the heavy truck / diesel repair industry. He is responsible for overseeing all aspects of our fleet maintenance program. Mr. Nelson ensures that all repair and maintenance work is performed in a safe, efficient and timely manner; reallocating resources among sites as appropriate. He oversees coordination, planning and scheduling of all repair work to increase productivity, while effectively managing the department's overtime.

Operations Supervisors

Michael Davis and Christopher Garcia serve as Operations Supervisors in our municipal partner cities. Together, they have 5 years' experience in the solid waste industry. These Supervisors are responsible for district route maps, route restructuring and supervision of employees providing waste collection and disposal.

Human Resources Manager

Nora Hodges has been with Republic Services for 23 years. As the Human Resources Manager, she is responsible for assessing, making recommendations, developing, implementing, and supporting human

resources processes to assist in employee hiring, engagement, retention, and policy standardization.

Customer Service Manager

Sylvia Moore has been in the solid waste industry for 5 years. Ms. Moore is responsible for managing a multi-department of customer service representatives and high volume call center for the business unit. She supervises Customer Service Representatives performing customer service activities including responding to service inquiries, retaining existing accounts, and problem resolution including, but is not limited to, hiring, training, and coaching representatives

*Figure 38. **Always Working For You** – Our local team is dedicated to the success of your community.*





One Fleet

The One Fleet management system enhances quality of service, maintains a reliable fleet and ultimately improves customer experience at the curb.

Republic Services is dedicated to operating the best running, safest and most environmentally friendly vehicles in the industry. This goal is achieved through a coordinated vehicular operation maintenance system called One Fleet.

With standardized procedures and consistent execution, the One Fleet system improves safety for the fleet, decreases repair downtime and improves customer satisfaction.

Nearly 18% of our total fleet now operates on natural gas, 74% of our residential fleet is automated, and 92% of our total fleet has been certified under our OneFleet maintenance program, up from 785 one year earlier. The expectation is to have our entire fleet certified by the end of 2017

Preventative Maintenance

Preventative Maintenance (PM) is the hallmark of One Fleet. Republic Services prescribes six levels of PM activity at varying truck hour markers.

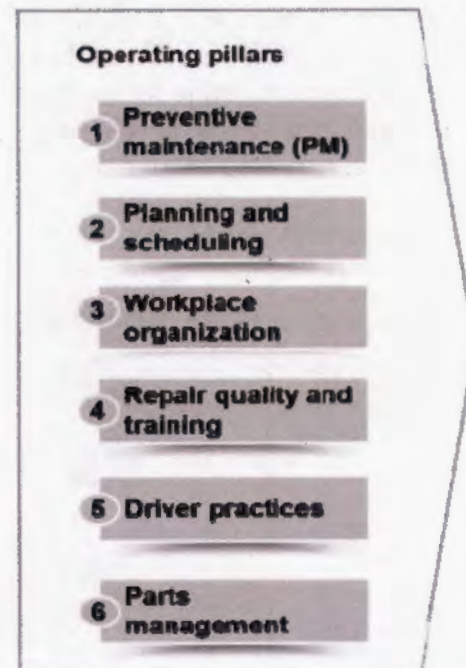
- 1) Every 150 hours (full inspection, including nuts/bolts/ fluids/no cracks)
- 2) Every 450 hours (A plus, full lubrication service)
- 3) Every 1350 hours (transmission, front suspension, air-to-air, hydraulics, CNG inspection)
- 4) Every 2700 hours (A, B, C plus drain transmission, new filters and fluids; crank ventilation filters; exhaust system inspection/service, cleaning, catalyst inspection/service)

The Republic Services One Fleet system leads the industry in creating a safer, more reliable fleet-both operationally and environmentally

- A scheduled preventative maintenance program provides a superior fleet traveling on your roads.
- Regular preventative maintenance contributes to our 99.9% reliability and 41% safer than industry average.
- One Fleet allows us to keep costs low and efficiency high which ultimately benefits the communities we serve.
- 92% of our trucks are certified under OneFleet
- Entire fleet is planned for certification by end of year 2017

- 5) Every 5,400 hours (A, B, C, D plus differential fluids, DPF system, overhead valve adjustment, fuel systems inspection/service)
- 6) Every Year – Annual Federal Safety Inspection

Figure 39. Our One Fleet
Preventative maintenance system contains six pillars



Planning and Scheduling

Standardized planning and scheduling leads to increased shop capacity and reduced fleet down time. Planning preventative repairs also make certain that parts are on hand and technicians are scheduled accordingly. Planning ahead also keeps the shop proactive and prepared and provides the benefit of prioritizing repairs and keeping the fleet ready at route time.

Workplace Organization

A clean and organized workplace makes for a safer and more efficient environment. At Republic Services, we manage the Five S's:

- Sort
- Straighten
- Sanitize
- Standardize
- Sustain

Training

The Republic Services One Fleet initiative is built on the foundation of an educated work force. Ongoing Tech Training, on the job projects as well as formal classroom clinics are all part of the Republic Way.

Drivers Practice

Joint accountability and proper communication between maintenance crews and operations

Figure 40. Our highly specialized Technicians deliver a best in class fleet for your municipality



personnel (drivers and supervisors) fosters fewer unscheduled repairs and breakdowns. Each day, drivers:

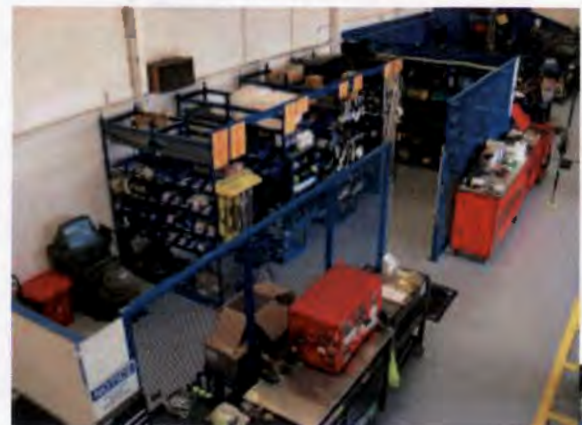
- Perform a pre/post-trip driver quality control inspection
- Ensure that any issues they identify are accurately communicated to the shop
- Ensure that customer & route expectations are understood in the mornings

Parts Management

The right part at the right time is critical to maintaining a fleet. With proper inventory management, parts are on hand for all scheduled repairs. That decreases truck and labor down time and reduces overall costs for the customer. Integral to the parts maintenance program is a maintenance bay. The floors and shelves are kept clean and orderly. With proper scheduling, parts are also staged on containers in advance of a technician's arrival.

The real benefit of One Fleet is the positive impact to the customers. Republic services drivers begin each day with a safe and reliable fleet. A reliable fleet allows the frontline employees to focus outwards and onto the MSW and recycling needs of the community.

Figure 41. Parts Management is a key component of our successful One Fleet program



Vehicle Inspection Reports

The key to the preventive maintenance program is daily completion of vehicle inspection reports. This is done by the collection vehicle's assigned CDL driver and includes both a pre-trip inspection and post-trip inspection. Drivers check fluid levels, lights, tires and other safety related areas of their truck and indicate on the inspection report any defects or deficiencies found that day. Shop personnel review the report and check any items marked by the driver as being questionable or problematic. Technicians then make any needed repairs before the vehicle returns to the route. Furthermore, each vehicle undergoes a thorough and comprehensive preventative maintenance inspection (PMI) every 150 hours of service. This inspection is conducted by a trained and certified brake inspector, according to USDOT requirements.

Vehicle Appearance

It is a fact that vehicles that are clean in appearance are usually well-maintained as well. Republic Services washes its collection vehicles weekly, utilizing biodegradable cleansing products, high and low pressure washers using a brush.

Figure 42. **Clean, well maintained trucks** – our well maintained fleet is a direct reflection of your municipality



Public Education and Outreach

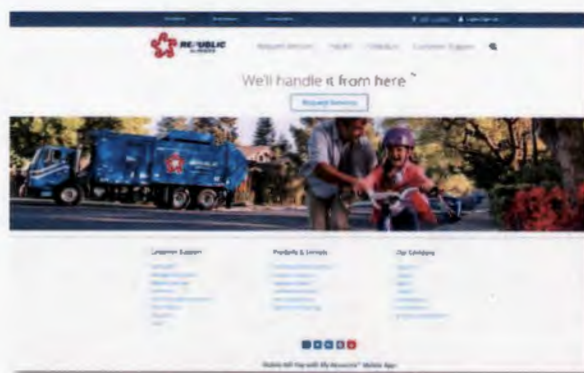
Public education is critical to maintaining an efficient and cost-effective service for recycling and waste in your community.

The goal of Republic Services Public Education and Outreach Program is to educate residents on industry trends and the services offered by Republic Services. We do this by engaging community groups and business associations, to educate local residents and businesses about the key elements of the program, including relevant program changes, and highlighting customer service, cost, environmental benefits and state requirements.

Website

The Republic Services website is designed to be a one-stop resource for current and potential customers. Here they will find news updates, collection information and educational tools. The Educational program provides in-depth information for both residential and commercial customers, and the programs are downloadable and can be used for outreach and environmental initiatives. When a resident enters their service address, they will find news and resources specific to

Figure 43. **Republic's Website** - RepublicServices.com is a one-stop resource



We develop and maintain a library of public education programs and materials that our partners can leverage in their communities

- Instant access to information via website and My Resource™ app
- Facility Tours
- School Education and Take-Home Materials
- Videos and Public Service Announcements
- Community Newsletters

the City of Galveston.

Republicservices.com provides in-depth content specific to residential and commercial needs. Residential pages allow the user to enter their address in order to receive information specific to them, including the ability to schedule pick-up, change service, or to identify the correct contact person within Republic Services for services requests (i.e. debris box orders, container repairs, or bulky pick-ups). If the customer is direct billed by Republic, they can also inquire into billing related questions or even view and securely pay their bill. Residential customers will also find resources on recycling and environmental needs.

Commercial pages allow users to login and view, pay their bills, view billing history, and schedule pick-ups. Commercial users will also find resources on how to responsibly dispose of e-waste, hazardous household material, and other environmentally harmful materials. As with residential users, commercial users will find the name and phone number for the correct contact person for various service needs.

On the main page of republicservices.com visitors will be able to view a video clip of Recycling Education that features our "Closed Loop" recycling collection program.

This video can easily be edited to focus on any new initiatives agreed upon with the City.

My Resource™

My Resource™ is an application for mobile devices that can be used to schedule a pick-up, report a missed pick-up, receive service notifications, search additional products and services, and much more. This app can be easily downloaded from the App Store for Apple users or for Android users from Google Play.

Reference Guides & Collateral

As part of the initial program implementation as well as Republic Services' ongoing education efforts, we will provide the following materials to ensure that residents are fully aware of the services provided by Republic Services and how to properly use these services.

Welcome Packet

At the commencement of service, Republic Services will provide an initial information packet to residents. This packet will contain information on the services offered and proper

preparation procedures. In addition, the packet will contain information on additional services and products offered by Republic Services as well as a collection day reminder for their specific location.

This packet will also be made available to new residents that move into the City.

Annual Education Updates

Republic Services will annually mail to each household an annual reference guide for collection services. This reference guide will contain information on collection services as well as any updates for acceptable or unacceptable materials. The reference guide will also contain information on new products and services available to residents.

Oops Tags

Oops tags are our first line of education for residents that have placed unacceptable items at the curb for collection. Drivers and route supervisors will provide a resident with an Oops tag in the event that a material cannot be picked up. Oops tags will provide the resident with the reason why the item was not picked up as well as a phone number to call for further follow up information.

Presentations to Schools and Other Community Organizations

Republic Services is a well-known friend, supporter and partner to local schools in Galveston. We believe that providing an environmental education to students will build a foundation and an appreciation to preserving and protecting the planet. Students in turn, bring this knowledge back to their families and become catalysts for promoting sustainable habits at home.

Republic Services trains teachers, staff and students on proper diversion and disposal practices. We place significant emphasis on

Figure 44. **Mobile App** – Over 1.8M customers use Republic Services' My Resource™ App to instantly access important information on services



the importance of recycling as it diverts reusable materials from being disposed of and allows for a longer lifespan for local landfills.

It is our goal to cover all aspects of environmental stewardship including trash, electriGalveston, water, paper, chemical, and emissions reductions. As well as empowering students to utilize what they have learned in their school communities about environmental sustainability to make a global impact.

Enroll and Involve the Entire School Community in Becoming Great Recyclers

Republic Services will engage school administrators, faculty, staff, and students in its efforts to conduct a successful recycling program. Once enrolled, the entire school community will receive specialized education based on that particular group's role in promoting recycling. Republic Services will include the following elements when addressing the education and training needs of each community member

1) Communication and Feedback

Republic Services will communicate the availability of educational resources to each school's administrators through a variety of media prior to the opening of school each fall. In addition recycling representative will follow up and respond to school/teacher requests for educational materials, resources, and presentations throughout the year.

2) Logistical Training in an Educational Format

Republic Services will meet with administrators, faculty, facilities personnel, and parents (through PTA meetings and other means) initially and as needed to establish and provide training on internal materials capture systems. We will provide educational

curriculum and program how-to information in a fun format, such as story-telling, recycling relays, competitions, waste audits, and videos. Educational curriculum, activities, and presentations are geared toward grade level/age groups.

3) Recycling Champions

Republic Services will work with all schools within the district to identify a recycling champion within each school who will act as the school's recycling coordinator. This coordinator will monitor faculty, staff, and administrators for optimal, proper recycling program participation, knowledge and utilize educational resources provided by Republic Services and other sources. They will also communicate recycling program results to students and staff.

4) District Recycling Committee

Republic Services proposes that the school district recycling committee be comprised of the identified recycling champions named in Item 3 above, and headed by a District administrator and Republic Services Recycling Representative. The recycling committee would meet according to need and District preference until recycling programs are

Figure 45. Engaging kids through Schools - We believe that providing an environmental education to students will build a foundation and an appreciation to preserving and protecting the planet.



functional in all schools.

5) Recycling Education

All educational materials will be provided in the primary languages represented in the student body of the district.

Republic Services involvement with local schools goes beyond how we can help with environmental education, we also believe in supporting students at all levels. For example, we provide educational and safety programs at local schools featuring characters such as Recycling Rosie, Garbage Gus and Driver Mike.

The presentation is interactive and features information on how to recycle and teaches children how to be safe around collection vehicles. Children receive a complementary coloring book that reinforces the safety message. At the conclusion of the presentation, children are escorted out to the parking lot, where a Republic Services truck and driver are on hand so that children can sit in the cab, view the controls, and ask the driver questions.

Republic Services also encourages an annual recycling contest among local elementary schools. Each school is challenged to reduce waste, recycle more, and separate their food

scraps for composting. Schools will compete for the greatest year-over-year diversion results (measured Fall through early Spring). The winning school is rewarded with an all-expenses paid recycling fair that will feature multiple activity stations including: recycled art projects, an opportunity to view the inside of a recycling collection truck, and products made from recycled materials.

In addition to providing a unique and comprehensive school outreach program, Republic Services plans to reach out to various community organizations such as the Chamber of Commerce, Rotary, business associations and other appropriate groups to provide detailed recycling outreach education and offer tools and support for successful programs.

Public Events

Republic Services will continue to be a true leader in Galveston, not only because of our dedication to excellence in service, but because we are a proud community partner. We participate in numerous community events on an annual basis and propose to build on these existing efforts by partnering with the City to develop and launch a sustainability-themed outreach schedule for public events.

The program would involve creating a family of "green" recycling-specific educational hand-outs, and a common, customizable booth design that could be used at local street fairs, art festivals and concerts.

Republic Services will not only continue to provide service and assistance to community events, we will also work with event planners to bring additional value. This would include upfront planning for logistics detail, such as placement of containers, providing a full contingent of containers at each collection point with clear messaging to encourage recycling participation, clean up services,

Figure 46. **Recycling Education** - Our educational materials include flyers and stickers for distribution through mailers or at schools



sponsorships, and educational materials. We see this as an opportunity to engage with the community to become even stronger and more vibrant. The City of Galveston can continue to count on Republic Services to be a true corporate citizen and community partner in greening the Galveston service area and educating residents and businesses every step of the way.

Curbing Contamination

The best way to reduce contamination is at the source, with both restricted access container lids and container spot checks.

Contamination Spot Checks: Our drivers are well trained to check for and document contamination in our customer service interface every time they service a container. The driver can then remotely update the account to reflect the contamination note, allowing our dedicated staff to notify the customer and offer one-on-one assistance. We work closely with each customer to develop a solution to their contamination problem. We can also provide resources to the Galveston they can share with residents and property staff.

*Figure 47. **Creative Public Engagement** - Republic Services is an active participant in local events providing education information to improve recycling participation*



*Figure 48. **Reducing Contamination** - Republic Services will work with Galveston to reduce contamination through spot checks and optional specialized equipment*



Community Engagement

Serving our 14 million customers goes beyond handing their recycling and waste needs. Service is about being a good neighbor to the communities where we live, work, and raise our families. Whether we are volunteering, or donating our time or resources, our willingness to give back is yet another way we make a difference.

At Republic Services, our customers can always rely on us to handle their recycling and waste needs in a way that is easy and effortless for them. But our promise goes far beyond our business. It is about being a good neighbor and supporting the communities where we live and work. This is why Republic Services centers our charitable giving around community development and neighborhood revitalization to help build stronger, safer communities.

Thought Leadership

Delivering exceptional services to a community requires that we remain a thought leader in the complex topics that our industry requires. We understand the complex regulations and requirements to responsibly manage and dispose of the nation's recycling and waste, and are able to help municipal leaders and the community understand these topics as well.

Figure 49. **We are a visible** and highly engaged partner, because we live and work in your community.



We are a committed, visible partner for your municipality

- We're watching out for you program - partnering with local law enforcement
- \$5M donated annually - cash or in-kind
- \$6.7M in local sponsorships nationwide

We are heavily engaged in the top municipal associations in the country, as well as important local organizations, which include:

- National League of Cities (NLC)
- International Galveston Manager's Association (ICMA)
- Council of Mayors
- National Waste and Recycling Association (NWRA)
- Solid Waste Association of North America (SWANA)
- Houston-Galveston Area Council of Governments Solid Waste Advisory Committee
- Texas Association of Business
- Galveston Regional Chamber of Commerce

Through these forums, we are able to contribute as a thought leader, as well as listen and understand the top and emerging topics that we must address. This enables us to continue to tell our customers that "We'll handle it from here™".

Community Events

Helping the local community and leaders understand the complexity of the industry is a big part of our role. We frequently execute events that enable increased awareness and understanding of how to responsibly dispose of recycling and waste, as well as events that assist the community in doing the right thing. Shred events help the disposal of large

volumes of recyclable paper. Recycling events can educate the community on what and how to recycle properly, using our *Empty, Clean and Dry* guidance. Lastly, we offer tours of our facilities, to help educate the community on how the operations work, and to show how much effort and care goes into ensuring that the recycling and waste material from your community is properly handled and disposed in a responsible manner.

Volunteering

A number of our employees live, work, and are committed to being involved in your community. We frequently dedicate time to volunteering at community events, local charities, and with initiatives that are important to the municipality. As a partner in your community, we engage with your staff to ensure we understand the initiatives and events that our employees can align with, so that our volunteer efforts can help advance your goals and visions.

In-Kind or Cash Contributions

As a good neighbor, we often support community events and initiatives through in-kind donation of recycling and waste services, or cash donations.

Large community events involve large crowds

*Figure 50. **Good neighbors** help build stronger neighborhoods, which is why we volunteer in our communities.*



of people. Our event boxes are easily distributed throughout community events, offering easy and environmentally conscious solutions for recycling and waste disposal. Where needed and appropriate, larger containers can be utilized to manage the consolidation and removal of recycling and waste from an event. In 2016, Republic donated over \$5M to our community partners through cash or in-kind services.

Awards and Recognition

As a result of our efforts, Republic Services has been recognized numerous times for our actions as a business and a community partner. Some of these awards and recognition include:

- Republic Services recognized among Top Companies as a Leader in Climate Change, with CDP's Highest Performance "A" rating - October 2016
- SWANA Recycling Systems Excellence Award - July 2016
- NWRA Best Recycling Facility, Southern Nevada Recycling Center - September 2016
- NWRA Driver of the Year, Dave Bedford - July 2016
- NWRA Driver of the Year, Fernando Lopez - July 2016
- 30 Most Meaningful Companies to Work for in America - Business Insider



Safety

Safety is Republic Services' highest priority. We adhere to a strict policy of safety protocols with supporting infrastructure, where employees are trained to think, choose, live within a framework designed for safety.

Safety Overview

Republic Services has an industry leading safety program that has been 41% better than the industry average for the past nine years, based on OSHA data. In addition, we have been recipients of 75% of industry Driver of the Year awards for the large truck category since 2009.

Republic Services and its employees maintain strict compliance with all applicable OSHA and Federal, State, and Local safety requirements while performing all work related functions. We recognize that a safe workforce is not simply a discussion with a new hire, but a dedicated plan to review, educate, and verify employee practices throughout their careers.

Republic Services has the lowest occurrence of incidents and accidents in the industry due to its company-wide emphasis on safety, extensive employee training and on-going educational development programs. Republic Services requires all operations personnel to participate in extensive in house (off truck) training and testing as well as on road auditing and policy reinforcement.

Republic Services offers full-spectrum safety initiatives and award-winning safety training programs to all employees. We are an industry leader in safety and we are very proud of our safety track record.

Our employees are our greatest asset, and our dedication to every employee's safety is second to none

- 41% Safer than the Industry Average, while maintaining the 8th largest commercial fleet in the United States
- "Think, Choose, Live" embodies our company culture
- Winners of 75% of industry Driver of the Year awards since 2009

Think. Choose. Live.

Every day, drivers face a multitude of challenges and are required to make decisions that can greatly impact their safety, as well as the safety of those in the communities we serve. We instituted a best-in-class driver training program that drives continual improvement for all of our 15,000 drivers.

Our Think. Choose. Live. philosophy helps navigate these situations by encouraging employees to **Think** about what they're doing, **Choose** the safe answer and **Live** to go home to their families.

ReSOP Program

The Republic Safety Observation Program (ReSOP) is paramount to decreasing safety incidents throughout the company. Supervisors are required to conduct a minimum of two in-

Figure 51. Republic Services ReSOP Program decreased safety incidents since implementation



person driver observations per week.

The purpose is mutual improvement in safety and service. The driver and their leaders work together towards excellence; improving safety and efficiency throughout the process. Upon completion of each ReSOP, drivers receive corresponding steps for improvement.

Safety Meetings & Training

Republic Services provides intensive safety training for all operational employees (Operations, Maintenance, Landfill) to develop on-going awareness through a combination of annual, monthly, and weekly training.

Safety topics are developed based on accident potential and subject matter required under OSHA regulation. Republic Services prepares well-developed tailgate sessions, provides appropriate translators to engage all employees, encourages open discussion and participation by all and documents every session.

Meeting topics can include:

- Injury and illness prevention/safety rules
- Back injury prevention
- Emergency response/fire safety
- Exposure control plan
- Drug and alcohol program
- Personal protective equipment
- Employee right-to-know
- Hearing conservation safety
- Lock out and tag out safety
- Slips, trips, and falls
- Confined space entry

Safety Recognition Program

The Republic Services Safety Recognizing Excellence Program is designed to identify, recognize and reward safety-sensitive employees in the company who are dedicated to safety and excellence in their workplace.

This program consists of two tiers that recognize and reward safety-sensitive employees who have excelled in key areas.

Employee safety and excellence is measured on six criteria including no preventable accidents, no lost time injuries, no safety warning letters, and perfect attendance. Each employee who qualifies is recognized monthly and annually.

Drivers' Alert System

Republic is dedicated to continually identifying and correcting unsafe behavior. The Drivers' Alert allows community members to report unsafe behaviors while drivers are on the road. When calls are made by the public, an alert goes out to the local management team. The driver is then counseled and the event logged as part of our driver grading system.

Driver Grading System

Republic Services uses a grading system to rate safe driver performance and to identify drivers who require additional training and

Figure 52. Continually Improving Safety is Top Goal for Republic Services



monitoring. All incidents or Drivers' Alerts are catalogued and evaluated monthly relative to each driver. The frequency of occurrences determines a grade. The organization then identifies at-risk drivers and focuses employee observations, in-cab ride-a-longs and training to correct driving behavior.

Quality Control

To ensure extreme reliability and a consistently high level of customer service, Republic Services has a quality control program called Driver Service Management (DSM).

DSM includes an extensive driver-lead reporting process, accompanied by regular auditing, that is focused on safeguarding against procedural failures. DSM standards guarantee that all driver issues will be addressed and completely resolved by supervisors or management within seven days of discovery. Other key benefits of this program include:

- Increased driver communication and accountability with Republic management
- Improved documentation and resolution of driver issues
- Improved customer service
- Improved on-route safety

The program is monitored and conducted by a Driver Service Coordinator responsible for:

- Conducting pre and post route briefing with drivers;
- Entering and monitoring DSM issues; and
- Running and distributing reports.

Drivers must observe and record issues while performing collection duties, and report findings to the Driver Service Coordinator during the pre- and post-route briefings daily.

The objective of the pre-route briefing is to ensure all drivers have the necessary tools to

run their routes safely, competently, and accurately each day. The Driver Service Coordinator reviews the following topics during the briefing:

- Confirms the driver is wearing the proper uniform and gear: clean uniform and personal protective equipment (PPE).
- Confirms the driver has the necessary route paperwork: sequenced route sheets and special/extra paperwork.
- Confirms the driver has completed the pre-trip vehicle inspection report (VCR).
- Ensures route completion by end of day.

During collection activities, drivers are instructed to make notes on their route sheets

Figure 53. Driver performs pre-route inspection to ensure vehicle is safe for driving



throughout the day.

The objective of the post-route briefing is to collect all valuable route information from each driver. Driver Service Coordinators must complete the post-route briefing section of the Driver Check-In form and drivers must sign the form before clocking out each day.

Finally, Driver Service Coordinators must submit any findings to the appropriate department that same day. For example, customer service will receive issues such as billing concerns and questions; operations will receive issues such as poorly sequenced routes; sales will receive items such as commercial coverage issues; safety will receive information pertaining to safety items such as low hanging wires or dangerous container locations; and maintenance will be forwarded issues such as container repair and replacement needs.

Should an item remain open for longer than seven days, it is forwarded to the General Manager to bring matters to an immediate resolution.

The following reports are disbursed:

- Driver Services Issues Cover Sheets are printed automatically each day for any route that has associated issues and is distributed to drivers along with their daily route sheets.
- Open Issue Reports are run daily by department managers and includes the day's new issues.
- Aged Open Issue Reports are run by the Driver Service Coordinator as needed and is intended to bring awareness to the General Manager of challenging issues that need to be closed out.
- Closed Issue Reports are posted weekly in the driver break room to increase driver awareness.

Together for Safer Roads

As the operator of the 8th largest vocational fleet in the country, with an industry leading safety record, we have a direct effect on roadway safety each day. While our strong safety performance is significant in the communities we serve, we aspire for more.

Today, we are proud to be the only recycling and waste services provider associated with Together for Safer Roads. This innovative coalition brings together global private sector companies across industries to collaborate on improving road safety and reducing deaths and injuries caused by road traffic crashes.

The Coalition's mission to provide guidelines and processes to keep employees, partners and contractors safe on the road closely aligns with our continuous work in fostering an environment that provides ongoing road safety education.

Focus 6

Our Focus 6 program provides employees with tips and techniques to reduce the frequency of our six most common types of serious accidents. This industry-leading program, which involves in-class training and

Figure 54. Our Focus 6 safety program assists in tips and techniques to reduce our top 6 most common accident types



a practical skills course exercise, helped to reduce accidents by 22% in 2015.

Personal Protective Equipment

Republic Services is committed to providing the safest collection and disposal process possible and recognizes that effective management of workers safety and health protection is a decisive factor in reducing the extent, severity, and cost of work related injuries and illnesses.

Eye and face, head, hand and high visibility PPE is required to be worn at all times, by all employees while operating a vehicle, on the lot, or at a disposal facility.

Driver of the Year

We believe strong safety records should be acknowledged and celebrated. Each year, drivers who meet our stringent safety criteria are eligible for the National Waste & Recycling Association's Driver of the Year.

With more than 1,000 nominations each year, this award is the most coveted in the industry and demonstrates winners' commitment to safety. Since 2009, we have had 18 winners

Figure 55. Our 2016 Driver of the Year Efren "Fernando" Lopez Thinks, Chooses, and Lives to come home to his family every day



Figure 56. Our 2016 Driver of the Year David Bedford. Thinks, Chooses, and Lives to come home to his family every day



out of 24 in the large company categories. In 2016, Republic's winners were Efren "Fernando" Lopez from our Stockton, CA division and David Bedford from our Boise, ID division.

Mr. Lopez began his driving career in 1987 in Stockton, CA. Over the past 28 years, he has earned a reputation for his strong work ethic and pride in keeping the cleanest truck in the local fleet. Mr. Lopez is known for his superior and reliable service, perfect safety record and his dedication and commitment to serve the community. He has collected over 160,800 tons of solid waste and served more than six million households throughout his career.

Mr. Bedford began his driving career in 1981 in Boise, ID. Over the past 35 years, he has earned a reputation as an ambassador for the company and industry. He is a leader and mentor who goes above and beyond for his customers. Mr. Bedford is known for his superior and timely service, perfect safety record and sincere interest in getting to know his customers. Each week, he drives an average of 600 miles collecting more than 250 tons of waste.

Subcontract / MBE

As an industry leader, Republic Services is committed to partnering with small, disadvantaged, minority-owned, woman-owned, and veteran-owned business enterprises. These relationships help grow successful businesses in the municipalities we serve and live.

Our experience and interaction with state and local governments will allow Republic Services to work with our municipal partners in Galveston, Texas and adhere to government procurement law. We can also assist qualified contractors earn and retain M/W/DBE certification.

Fostering Economic Growth

Republic Services recognizes that small business enterprises, especially those owned by minorities, women, disadvantaged individuals, and veterans (MWDVBE), are an integral part in growing the Galveston Area economy through job creation. Republic Services partners with qualified businesses across the country in a variety of roles. We partner with these firms, and offer mentoring to assist them in operating at our high standards, which often helps them establish repeatable processes and controls that lead to

continued success. Numerous partner firms have ultimately grown over years of working with Republic, to the point they exceed the small business qualifications.

Sub-Contracting Opportunities

Republic Services employs subcontractors wherever possible to promote local jobs and economic development. Typically, our subcontractors have specialized skills and knowledge, which allows Republic Services to focus on our core functions.

Opportunities for sub-contracting vary based on location, and often include:

- Container Maintenance
- Transfer Station Transportation
- Public Education & Outreach
- Other Services

Figure 57. Republic Services hires locally owned business for container maintenance.



Transition Plan

We are seasoned experts in the low risk, successful transition of services from your current provider to Republic Services. Through transparent and involved collaboration with you, our seamless transition will leave the Galveston and your residents happy with your choice to switch to Republic Services.

Experience Matters

Republic Services successfully implements more than 75 new municipal contracts each year, and we will bring our national strength and local expertise to every one of them.

Each transition takes into consideration the unique needs of the contract and Galveston. The key to success, regardless of project details, relies on communication:

- We start with a transition timeline, crafted in collaboration with the Galveston. This transition plan includes milestones, roles/responsibilities and contact information. See Figure 78 for a sample of our transition timeline for the city of Galveston.
- Frequent, pro-active communication with the City to ensure no surprises along the way. Weekly in-person meetings and phone

Figure 58. Low Risk Transition - From contract award to service start date our teams are visible and in constant communications



Successful transitions cover many details and require strong communication

- Communication is key to a successful transition
- Capital asset procurement and delivery
- Driver hiring, training and route planning
- Community education and messaging

calls/emails as the situation requires. Our philosophy is sharing news as that gives everyone a chance to prepare and respond in a timely fashion.

- Data sharing and operational field coordination with current contractor to ensure all open requests are met and service information is accurate.

Monitoring of open service notes is critical, especially when the transition date nears. The current hauler is responsible for the service note up until the current contract expires; there may be some service issues that cannot be resolved in the time allotted and will become the new haulers responsibility. Our operations teams, customer service professionals and data partners understand the need to keep a close eye on open service notes.

Container removal and delivery also require careful coordination with field crews. Customers need same-day service from both providers, and our local teams work with the current hauler to streamline this function for a seamless transition.

- Timely and appropriate communication with residents and businesses—from events and mailings... to website information and direct communication (phone, email, live chat). Redundant communications through a variety of channels is key to a successful transition.

- Daily communication with the internal team to assess project status and time line benchmarks.

Our operational management team meets daily with our supervisors and maintenance team to ensure critical-path items are addressed.

The publiGalveston and education team meets with the transition lead (operations manager), customer service manager and general manager to ensure customer-specific aspects of the rigorous training for customer service staff and drivers.

Dedicated phone lines, contract-specific information, route development and truck test drives combine to bring a safe and well informed team to your Galveston

- Regular communication with vendors supplying containers, printed material, trucks and on-board computing systems.

Our experience has shown that relationships matter—when we need equipment, we get it. Our national strength and buying power is leveraged for your benefit. Locally, we have secured relationships with key printing/mail house partners who put our needs first in a time-critical situation.

Figure 59. **Our draft Implementation plan** - can be found in the appendix; a sample is depicted below.

Implementation Overview			Borgida				
Sammanish Contract Executed	12/1/2015	12/1/2015				G	
Weekly Meetings with City Staff	12/15/2015	5/15/2016				G	Can adjust schedule as needed
Implementation Plan Due to City	1/1/2016	1/1/2016				G	
						G	
Transition Meeting with Current Contractor	2/1/2016	2/1/2016				G	
Contract Start Date	1/1/2017	1/1/2017				G	
Equipment and Procurement			Whyland				
Trucks						G	
Place order for Collection Vehicles	12/1/2015	12/15/2015				G	All CHG
Take delivery of new Collection Vehicles	6/1/2016	8/1/2016				G	In-house test, road test
Truck electronics - FleetMind						G	
Load and test software	6/1/2016	9/1/2016				G	
Install hardware in trucks	7/1/2016	10/1/2016				G	
Carts						G	
Confirm decal sizes for existing carts	1/1/2016	1/1/2016				G	
Develop cart decals and graphics	5/1/2016	6/1/2016				G	
Place cart order	4/1/2016	4/1/2016				G	
Receive carts	6/1/2016	6/1/2016				G	
Relabel or Deliver carts	9/1/2016	11/1/2016				G	
Steel and Plastic Bins and Bomes						G	
Place order	1/1/2016	1/1/2016				G	
Receive	5/1/2016	6/1/2016				G	
Resticker and/or deliver new containers	9/1/2016	11/1/2016				G	



Financials and Other Requested Information

Republic Services is among the leading recycling and waste services companies in the United States, with annual revenues exceeding \$9 billion, guaranteeing the financial strength and stability to exceed Galveston's expectations for the duration of the contract and beyond.

Financial Overview

Republic Services' financial stability allows us to guarantee our commitments and obligations presented to Galveston in our proposal. We have the capability to continually invest in equipment and preventative maintenance, as evidenced by the youngest fleet in the industry.

Republic Services does not use third party financing, meaning Republic Services owns all assets used to perform the duties of this agreement. The City will not need to be concerned with the potential for adverse business or performance conditions affecting the ability of our company to perform or obtain financing.

We implore you to take financial stability into serious consideration when choosing a long term partner for your recycling and waste needs. In many instances, the success of a service provider is dependent on their ability to invest in necessary equipment or personnel.

Financial Reporting

Republic Services, Inc. provides audited financial statements on behalf of its subsidiaries. Republic Services, Inc. is a publicly traded (NYSE:RSG), Fortune 300 Company and will be the signatory for the corporate guarantee.

The financial strength you need in a long term partner for your municipality

- Financial capability to continually invest in equipment and preventative maintenance
- Youngest fleet in the industry
- Reinvesting in state of the art equipment and facilities.
- Republic Services contributes over \$5 million to charities annually.

Republic's most recently completed audited financial statements can be found at on our website at www.republicservices.com

The Annual Reports to Shareholders have been prepared in accordance with Securities and Exchange Commission requirements, with New York Stock Exchange Commission requirements, and in accordance with generally accepted accounting principles (GAAP).

Labor Agreements and Wages

Republic Services offers a safe, respectful and rewarding workplace for our employees and provides the best training and safety programs in the industry.

Republic Services focuses on maintaining a positive and professional relationship with its

Figure 60. Excellence Driven - Republic Services takes pride in being excellence driven, which includes continuous investment in new vehicles, containers, and technologies.



workforce through continuous training and consistent communication. We utilize this approach with both our represented and non-represented employees. Nearly 40 percent of Republic Services over 33,000 employees are represented under various collective bargaining agreements across the country.

We negotiate fairly with our labor unions, carefully balancing the needs of the workforce with the cost to provide service and the ultimate impact it will have upon the municipality we are partnering with.

Republic Services works tirelessly with our labor partners to ensure labor peace and although the parties do not always agree, both sides work respectfully and relentlessly to reach an expeditious resolution.

Republic Services will commit to the the City that the organization will take every

reasonable measure to avoid a labor dispute or labor unrest during the term of the collection services agreement.

Litigation Information

Republic Services is involved in routine judicial and administrative proceedings that arise in the ordinary course of business and that relate to, among other things, personal injury or property damage claims, employment matters and commercial and contractual disputes. We are subject to federal, state and local environmental laws and regulations.

Due to the nature of our business, we are also often routinely a party to judicial or administrative proceedings involving governmental authorities and other interested parties related to environmental regulations or liabilities.

Figure 61. Republic Strength - Republic Services dedication to our employees, the communities we serve, and environmental sustainability is impeccable.

Forbes | 2017 AMERICA'S BEST LARGE EMPLOYERS

POWERED BY STATISTA

Forbes America's Best Large Employer List

- Only recycling & waste company to make the list
- Anonymous survey to employees who are willing to recommend Republic Services
- High Net Promoter Score

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

Dow Jones Sustainability Index

- Only recycling & waste company to make the 2016 DJSI North America and DJSI World Indices
- Scored in the 90th percentile or higher on 8 of the Index's sustainability dimensions

CDP DRIVING SUSTAINABLE ECONOMIES

Carbon Disclosure Project

- 2015 Climate Change Report
- Scored of 98 out of 100
- Among top 10 percent globally
- Highest score in the industry

HUMAN RIGHTS CAMPAIGN

Human Rights Campaign

- 2016 Corporate Equality Index
- Scored of 85 out of 100
- National benchmarking survey and report on corporate policies and practices relating to lesbian, gay, bisexual, and transgender



U.S. Environmental Protection Agency

- 2015 Electricity Project of the Year Award
- Renewable energy project at Sand Valley Landfill in Alabama



U.S. Department of Energy

- 2015 Award and Recognition
- Commitment to operating a growing CNG fleet, as part of the federal government's clean fleets initiative



Solid Waste Association of North America

- 2015 Award and Recognition
- Gold award for Recycling Excellence
- North Texas Recycling Center



National Waste & Recycling Association

- Driver of the Year awards in the large company category
- 14 out of 18 times (since 2009)
- 2016 Recycling Facility of the Year
- Southern Nevada Recycling Center



From time to time, we may also be subject to actions brought by citizens' groups, adjacent landowners or others in connection with the permitting and licensing of our landfills or transfer stations, or alleging personal injury, environmental damage, or violations of the permits and licenses pursuant to which we operate. Additional information can be provided upon request.

In the previous five years, Republic Services has not experienced any of the following claims against:

- Officers of the company
- Local key personnel
- A bid or proposal
- Performance bond
- Any contractual default or termination

Republic Services Identifications, Classifications and Ratings

Federal Employee Identification Number	65-0716904
Dun's Identification Number	61342862
U.S. Dept. of Labor (SIC) Code	4953 – Sanitary Services / Refuse Systems
North American Industry Classification System (NAICS) - Primary	562212 – Solid waste landfills combined with collection and/or hauling of waste materials
North American Industry Classification System (NAICS) – Secondary	562111 – Solid waste collection 562920 – Material Recovery Facilities 562920 – Other non-hazardous waste treatment and disposal
Standard & Poor's Identification Number and Rating	(TIN): 13-1026995 BBB+
Moody's Identification Number and Rating	(TIN): 13-3998945 Baa3
Fitch's Identification Number and Rating	(NRSRO): 3235-0625 BBB

Summary Financial Information – Accountants).

Income Statement

These historical results are not necessarily indicative of the results to be expected in the future. Amounts are in millions, except per share data. The financial statements contained in the Annual Report were audited by Ernst & Young, LLP (Independent Registered Public

Figure 62. Republic Services' 2016 Year Ending Consolidated Income Statement - selected financial data

REPUBLIC SERVICES, INC. CONSOLIDATED STATEMENTS OF INCOME (in millions, except per share data)			
	Years Ended December 31,		
	2016	2015	2014
Revenue	\$ 9,387.7	\$ 9,115.0	\$ 8,803.3
Expenses:			
Cost of operations	5,764.0	5,518.6	5,643.1
Depreciation, amortization and depletion	991.1	970.6	906.9
Accretion	79.1	79.4	78.0
Selling, general and administrative	969.8	983.1	918.9
Withdrawal costs – multiemployer pension funds	5.6	4.5	1.5
(Gain) loss on disposition of assets and impairments, net	(0.1)	-	20.0
Restructuring charges	40.7	-	1.8
Operating income	1,537.5	1,558.8	1,233.1
Interest expense	(371.3)	(364.9)	(348.7)
Loss on extinguishment of debt	(196.2)	-	(1.4)
Interest income	0.9	0.8	0.6
Loss from unconsolidated equity method investment	(6.1)	-	-
Other income, net	1.1	1.2	1.7
Income before income taxes	965.9	1,195.9	885.3
Provision for income taxes	352.7	445.5	337.4
Net income	613.2	750.4	547.9
Net income attributable to noncontrolling interests in consolidated subsidiary	(0.6)	(0.5)	(0.3)
Net income attributable to Republic Services, Inc.	\$ 612.6	\$ 749.9	\$ 547.6
Basic earnings per share attributable to Republic Services, Inc. stockholders:			
Basic earnings per share	\$ 1.79	\$ 2.14	\$ 1.54
Weighted average common shares outstanding	343.0	350.0	356.7
Diluted earnings per share attributable to Republic Services, Inc. stockholders:			
Diluted earnings per share	\$ 1.78	\$ 2.13	\$ 1.53
Weighted average common and common equivalent shares outstanding	344.4	351.4	358.1
Cash dividends per common share	\$ 1.24	\$ 1.16	\$ 1.08



Summary Financial Information – Balance Sheet

Figure 63. Republic Services' 2016 Year Ending Consolidated Balance Sheet - selected financial data

REPUBLIC SERVICES, INC. CONSOLIDATED BALANCE SHEETS (in millions, except per share data)		
	December 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 67.8	\$ 32.4
Accounts receivable, less allowance for doubtful accounts and other of \$44.0 and \$46.7, respectively	994.8	962.9
Prepaid expenses and other current assets	221.9	235.0
Total current assets	1,284.5	1,230.3
Restricted cash and marketable securities	90.5	100.3
Property and equipment, net	7,588.6	7,552.8
Goodwill	11,163.2	11,145.5
Other intangible assets, net	182.3	246.4
Other assets	320.5	260.6
Total assets	<u>\$ 20,629.6</u>	<u>\$ 20,535.9</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 553.8	\$ 577.4
Notes payable and current maturities of long-term debt	5.8	5.5
Deferred revenue	312.9	313.9
Accrued landfill and environmental costs, current portion	142.7	149.8
Accrued interest	71.8	71.6
Other accrued liabilities	725.0	716.6
Total current liabilities	1,812.0	1,834.8
Long-term debt, net of current maturities	7,653.1	7,527.4
Accrued landfill and environmental costs, net of current portion	1,684.8	1,677.9
Deferred income taxes and other long-term tax liabilities, net	1,210.2	1,131.8
Insurance reserves, net of current portion	274.6	278.1
Other long-term liabilities	301.2	309.3
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share; 50 shares authorized; none issued	-	-
Common stock, par value \$0.01 per share; 750 shares authorized; 348.2 and 346.0 issued including shares held in treasury, respectively	3.5	3.5
Additional paid-in capital	4,764.5	4,677.7
Retained earnings	3,324.0	3,138.3
Treasury stock, at cost (8.8 and 0.4 shares, respectively)	(414.9)	(14.9)
Accumulated other comprehensive income (loss), net of tax	14.2	(30.5)
Total Republic Services, Inc. stockholders' equity	7,691.3	7,774.1
Noncontrolling interests in consolidated subsidiary	2.4	2.5
Total stockholders' equity	7,693.7	7,776.6
Total liabilities and stockholders' equity	<u>\$ 20,629.6</u>	<u>\$ 20,535.9</u>

Bank and Credit References

Available Credit Lines

Total All Banks (as of 12-31-16): \$ 2.4 billion

Bank References

All inquiries for bank references must be made by fax.

Bank of America
 Attn: Confirmation Department
 Reference: Republic Services Inc.
 Tax ID: 65-0716904
 Phone: (803)832-7770
 Fax (toll #): (900)733-5100
 Online: www.bankVOD.com

J P Morgan Chase Bank
 Attn: Confirmation Credit Inquiries
 PO Box 955200
 Fort Worth, TX 76155-2732
 Reference: AWIN Management, Inc.
 Tax ID: 76-0353318
 Phone: (800)550-8509
 Fax: (817)345-3795

Credit References

Heil Environmental 2030 Hamilton Place Blvd., Suite 200 Chattanooga, TN 37421 Contact: Sherri Wilson Telephone: (423) 855-3465 Fax: Email: swilson@doveresg.com	Mansfield Oil Co. 1025 Airport Parkway, SW Gainesville, GA 30501 Contact: Erica Johnstone, Credit & Collections Analyst Telephone: (678) 450-2330 Fax: (770) 532-6266
Mack Truck Vanguard Truck Center Tower Place 200 3348 Peachtree Rd. NE. Suite 1450 Atlanta, GA 30326 Contact: Tom Ewing, President Telephone: (404) 963-9143 Fax: (404) 963-9152	FleetPride P.O. Box 9156 Corpus Christi, TX 78469 Contact: Mr. Steven Stockseth (Please fax requests) Telephone: (361) 445-3765 Fax: (361) 883-3323
Wastequip Corporate Headquarters 1901 Roxborough Road Suite 300 Charlotte, NC 28211 Contact: Pattie Shidler Telephone: (800) 285-0666, ext. 241	



Employee Engagement

We aspire to be a company where the best people want to work and are committed to doing their best work every day.

Republic Services understands the importance of hiring dedicated, competent, and qualified employees to work on our team. We work to create and maintain an environment that attracts, develops and retains people who assure our success with customers, differentiate us from our competitors and allow us to be an employer of choice, for top talent.

Our driver screening and testing is set at a higher standard than DOT regulations and is the highest standard in the waste industry. This means that all communities who partner with Republic Services can rest assured knowing we hire the safest drivers in the industry. Additionally, our drivers stay with Republic, yielding a higher driver retention rate, and thus a longer driver tenure, than other companies in the waste industry.

Training and developing our people is a top priority. As such, all employees go through extensive training once they are hired to work at Republic Services, whether drivers, technicians, operations, or management positions.

Driver Training

All newly hired drivers regardless of their waste experience go through extensive driver training. During the first week of employment all drivers are sent to our state of the art training facility in Houston. During this training, drivers have a combination of classroom and hands-on skill development. Drivers will learn about equipment inspections, defensive driving skills and techniques, operational requirements including routing efficiencies, and safety.

After the week-long training the drivers return to their division to begin behind the wheel instruction with daily performance feedback. The behind-the-wheel training is anywhere from 2-4 weeks in duration depending on the driver's skills and abilities. During this training the newly hired driver will work alongside a more experienced driver and manager to learn municipal route schedules. The driver does not graduate from his coursework until the operations manager assesses his abilities and is fully comfortable putting the driver on the route.

At Republic Services we understand that training is of the utmost importance and should be an on-going effort. As such, we have an annual Defensive Driving course that establishes a uniform baseline for our drivers regardless of their location.

Figure 64. Extensive Driver Training – Our drivers go through extensive training, because they are the most visible employee in your community



Additionally our driver observation and improvement program, called ReSOP, is used throughout the country, and is a big focus at Republic Services. During the ReSOP, our supervisors perform a minimum of two observations per week observing our drivers on route. The purpose is mutual improvement in safety and service. The driver and his leaders work together towards excellence; improving safety and efficiency throughout the process.

Supervisor Training

All newly hired supervisors go through an extensive 10-day boot camp before they assume their full time duties. During the boot camp all supervisors are trained in safety, leadership skills, communication, customer service, route performance and efficiency, and forecasting. This training is important to your community because it is proven to reduce turnover, improve engagement, increase proficiency, and improve customer service satisfaction. The supervisor boot-camp

Figure 65. Annual National Driver Competition - Our drivers compete each year in our Truck ROAD-EO, a safety and skills competition that recognizes the best of the best



We are dedicated to robust learning & talent development programs for 33,000 employees nationwide.

- Republic operational team members are tenured and professional
- Our drivers and supervisors are required to attend a number of extensive training and certification programs each year
- Driver screening and testing is set at a higher standard than the DOT regulations

exposes our employees to executive leadership and gives all of our supervisors the tools to succeed as a front-line leader. All supervisors receive an individually designed development plan for progression within the company.

Management Training

In addition, all supervisors and managers within Republic have weekly and monthly training opportunities in their online portal. There are hundreds of training modules housed on our state of art employee portal that employees have access to 24/7. Examples of training modules include ethics training, customer service, sales, routing, and emergency preparedness.

There are also traveling training opportunities where managers can learn about various aspects of the business. Company leaders in each department frequently gather to share lessons learned and best practices with each other. This translates into a more engaged employee base, who transfer their new knowledge to the customers and communities they serve. For example, our Municipal Managers participate in annual training with their peers, to learn about new or emerging trends in the industry, which they can bring back to your municipality to help keep your municipal staff and leaders informed.

Career Development

Republic Services facilitates a career plan with our employees. We review their career history and develop a document that will be shared with our business leaders who are in a position to assist the employee to achieve their career goals. For this reason, our employees remain with the company, serving our partner municipalities for many years.

Creative Offerings and Solutions

Our additional products enable Galveston to address the emerging waste streams that exist in your community with environmental responsibility.

In addition to meeting the base recycling and waste needs of Galveston, it is important to recognize that additional waste is generated daily in your community that the residents and commercial owners do not know how to properly dispose.

- Electronics
- Medical / Sharps
- Universal Waste
- Household Hazardous Waste

Absent an existing program to address these important waste streams, the community will typically throw the material in their MSW container, which leads to both safety and environmental issues. Examples of these issues are batteries that can burst and cause fires in the processing facilities, as well as employees getting needle sticks from medical needles that are disposed of in the recycling stream.

Republic Services has studied each of these waste streams, and developed offerings to allow Galveston to add these services under the contract, or as an offering that can be

Republic Services is uniquely positioned to offer the your community solutions to their additional waste streams

- Electronics Recycling via BlueGuard ensures electronics are properly handled
- Our Household Hazardous Waste (HHW) product addresses collection and disposal of paints, solvents, and other HHW
- Sharps product enables proper disposal of household medical waste and needles
- Universal Recycling ensures bulbs, ballasts and batteries are not thrown in a landfill

marketed directly to the community, and purchased directly from Republic Services.

The following pages offer a more detailed explanation of each creative offering that is available to the City of Galveston. We look forward to discussing each of these with you to ensure that your questions are answered, and that you can identify the best approach to addressing these needs in your community. For each offering that the City selects to add, we are ready to implement the additional offering based on the time line and collection method that works best for the Galveston.

Figure 66. Other Creative Offerings and Services – We are ready to add the additional important products that address existing and growing waste streams that should not be in a landfill

Creative Products Available	Benefits to Westminster
Electronics Recycling with BlueGuard	Keeps any electronics with a power cord, including those with sensitive data, out of the landfill
Sharps	Simple solution for residents who generate medical waste such as diabetic treatment needles
Universal Recycling	Ensures that residents properly dispose of bulbs, ballasts and batteries in their house
Household Hazardous Waste (HHW)	Easy disposal of the numerous hazardous waste items for homeowners



Electronics Recycling with BlueGuard™

Republic Services makes it easy to recycle your electronics securely and responsibly. Our experts specialize in the safe and proper dismantling of electronic materials to protect your residents from identity theft, while our recycling solutions help ensure materials are processed responsibly – protecting our planet from hazardous waste.

The proliferation of electronics hardware in this digital age has created a growing need for safe, secure, and responsible electronics recycling programs. Not only do customers need to protect sensitive data from theft, they must do their part to prevent hazardous chemicals and elements from polluting the environment.

Our Electronics Recycling program utilizes BlueGuard™ safety practices, which adhere to U.S. Department of Defense standards, to ensure that obsolete electronics are recycled safely, completely and responsibly. Our solutions include a mail-back program, pack-up and pick-up or full service, where we pack it and haul it.

About 85% of electronics are discarded in landfills or incinerators with another 5 million tons in storage. It's easy to forget they may contain personal information or hazardous materials that need to be disposed of or recycled differently than everyday solid waste.

When you recycle electronics through Republic Services' BlueGuard™ program, you are guaranteed of the following:

- Data is protected from theft or loss through stringent software-based destruction.
- An online tracking and account management tool is available which allows you to review your recycled electronics order in real time.

Safe, Secure, Responsible Electronics Recycling for your community

- Customized solutions range from mail-back, drop off, or scheduled pick-up
- For any device that has or uses a power cord
- Ensures data protection and destruction of electronics holding data files (phones, computers)
- Over 700,000lbs. recycled in 2016
- High standards backed by industry certifications

A certificate of recycling can even be downloaded using this tool.

- All breakdown and recycling is done in-house, never exported, while keeping items recycled out of the landfill.

Sustainability

We strive to go beyond traditional recycling to find new solutions that help our planet stay Blue. By recycling old, obsolete electronics, we are breaking down materials into their commodity levels which can then be made into new products. We are also giving refurbished electronics a second life, decreasing the depletion of our resources.

*Figure 67. **Easy for the Resident** - Republic Services makes it easy to recycle your electronic waste.*



Safety

Our BlueGuard™ safety practices provide peace of mind, adhering to the highest security and environmental standards in place by the electronics recycling industry. Utilizing state of the art shredding and dismantling systems allows responsible recycling of all materials.

Security

Considering all of the personal data on household electronics – it's a bit scary to think what can happen if it falls into the wrong hands. Improperly recycled electronics leave residents vulnerable to identity theft and financial loss. Our BlueGuard security and data termination practices keep information safe and secure, strictly adhering to the Department of Defense and NIST standards and ensuring comprehensive data destruction.

Figure 68. **Mail-Back Options** – Our BlueGuard™ mail-back options include 5 box sizes



Environmental Protection

Electronics can contain materials, such as lead, cadmium, and mercury that are hazardous to the environment if handled incorrectly. It is important to minimize the environmental impact, and our BlueGuard safety practices help to ensure these materials are kept out of the landfills.

Storage Space

Not only do we want to meet your residents' needs outside of the home, but inside of the home as well. Storing old household electronics can take up considerable space within your residents' homes. Regular recycling of electronics keeps homes safe and clutter free.

Product Delivery Options

Our BlueGuard product can be added to your municipal contract, or can be marketed by the municipality as a direct transaction between the community and Republic Services. These options allow you to decide how you would like to enable your community to do the right thing with regard to their electronic waste.

Collection Methods

Depending on the product delivery option selected, the universal material can be collected through various methods.

- If part of the municipal contract, community residents can call and order a mail-back kit using a special coupon code, or we can establish drop off locations or scheduled pickup dates.
- Residents calling for a direct transaction typically order a convenient mail back kit, which allows them to collect their electronics and return via mail when they are ready. Figure 42 depicts the mail back box options available to customers.



Universal Recycling

Republic Services makes it easy to recycle your bulbs, batteries, ballasts and other mercury-containing waste. Our experts specialize in the responsible management and recycling of these materials.

Marketplace conditions often make once simple procedures more complicated. Today, communities and businesses face an increasing number of compliance requirements related to the disposal of universal waste items, such as batteries, bulbs and ballasts. These items contain mercury, lead or other hazardous materials that should not be thrown away with regular waste. Keeping up with compliance requirements can be time-consuming and burdensome.

To answer this need, Republic Services introduced two options: a mail-back kit for smaller quantities of universal waste items and a pack-up and pick-up service to handle larger quantities. Our products are designed to make universal recycling as easy as possible for all types of universal materials, big and small.

Why recycle universal materials?

- 99.98% of the mercury in recycled bulbs can be recovered and reused
- Newly manufactured batteries are made of up to 80% recycled materials
- Proper disposal of bulbs, batteries and ballasts
- Simple solutions through mail-back, drop off locations, or scheduled pickup
- Allowing them to be landfilled is bad for the environment

Product Delivery Options

Our Universal Recycling product can be added to your municipal contract, or can be marketed by the municipality as a direct transaction between the community resident and Republic Services. These options allow you to decide how you would like to enable your community to do the right thing with regard to their universal waste.

Peace of Mind

The universal recycling practices of our nationwide recycling centers meet all government regulations. These standards ensure environmentally responsible results for your community – no matter which solution you choose. You'll also receive a Certificate of Recycling, which ensures regulatory compliance.

Sharps

Many community residents and commercial customers generate medical waste, from diabetic needles to medical facility waste. The Republic Services Sharps program offers a simple method to properly dispose of this waste.

Republic Services offers a straightforward, cost-effective, confidential and convenient method for proper disposal of sharps waste. Every year, millions of people use needles and syringes to manage medical conditions at home. This waste stream should never be mixed with household waste, as it poses a health and safety risk for industry workers. The Republic Services sharps mail-back kit includes all components required for simple and proper collection, transportation and disposal of medical sharps.

Environmentally responsible

The kits are ideal for people who use needles at home to treat diabetes, arthritis, cancer or other medical conditions. It's an environmentally responsible way to dispose of the increasing amount of home-generated sharps waste while keeping the community safe.

As a leading national waste and recycling services provider and Fortune 300 Company,

Figure 69. Republic Services sharps mail-back kits are simple and safe



Proper management of sharps waste is the right thing for our communities and our workers

- 9 Million Americans throw used sharps into trash because they don't know of an alternative disposal solution for at-home sharps users
- 850,000 are people injured annually due to improper disposal
- Proper disposal of common medical waste, including needles

Republic Services offers an environmentally-responsible solution to managing home-generated medical waste for our municipal residents. The products are compliant with the United States Postal Service, the Environmental Protection agency and the Food and Drug Administration.

Depending on the desired solution, a unique coupon code or discount code is created for the municipality based on resident zip codes

Simple program

Each Republic Services Sharps mail back kit includes a government-approved plastic container specially designed for sharps waste, a plastic liner, a prepaid-postage return shipping box with return shipping label as well as disposal and tracking documents.

Trouble-free set up

Customers residing in eligible municipalities can order sharps kits directly by contacting our dedicated Republic Services customer support team. Residents simply call (855) 737-7871 to place their orders. Orders will be shipped directly to resident's home within one week. Resident will fill the container, complete the paperwork and mail back the kit for final disposal via US mail.



Household Hazardous Waste

Household Hazardous Waste (HHW) is often trapped in residential garages, or thrown into the traditional waste stream, leading to contamination. Our HHW service offers a reliable and responsible solution to properly deal with this complicated waste stream.

Not all household products can be thrown in the regular garbage. You can rely on Republic Services to provide safe, convenient disposal options for household hazardous materials to prevent potential harm to the environment, our employees or others.

Household hazardous waste consists of materials that pose potential threats to people and the environment, including but not limited to:

- Products marked “Flammable”, “Poisonous”, or “Hazardous”
- Motor oil
- Fats, oils, grease
- Paint cans (latex and oil-based)
- Pool chemicals
- Animal carcasses
- Solvents
- Household cleaning products
- Mercury thermometers
- Personal care products (e.g. medicine, sunscreen, insect repellent, etc.)
- Medicine
- Lead, acid/wet cell batteries
- Railroad ties
- Toxic materials
- Bio hazardous materials or waste
- Propane/oxygen/helium tanks
- Explosives
- Live ammunition or weapons

Republic Services has programs for these special collection items.

Simple solution to a common yet complicated waste challenge

- Proper disposal of household waste that should not be in a landfill
- Simple solutions through drop off locations or scheduled pickup
- Enabled via the Galveston, or via direct transaction with community customers

There are two ways to collect household hazardous waste, they are:

Drop off location

Residents may bring their household hazardous waste materials to Republic’s designated drop off location where materials will be properly stored and disposed of. This can be a permanent location or a temporary single event location.

Scheduled Pick Up

Residents may contact Republic to arrange for a pick up their household hazardous waste at their place of business or residence.

*Figure 70. **Hazardous materials** - can be found throughout your house. Call Republic Services and “We’ll handle it from here”™*



Emergency Response

As the largest municipal solid waste hauler in the country, Republic Services has the resources to mobilize a response to help clean up the mess Mother Nature left behind.

Republic Services Responds

It all starts with a plan. Republic Services key objectives in responding to an emergency or disaster recovery include:

- Protect our employees and their families (when our employees know their families are safe, they can concentrate on helping their neighbors);
- Secure and safeguard our property and assets, so they are available for you when needed;
- Provide service to our customers and satisfy their needs, even if means calling up resources from other parts of the country;
- Expedite and minimize the post emergency/disaster cleanup effort, which includes coordinating with FEMA and other relief agencies.

At the onset, and throughout the term of an emergency or disaster, we will work closely with the City of Galveston personnel to define our role and develop solutions.

Figure 71. Pre-defined Response Plans –Our teams are there after disasters to assist the municipality and residents with cleanup and disposal needs



Our goal is to work with you until life returns to normal

- We coordinate our response with you and have experience working directly with FEMA and other disaster relief organizations.
- Our national footprint means that crews from outside the area can be drawn upon to respond locally.
- Our human resources team ensures our local employees have what they need so they can concentrate on helping the community.

Republic Services provides essential community services, and we will be an integral member of the community leadership team planning for and responding to an emergency.

Republic Services was among the first responders after Hurricane Katrina devastated New Orleans and most recently, Hurricane Matthew along the eastern seaboard. We are eager to share our response plan with you so together, we can ensure safety and essential services for our community during a major catastrophe.

Plan Implementation

Once word of a major disaster hits, our local team and corporate leaders initiate the communications and response plan, which includes notifying FEMA of our ability to support recovery efforts. The strength of a national company backing to our local teams is evident in these situations. Everything from fuel, water, safe accommodations for employees and their families to communications and payroll is managed by our team.

Locally, the team will

- Conduct damage assessment
- Identify staging site
- Activate debris removal
- Conduct meetings/briefings with Galveston staff



RFP # 17-23
Transfer Station and
Recycling Center
Operations

Republic Services
Unit Selected Data

Report Date: 5/17/2017; Period

Unit	Spec - Chassis Make	Spec - Chassis Model	Spec - Body Type	Mfg Year
0014-4843 (Cont delivery) 4855AW-HSG	Ford	F650	Container delivery	2006
048-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2011
052-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pick Up Truck	2007
1280-4855 (FEL) 4855AW-HSG	Mack	MR688S	Commercial - FEL	2001
1302-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1368-4855 (FEL) 4855AW-HSG	Mack	MR688S	Commercial - FEL	2006
1369-4855 (FEL) 4855AW-HSG	Mack	MR688S	Commercial - FEL	2007
1370-4855 (FEL) 4855AW-HSG	Mack	MR688S	Commercial - FEL	2007
1371-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2008
1372-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2008
1373-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2008
1378-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2010
1380-4855 (FEL) 4855AW-HSG	Mack	MR688S	Commercial - FEL	2006
1382-4855 (FEL) 4855AW-HSG	Mack	MR688S	Commercial - FEL	2007
1384-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2010
1385-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2010
1393-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1394-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1395-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1396-4855(VIN) (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1398-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1399-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1400-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1401-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011

Unit Selected Data

Report Date: 5/17/2017; Period

1402-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2011
1403-4855 (FEL) 4855AW-HSG	Peterbilt	320	Commercial - FEL	2012
1404-4855 (FEL) 4855AW-HSG	Peterbilt	320	Commercial - FEL	2012
1405-4855 (FEL) 4855AW-HSG	Peterbilt	320	Commercial - FEL	2013
1406-4855 (FEL) 4855AW-HSG	Peterbilt	320	Commercial - FEL	2015
1407-4855 (FEL) 4855AW-HSG	Peterbilt	320	Commercial - FEL	2015
1408-4855 (FEL) 4855AW-HSG	Peterbilt	320	Commercial - FEL	2015
1409-4855 (FEL) 4855AW-HSG	Peterbilt	320	Commercial - FEL	2016
1410-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2017
1411-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2017
1412-4855 (FEL) 4855AW-HSG	Mack	MRU613	Commercial - FEL	2017
2070-4859 (REL) 4855AW-HSG	Mack	CV713	Residential - REL	2004
2088-4855 (REL) 4855AW-HSG	Mack	MR688S	Residential - REL	2005
2093-4855 (REL) 4855AW-HSG	Mack	MR688S	Residential - REL	2007
2095-4855 (REL) 4855AW-HSG	Mack	MR688S	Residential - REL	2007
2119-4855 (REL) 4855AW-HSG	Mack	MR688S	Residential - REL	2007
2166-4855 (ASL) 4855AW-HSG	Mack	MRU613	Automated Side Load	2009
2170-4855 (REL) 4855AW-HSG	Mack	CV713	Residential - REL	2007
2171-4855 (REL) 4855AW-HSG	Mack	CV713	Residential - REL	2007
2176-4855 (ASL) 4855AW-HSG	Mack	MRU613	Automated Side Load	2010
2177-4855 (ASL) 4855AW-HSG	Mack	MRU613	Automated Side Load	2010
2178-4855 (ASL) 4855AW-HSG	Mack	MRU613	Automated Side Load	2010
2179 (REL) 4855AW-HSG	Mack	MRU613	Residential - REL	2010
2180-4855 (REL) 4855AW-HSG	Mack	MRU613	Residential - REL	2010
2181-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013

Unit Selected Data

Report Date: 5/17/2017; Period

2182-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2183-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2184-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2185-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2186-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2187-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2188-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2189-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2193-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2194-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2195-4855 (REL) 4855AW-HSG	Peterbilt	F Series	Residential - REL	2013
2196-4855 (REL) 4855AW-HSG	Peterbilt	348	Residential - REL	2013
2197-4855 (REL) 4855AW-HSG	Peterbilt	384	Residential - REL	2013
2198-4855 (REL) 4855AW-HSG	Peterbilt	384	Residential - REL	2013
2199-4855 (REL) 4855AW-HSG	Peterbilt	384	Residential - REL	2013
2200-4855 (REL) 4855AW-HSG	Peterbilt	384	Residential - REL	2013
2201-4855 (REL) 4855AW-HSG	Mack	MR688S	Residential - REL	2002
2202-4855 (REL) 4855AW-HSG	Volvo	WG	Residential - REL	2002
2203-4855 (REL) 4855AW-HSG	Peterbilt	382	Residential - REL	2015
2204-4855 (REL) 4855AW-HSG	Peterbilt	320	Residential - REL	2015
2205-4855 (REL) 4855AW-HSG	Peterbilt	320	Residential - REL	2015
2206-4855 (REL) 4855AW-HSG	Peterbilt	320	Residential - REL	2015
2207-4855 (REL) 4855AW-HSG	Peterbilt	320	Residential - REL	2015
2208-4855 (REL) 4855AW-HSG	Peterbilt	320	Residential - REL	2015
2209-4855 (REL) 4855AW-HSG	Mack	GU813	Residential - REL	2016

Republic Services

Unit Selected Data

Report Date: 5/17/2017; Period

2398-4820 (ASL) 4855AW-HSG	Mack	MR688S	Automated Side Load	2007
2477-4855 (ASL) 4855AW-HSG	Mack	MRU613	Automated Side Load	2008
2560-4852 (FEL) 4855AW-HSG	Mack	MR688S	Commercial - FEL	2005
3137-4855 (R/O) 4855AW-HSG	Mack	GU813	Cable	2008
3193-4852/4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3195-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3197 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3198-4852/4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3200-4855 (R/O) 4855AW-HSG	Mack	RD688S	Cable	2000
3202-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2006
3206-4855 (R/O) 4855AW-HSG	Kenworth	T800	Cable	2002
3207-4855 (R/O) 4855AW-HSG	Volvo	VHD64F	Cable	2004
3212-4855 (R/O) 4855AW-HSG	Mack	RD688S	Cable	2000
3214-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3217-4855 (R/O) 4855AW-HSG	Kenworth	T800	Cable	1999
3219-4855 (R/O) 4855AW-HSG	Kenworth	F750	Cable	2001
3226-4855 (R/O) 4855AW-HSG	Mack	RD688S	Cable	2000
3232 (R/O) 4855AW-HSG	Mack	RD688S	Cable	2001
3233-4855 (R/O) 4855AW-HSG	Mack	RD688S	Cable	2001
3237-4855 (R/O) 4855AW-HSG	Peterbilt	357	Cable	2004
3238 (R/O) 4855AW-HSG	Peterbilt	357	Cable	2004
3241-4855 (R/O) 4855AW-HSG	Peterbilt	357	Cable	2005
3242-4855 (R/O) 4855AW-HSG	Peterbilt	357	Cable	2005
3243-4855 (R/O) 4855AW-HSG	Peterbilt	357	Cable	2005
3244-4855 (R/O) 4855AW-HSG	Peterbilt	357	Cable	2005

Unit Selected Data

Report Date: 5/17/2017; Period

3245-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3246-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3247-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2006
3248-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3249-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3250-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2007
3251-4855 (R/O) 4855AW-HSG	Peterbilt	357	Cable	2003
3253-4855 (R/O) 4855AW-HSG	Mack	GU813	Cable	2008
3254-4855 (R/O) 4855AW-HSG	Mack	GU813	Cable	2008
3255-4855 (R/O) 4855AW-HSG	Mack	GU813	Cable	2009
3256-4855 (R/O) 4855AW-HSG	Mack	GU813	Cable	2009
3257-4855 (R/O) 4855AW-HSG	Peterbilt	365	Cable	2013
3258-4855 (R/O) 4855AW-HSG	Peterbilt		Cable	2014
3260-4855 (R/O) 4855AW-HSG	Peterbilt	379	Cable	2014
3304-4855 (R/O) 4855AW-HSG	Mack	CV713	Cable	2005
3318-4855 (R/O) 4855AW-HSG	Peterbilt	365	Cable	2014
346-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2002
347-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pick Up Truck	2003
349-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2003
350-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pick Up Truck	2003
351-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2008
352-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2008
353-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2008
355-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2007
357-4855(PICKUP (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2013

Unit Selected Data

Report Date: 5/17/2017; Period

358-4855(PICKUP (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2013
365-4855(PICKUP (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2013
366-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pickup Truck	2016
370-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pick Up Truck	2011
373-4855 (PICKUP) 4855AW-HSG	Ford	F150	Pick Up Truck	2011
3832-4852/9855 (R/O) 4855AW-HSG	Mack	GU813	Cable	2009
3904-4855 (R/O) 4855AW-HSG	Peterbilt	567	Cable	2015
3905-4855 (R/O) 4855AW-HSG	Peterbilt	567	Cable	2015
3906-4855 (R/O) 4855AW-HSG	Kenworth	T800	Cable	2011
3907-4855 (R/O) 4855AW-HSG	Kenworth	T800	Cable	2012
3910-4855 (R/O) 4855AW-HSG	Kenworth	T800	Cable	2010
3911-4855 (R/O) 4855AW-HSG	Kenworth	T800	Cable	2010
5500-4855 (Cont delivery) 4855AW-HSG	Ford	F750	Container delivery	2015
6005-4975 (Tractor- 5th Wheel) 4855AW-HSG	Peterbilt		R/O - Tractor	2012
7033-4855 (Brush Truck) 4855AW-HSG	Peterbilt	567	w/ Boom	2016
7217-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CH613	R/O - Tractor	2001
7218-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CH613	R/O - Tractor	2001
7219-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CH613	R/O - Tractor	2002
7220-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CH613	R/O - Tractor	2002
7223-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CH613	R/O - Tractor	1999
7225-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CH613	R/O - Tractor	1996
7226-4855 (Trac (Tractor- 5th Wheel) 4855AW-HSG	Mack	CH613	R/O - Tractor	1996
7230-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2010
7231-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2010
7232-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2010

Unit Selected Data

Report Date: 5/17/2017; Period

7233-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2010
7234-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2012
7235-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2012
7236-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2012
7237-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2012
7238-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2012
7239-4855 (Tractor- 5th Wheel) 4855AW-HSG	Mack	CHU613	R/O - Tractor	2012
7240-4855 (Tractor- 5th Wheel) 4855AW-HSG	Peterbilt	367	R/O - Tractor	2015
7241-4855 (Tractor- 5th Wheel) 4855AW-HSG	Peterbilt	367	R/O - Tractor	2015
7243-4855 (Tractor- 5th Wheel) 4855AW-HSG	Peterbilt	367	R/O - Tractor	2015
9021-4820 (Brush Truck) 4855AW-HSG	Sterling	LT9501	w/ Boom	2005

BID BOND

KNOW ALL BY THESE PRESENTS, That we, BFI Waste Services of Texas, LP dba Republic Services of Houston
5301 Brookglen Dr, Houston, TX 77017
_____ as Principal, hereinafter called the Principal,
and the Liberty Mutual Insurance Company
of 175 Berkeley Street, Boston, MA 02116, a corporation duly organized under
the laws of the State of MA, as Surety, hereinafter called the Surety, are held and firmly bound unto
City of Galveston as Oblige, hereinafter called the Oblige,
In the sum of Twenty Five Thousand Dollars and 00/100 Dollars
(\$ \$25,000.00), for the payment of which sum well and truly to be made, the said Principal and the said
Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a bid for RFP No: 17-23 - Transfer Station and Recycling Center Operations

NOW, THEREFORE, if the Oblige shall accept the bid of the Principal and the Principal shall enter into a Contract with the Oblige
in accordance with the terms of such bid, and give such bond or bonds as may be specified in the bidding or Contract Documents with
good and sufficient surety for the faithful performance of such Contract and for the prompt payment of labor and material furnished in
the prosecution thereof, or in the event of the failure of the Principal to enter such Contract and give such bond or bonds, if the
Principal shall pay to the Oblige the difference not to exceed the penalty hereof between the amount specified in said bid and such
larger amount for which the Oblige may in good faith contract with another party to perform the Work covered by said bid, then this
obligation shall be null and void, otherwise to remain in full force and effect.

Signed and sealed this 5th day of October, 2017

Jamie Stroh
_____ Witness

John Drummer, Jr.
_____ Witness

BFI Waste Services of Texas, LP
dba Republic Services of Houston (Seal)
Principal
By: Brandi Heinbaugh
Brandi Heinbaugh Attorney-in-Fact Title

Liberty Mutual Insurance Company
By: Timothy S. Buhite
Timothy S. Buhite Attorney-in-Fact



POWER OF ATTORNEY

Republic Services, Inc., a Delaware corporation having its principal place of business at 18500 N. Allied Way, Phoenix, Arizona 85054, hereby makes, constitutes and appoints WELLS FARGO INSURANCE SERVICES USA, INC., acting through and by any one of Debbie Lindstrom, John Drummey, Jr., Timothy S. Buhite, Kathleen M. Mitchell, Scott C. Alderman, Peggy A. Firth, Simone Rae Frederick, or Brandi Heinbaugh, its true and lawful attorney to sign and seal any and all surety bonds, bid bonds, performance bonds and payment bonds at or below the monetary threshold of Five Million Dollars (\$5,000,000.00) on behalf of REPUBLIC SERVICES, INC. and its subsidiaries, relating to the provision of solid waste collection, transportation, transfer, recycling, disposal and/or energy services by REPUBLIC SERVICES, INC. and its subsidiaries and affix its corporate seal to and deliver for and on behalf as surety thereon or otherwise, bonds of any of the following classes, to wit:

1. Surety bonds, bid bonds, performance bonds and payment bonds to the United States of America or agency thereof, including those required or permitted under the laws or regulations relating to Customs or Internal Revenue; license and permit bonds or other indemnity bonds under the laws, ordinances or regulations of any state, city, town, village, board, other body organization, public or private; bonds to transportation companies; lost instrument bonds; lease bonds; worker's compensation bonds; miscellaneous surety bonds; and bonds on behalf of notaries public; sheriffs, deputy sheriffs and similar public officials.

2. Surety bonds, bid bonds performance bonds and payment bonds on behalf of REPUBLIC SERVICES, INC. and its subsidiaries in connection with bids, proposals or contracts.

REPUBLIC SERVICES, INC. hereby agrees to ratify and confirm whatsoever WELLS FARGO INSURANCE SERVICES USA, INC. shall lawfully do pursuant to this power of attorney, and until notice or revocation has been given by REPUBLIC SERVICES, INC., the acts of said attorney shall be binding on the undersigned.

IN WITNESS WHEREOF, this Power of Attorney has been signed this, 9 day of January, 2017 on behalf of REPUBLIC SERVICES, INC. by its Assistant Secretary Eileen B. Schuler.

REPUBLIC SERVICES, INC.,
a Delaware Corporation

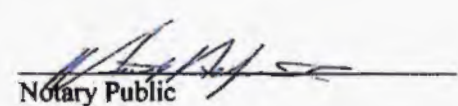

Eileen B. Schuler

STATE OF ARIZONA

COUNTY OF MARICOPA

Subscribed and sworn to before me this 9th day of JANUARY, 2017 by Eileen B. Schuler, Assistant Secretary.




Notary Public

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated. Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees. To confirm the validity of this Power of Attorney call 610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint Timothy S. Buhite of the city of Seattle, state of WA its true and lawful attorney-in-fact, with full power and authority hereby conferred to sign, execute and acknowledge the following surety bond:

Principal Name: BFI Waste Services of Texas, LP dba Republic Services of Houston

Obligee Name: City of Galveston

Surety Bond Number: Bid Bond Bond Amount: See Bond Form

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 6th day of March, 2017.



The Ohio Casualty Insurance Company
Liberty Mutual Insurance Company
West American Insurance Company

By: David M. Carey
David M. Carey, Assistant Secretary

STATE OF PENNSYLVANIA
COUNTY OF MONTGOMERY

ss

On this 6th day of March, 2017, before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires March 28, 2021
Member, Pennsylvania Association of Notaries

By: Teresa Pastella
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS – Section 12. Power of Attorney. Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts – SECTION 5. Surety Bonds and Undertakings. Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 5th day of October, 2017.



By: Renee C. Llewellyn
Renee C. Llewellyn, Assistant Secretary



Wells Fargo
Insurance Services USA, Inc.
CA DOI # OD08408
999 Third Avenue
Suite 4100
Seattle, WA 98104
Tel: 206 731 1200
Fax: 206 731 1209

October 5, 2017

City of Galveston

823 Rosenberg

Galveston, TX 77553

RE: RFP No: 17-23 - Transfer Station and Recycling Center Operations

Gentlemen:

We are writing to you at the request of BFI Waste Services of Texas, LP dba Republic Services of Houston.

This principal has or is about to submit a proposal for Bid for _____

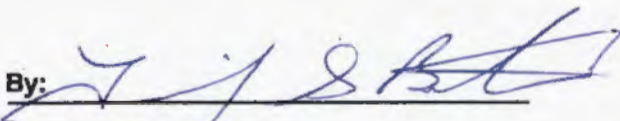
RFP No: 17-23 - Transfer Station and Recycling Center Operations _____

If a contract for this work is awarded to BFI Waste Services of Texas, LP dba Republic Services of Houston,
Liberty Mutual Insurance Company **a surety licensed to conduct business in the State of**
TX _____ **has agreed to act as surety on the bond as specified in the bid proposal.**

Please let us know if you need anything further in this regard.

Sincerely,

Liberty Mutual Insurance Company

By: 

Timothy S. Buhite
Attorney-in-Fact

Surety Phone No. 206-731-1200

Together we'll go far



This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated. Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees. To confirm the validity of this Power of Attorney call 610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Timothy S. Buhite of the city of Seattle, state of WA its true and lawful attorney-in-fact, with full power and authority hereby conferred to sign, execute and acknowledge the following surety bond:

Principal Name: BFI Waste Services of Texas, LP dba Republic Services of Houston

Obligee Name: City of Galveston

Surety Bond Number: Letter of Intent Bond Amount: See Bond Form

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 6th day of March, 2017.



The Ohio Casualty Insurance Company
Liberty Mutual Insurance Company
West American Insurance Company

By: David M. Carey

David M. Carey, Assistant Secretary

STATE OF PENNSYLVANIA
COUNTY OF MONTGOMERY

ss

On this 6th day of March, 2017, before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires March 28, 2021
Member, Pennsylvania Association of Notaries

By: Teresa Pastella

Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS – Section 12. Power of Attorney. Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts – SECTION 5. Surety Bonds and Undertakings. Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 5th day of October, 2017.



By: Renee C. Llewellyn

Renee C. Llewellyn, Assistant Secretary



ANNUAL PERFORMANCE BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS, that we, _____, as

Principal, and Liberty Mutual Insurance Company _____, licensed to do business in the State of
Massachusetts _____, as Surety, are held and firmly bound unto _____

(Obligee), in the penal sum of _____ Dollars (_____),

lawful money of the United States of America, for the payment of which sum, well and truly to be made, the
Principal and Surety do bind themselves, their heirs, executors, administrators, and successors and assigns, jointly
and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the above bounden Principal has
entered into a certain written Contract with the above named Obligee the _____ day of _____,
_____, for _____

for a period of _____ years, which Agreement is made a part hereof and incorporated herein by reference, except that
nothing said therein shall alter, enlarge, expand or otherwise modify the term of the bond as set out below.

NOW, THEREFORE, THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, that if
the Principal shall well and truly perform each and every obligation in said contract at the time and in the manner
specified during the term of this bond, and shall reimburse said Obligee all loss and damage which said Obligee
may sustain by reason of failure or default on the part of said Principal, then this obligation shall become null and
void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, This bond is executed by the Surety and accepted by the Obligee subject to the
following express conditions:

1. This bond is for the term beginning _____ and ending _____.
2. In the event of a default by the Principal in the performance of the Agreement during the term of this
bond, the Surety shall be liable only for payment of the loss to the Obligee due to actual excess costs of
performance, reasonable attorney's fees and enforcement costs, which occurred during the effective
period of the bond, up to the maximum penalty of this bond.
3. No claim, action, suit, or proceeding, except as hereinafter set forth, shall be had or maintained against
the Surety on this instrument unless same be brought or instituted upon the Surety within one year
from termination or expiration of the bond term.
4. Neither non-renewal or cancellation by the Surety, nor failure, nor inability of the Principal to file a
replacement bond shall constitute loss to the Obligee recoverable under this bond.
5. This bond may be extended for additional terms at the option of the Surety, by continuation certificate
executed by the Surety.

6. No right of action shall accrue on this bond to or for the use of any person or corporation other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.
7. This bond may be canceled by the Surety at any time provided notice is sent to the Obligee by Certified Mail at least sixty (60) days prior to the effective date of such cancellation.

Signed and sealed this _____ day of _____, _____.

Principal

By: _____

Witness

Liberty Mutual Insurance Company

Surety

By: _____
Attorney-in-fact

Witness

Surety Phone No. _____





Summary of Financial Information for Republic Services, Inc. *(as of December 31, 2016)*

Financial Capabilities

Republic Services is America's second largest non-hazardous solid waste services company and has the most experienced management team in the industry. Headquartered in Phoenix, AZ, Republic Services provides waste collection, transfer, recycling and disposal services to millions of residential, commercial and industrial customers. Republic's team of approximately 33,000 dedicated employees is committed to delivering service that exceeds the customers' highest expectations.

The Company's 2016 Annual Report to Shareholders (Form 10-K) contains financial information about the Company and is submitted in response to the request for financial information. The Annual Report to Shareholders has been prepared in accordance with Securities and Exchange Commission ("SEC") requirements and in accordance with generally accepted accounting principles.

The financial statements contained in the Annual Report were audited by Ernst & Young LLP (Independent Registered Public Accountants) – Phoenix, Arizona. Their reports, which are dated February 16, 2017, express an unqualified audit opinion with respect to the consolidated financial statements of Republic Services, Inc. as of December 31, 2016 and for each of the three years in the period then ended and the effectiveness of internal control over financial reporting of Republic Services, Inc. as of December 31, 2016.

Republic Services, Inc. is a publicly owned company whose shares are traded on the New York Stock Exchange (NYSE symbol: RSG).

Summary Financial Data (in millions)

	2016	2015	2014	2013	2012
Revenue	\$9,387.7	\$9,115.0	\$8,803.3	\$8,417.2	\$8,118.3
Operating income	\$1,537.5	\$1,558.8	\$1,233.1	\$1,210.3	\$1,320.6
Net income	\$613.2	\$750.4	\$547.9	\$589.1	\$572.1
Total assets	\$20,629.6	\$20,535.9	\$20,052.4	\$19,949.2	\$19,616.9
Stockholders' equity	\$7,693.7	\$7,776.6	\$7,747.8	\$7,906.1	\$7,705.7

As of December 31, 2016 Republic Services, Inc. reported total assets of \$20,629.6 million.

The financial prospects for Republic Services indicate long-term stability based on the Company's assets. Republic Services has 333 collection operations, 204 transfer stations, 192 active landfills, 64 recycling centers, 7 treatment, recovery and disposal facilities, and 10 salt water disposal wells in 39 states and Puerto Rico. It is the Company's belief that it has the financial capabilities and sufficient working capital or access to sufficient working capital to finance and perform the required work.

Credit Information

Republic Services, Inc. of Phoenix, Arizona, is a leading provider of non-hazardous solid waste collection, transfer and disposal services.

Available Credit Lines

Total All Banks (as of 12-31-16): \$ 2.4 billion

Bank References

All inquiries for bank references must be made by fax.

Bank of America
Attn: Confirmation Department
Reference: Republic Services Inc.
Tax ID: 65-0716904
Phone: (803)832-7770
Fax (toll #): (900)733-5100
Online: www.bankVOD.com

J P Morgan Chase Bank
Attn: Confirmation Credit Inquiries
PO Box 955200
Fort Worth, TX 76155-2732
Reference: AWIN Management, Inc.
Tax ID: 76-0353318
Phone: (800)550-8509
Fax: (817)345-3795

Credit References

Heil Environmental 2030 Hamilton Place Blvd., Suite 200 Chattanooga, TN 37421 Contact: Sherri Wilson Telephone: (423) 855-3465 Fax: Email: swilson@doveresg.com	Mansfield Oil Co. 1025 Airport Parkway, SW Gainesville, GA 30501 Contact: Erica Johnstone, Credit & Collections Analyst Telephone: (678) 450-2330 Fax: (770) 532-6266
Mack Truck Vanguard Truck Center Tower Place 200 3348 Peachtree Rd. NE. Suite 1450 Atlanta, GA 30326 Contact: Tom Ewing, President Telephone: (404) 963-9143 Fax: (404) 963-9152	FleetPride P.O. Box 9156 Corpus Christi, TX 78469 Contact: Mr. Steven Stockseth (Please fax requests) Telephone: (361) 445-3765 Fax: (361) 883-3323
Wastequip Corporate Headquarters 1901 Roxborough Road Suite 300 Charlotte, NC 28211 Contact: Pattie Shidler Telephone: (800) 285-0666, ext. 241	

Public Debt Rating

Rating Agency	Rating
Standard & Poor's	BBB+
Fitch Ratings	BBB
Moody's	Baa3

Republic Services, Inc. carries an "investment grade" credit rating.



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

DATE (MM/DD/YYYY)
06/17/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER CANNON COCHRAN MANAGEMENT SERVICES, INC. 17015 N. SCOTTSDALE RD. SCOTTSDALE, AZ 85255	CONTACT NAME:		
	PHONE (A/C No.Ext): FAX (A/C No.Ext): E-MAIL ADDRESS: certificateteam@ccmsi.com		
INSURED REPUBLIC SERVICES, INC. 18500 N. ALLIED WAY PHOENIX, AZ 85054	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: ACE American Insurance Co.		22667
	INSURER B: Indemnity Insurance Company of NA		43575
	INSURER C: ACE Fire Underwriters		20702
	INSURER D: Illinois Union Insurance Company		27960
	INSURER E:		
INSURER F:			

COVERAGES**CERTIFICATE NUMBER: 1213304****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY CLAIMS-MADE ☒ OCCUR			HDO G27867789	06/30/2017	06/30/2018	EACH OCCURRENCE \$ 5,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 5,000,000 MED EXP (Any one person) PERSONAL & ADV INJURY \$ 5,000,000 GENERAL AGGREGATE \$ 5,000,000 PRODUCTS -COMP/OP AGG \$ 5,000,000
	AUTOMOBILE LIABILITY ☒ ANY AUTO ☒ ALL OWNED AUTOS ☒ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS			ISA H0906073A	06/30/2017	06/30/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 5,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☐ RETENTION \$						EACH OCCURRENCE AGGREGATE
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☒ (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	WLR C64412917 - AOS WLR C64412905 - CA/MA/OR SCF C64412929 - WI WCU C64412899 - OH XS TNS C49166436 - TX NSXS	06/30/2017 06/30/2017 06/30/2017 06/30/2017 06/30/2017	06/30/2018 06/30/2018 06/30/2018 06/30/2018 06/30/2018	☒ WC STATUTORY LIMITS ☐ OTHER E.L. EACH ACCIDENT \$ 3,000,000 E.L. DISEASE -EA EMPLOYEE \$ 3,000,000 E.L. DISEASE -POLICY LIMIT \$ 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

EVIDENCE OF COVERAGE - FOR USE FOR REPUBLIC SERVICES, INC. AND ALL ITS SUBSIDIARIES

CERTIFICATE HOLDER**CANCELLATION**

EVIDENCE ONLY

United States

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

AGENCY		NAMED INSURED	
POLICY NUMBER See First Page		REPUBLIC SERVICES, INC. 18500 N. ALLIED WAY PHOENIX, AZ 85054	
CARRIER See First Page	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.

FORM NUMBER: 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE

The following provisions apply when required by written contract. As used below, the term certificate holder also includes any person or organization that the insured has become obligated to include as a result of an executed contract or agreement.

GENERAL LIABILITY:

Certificate holder is Additional Insured when required by written contract.

Coverage is primary and non-contributory when required by written contract.

Waiver of Subrogation in favor of the certificate holder is included when required by written contract.

AUTO LIABILITY:

Certificate holder is Additional Insured when required by written contract.

Waiver of Subrogation in favor of the certificate holder is included when required by written contract.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY:

Waiver of Subrogation in favor of the certificate holder is included when required by written contract where allowed by state law.

Stop gap coverage for ND, WA and WY is covered under policy no. WLR C64412917 and stop gap coverage for OH is covered under policy no. WCU C64412899, as noted on page 1 of this certificate.

TEXAS EXCESS INDEMNITY AND EMPLOYERS LIABILITY:

Republic Services, Inc. and its subsidiaries are registered non-subscribers to the Texas Workers Compensation Act. Republic Services, Inc. has filed an approved Indemnity Plan with the Texas Department of Insurance which offers an alternative in benefits to employees rather than the traditional Workers Compensation Insurance in Texas. The excess policy (#TNS C49166436) shown on this certificate provides excess Indemnity and Employers Liability coverage for the approved Indemnity Plan.

Contractual Liability is included in the General Liability and Automobile Liability coverage forms. The General Liability and Automobile Liability policies do not contain endorsements excluding Contractual Liability.

Separation of Insured (Cross Liability) coverage is provided to the Additional Insured, when required by written contract, per the Conditions of the Commercial General Liability Coverage form and the Automobile Liability Coverage form.

Company Name	Facility Name	Facility Type	Violation Type
BFI Waste Services of Texas, LP	Republic Services of Houston (Little York)	Hauling Facility	Administrative
BFI Waste Services of Texas, LP	Houston Sort Center	Materials Recycling Facility (Recycling)	Administrative
BFI Waste Services of Texas, LP	Allied Waste Services of Corpus Christi	Hauling Facility	Administrative
BFI Waste Services of Texas, LP	Republic Services of Houston (Brookglen)	Hauling Facility	Administrative
BFI Waste Services of Texas, LP	Republic Services of Houston (Brookglen)	Hauling Facility	Administrative
BFI Waste Services of Texas, LP	Republic Services of Houston (Little York)	Hauling Facility	Administrative

Action Caption	Action Date	Violation Date	Case Number
Notice of Enforcement	1/29/2015	5/22/2014	2015-0334-IHW-E
Notice of Violation	5/23/2014	2/13/2014	
Notice of Violation for Compliance Evaluation Investigation	12/12/2013	12/12/2013	1138615
Notice of Violation	10/11/2013	9/24/2013	
Notice of Violation	4/24/2012	1/31/2012	
Notice of Violation	4/5/2012	2/6/2012	

Description of Alleged Violation	Violation Status
Allegations that the transporter failed to dispose of HEPA filters at an authorized landfill. On 9/4/2012, transported 20-cubic yard roll-off containing the waste load of HEPA filters characteristically hazardous for lead (D0008) from HPD Fleet and disposed of the hazardous waste at Tall Pines Landfill.	Resolved
Alleged violations include: 1) Failed to have a copy of the approved application for MSW Registration No. 40098. 2) Failed to record fence and gate inspections at the required frequency. Additionally, the facility failed to record daily windblown waste collection inspections.	Resolved
1) Failed to determine if solid waste generated is hazardous and to classify any nonhazardous waste. 2) Failed to maintain documentation on site immediately upon generation for each waste stream as it pertains to hazardous wastes determinations and waste classifications. 3) Failed to submit to the executive director in writing, at a minimum, the following information: the type(s) of industrial solid waste or municipal hazardous waste to be recycled, the method of storage prior to recycling, and the nature of the recycling activity, 90 days prior to recycling of industrial solid waste or municipal hazardous waste.	Resolved
Allegation the facility exceeded the zinc limit in the facility discharge permit.	Pending
Allegation that a composite sample of industrial discharge did not comply with permit limitations.	Resolved
Alleged Industrial wastewater parameter concentration exceeds permit limits.	Resolved

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number: 1-14267

REPUBLIC SERVICES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

18500 North Allied Way
Phoenix, Arizona

(Address of Principal Executive Offices)

65-0716904

(IRS Employer Identification No.)

85054
(Zip Code)

Registrant's telephone number, including area code: (480) 627-2700

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, par value \$0.01 per share

Name of Each Exchange on which Registered
The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2016, the aggregate market value of the shares of the Common Stock held by non-affiliates of the registrant was \$17.6 billion.

As of February 6, 2017, the registrant had outstanding 339,128,998 shares of Common Stock (excluding treasury shares of 308,560).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement relative to the 2017 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

TABLE OF CONTENTS**PART I**

Item 1.	<u>Business</u>	<u>2</u>
Item 1A.	<u>Risk Factors</u>	<u>14</u>
Item 1B.	<u>Unresolved Staff Comments</u>	<u>22</u>
Item 2.	<u>Properties</u>	<u>22</u>
Item 3.	<u>Legal Proceedings</u>	<u>22</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>23</u>

PART II

Item 5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>24</u>
Item 6.	<u>Selected Financial Data</u>	<u>25</u>
Item 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>61</u>
Item 8.	<u>Financial Statements and Supplementary Data</u>	<u>64</u>
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>117</u>
Item 9A.	<u>Controls and Procedures</u>	<u>117</u>
Item 9B.	<u>Other Information</u>	<u>118</u>

PART III

Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	<u>119</u>
Item 11.	<u>Executive Compensation</u>	<u>119</u>
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>119</u>
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>119</u>
Item 14.	<u>Principal Accounting Fees and Services</u>	<u>119</u>

PART IV

Item 15.	<u>Exhibits, Financial Statement Schedules</u>	<u>120</u>
	<u>Signatures</u>	<u>125</u>

Unless the context requires otherwise, all references in this Form 10-K to “Republic,” “the Company,” “we,” “us” and “our” refer to Republic Services, Inc. and its consolidated subsidiaries.

PART I

ITEM 1. BUSINESS

Overview

Republic is the second largest provider of non-hazardous solid waste collection, transfer, disposal, recycling, and energy services in the United States, as measured by revenue. As of December 31, 2016, we operated in 39 states and Puerto Rico through 333 collection operations, 204 transfer stations, 192 active landfills, 64 recycling centers, 7 treatment, recovery and disposal facilities, and 10 salt water disposal wells. We also operated 71 landfill gas and renewable energy projects and had post-closure responsibility for 124 closed landfills. We were incorporated in Delaware in 1996.

Based on an industry trade publication, the United States non-hazardous solid waste services industry generates annual revenue of approximately \$60 billion, of which approximately 45% is generated by publicly owned waste companies. Industry data also indicates that the non-hazardous solid waste services industry in the United States remains fragmented as privately held companies and municipal and other local governmental authorities generate approximately 35% and 20%, respectively, of total industry revenue. We believe growth in the solid waste industry historically has been linked primarily to population growth and growth in the overall economy, including the level of new household and business formation and changes in residential and commercial construction activity.

Our operations are national in scope, but the physical collection and disposal of waste is very much a local business and the dynamics and opportunities differ in each of our markets. By combining local operating management with standardized business practices, we drive greater overall operating efficiency across the Company while maintaining day-to-day operating decisions at the local level, closest to the customer.

The Five Pillars of Our Strategy - Profitable Growth through Differentiation

We believe that our products and services are valuable, and that by developing a superior team and delivering superior products, we can differentiate ourselves from our competitors. Differentiation allows us to attract and retain the best talent, win more customers, increase loyalty, and ultimately drive higher revenue and profits. Our strategy of Profitable Growth through Differentiation is built on five key pillars including (1) market position, (2) operating model, (3) people and talent agenda, (4) customer zeal, and (5) digital platform.

Market Position

The goal of our market position pillar is to develop the best vertically integrated market position to enable us to build density and improve returns. We strive to have a number one or number two market position in each of the markets we serve, or have a clear path on how we will achieve a leading market position over time. In situations where we cannot establish a leading market position, or where operations are not generating acceptable returns, we may decide to divest certain assets and reallocate resources to other markets.

We have a robust market planning process to identify opportunities to grow internally through capital investments and infrastructure development, and externally through acquisitions and public-private partnerships. Additionally, our market planning process allows us to analyze market conditions and proactively adjust to trends as they emerge, including the effects of demographic shifts, market changes and the competitive landscape.

Internal Growth

- **Volume Growth** - We believe waste volumes are driven by population growth, household formation and new business formation. Volume growth through increases in our customer base and service offerings is the most capital efficient method to grow our business. We seek to obtain long-term contracts for collecting solid waste under residential collection contracts with municipalities, exclusive franchise agreements, and small-container commercial and large-container industrial contracts. By obtaining such long-term agreements, we can grow our contracted revenue base at the same rate as the underlying economic growth in these markets. In addition, by securing a base of long-term recurring revenue, we are better able to protect our market position from competition. We work to increase volumes while ensuring that prices charged for services provide an appropriate return on our capital investment.
- **Price Increases** - We seek to secure price increases necessary to offset increased costs, improve our operating margins and earn an adequate return on our substantial investments in vehicles, equipment, landfills, transfer stations and recycling centers.

- **Expansion of Recycling Capabilities** - Based on an industry trade publication, we believe approximately 35% of municipal solid waste is recycled. Communities have increasingly committed to enhance and expand their recycling programs for their residents. We continue to focus on innovative waste disposal processes and programs to help our customers achieve their goals related to sustainability and environmentally sound waste practices while also generating an acceptable return. We will continue to look for opportunities to expand our recycling capabilities in markets where these services are desired and provide an appropriate return on our investment.
- **Infrastructure Development** - We seek to identify opportunities to further our position as an integrated service provider in markets where we are not fully integrated. Our goal is to create market-specific, vertically integrated operations typically consisting of one or more collection operations, transfer stations, landfills and recycling centers. Where appropriate, we obtain permits to build transfer stations, recycling centers and landfills that would vertically integrate our waste services or expand the service areas for our existing disposal sites. Development projects, while generally less capital intensive than acquisitions, typically require extensive permitting efforts that can take years to complete with no assurance of success. We undertake development projects when we believe there is a reasonable probability of success and where reasonably priced acquisition opportunities are not available.

External Growth

- **Acquisitions and Public-Private Partnerships** - Our acquisition growth strategy focuses primarily on acquiring privately held solid waste and recycling companies that complement our existing business platform. We believe our ability to successfully complete these acquisitions is enhanced by the challenges facing many privately held companies, including increasing competition in the solid waste industry, increasing capital requirements due to changes in solid waste regulatory requirements and the limited number of exit strategies for privately held companies. We also evaluate opportunities to acquire operations and facilities that are being divested by other publicly owned waste companies.

We continue to invest in accretive acquisitions in existing markets. Generally, we expect to maintain a steady pace of tuck-in acquisition investment of approximately \$100 million annually. Given our free cash flow, availability under our credit facilities and our ability to access the public capital markets, we have the flexibility to make additional acquisitions that will complement our existing business platform, including larger acquisitions if the right opportunities present themselves.

We also focus on growth through public-private partnerships, which include the waste and recycling operations and facilities of municipal and other local governments. We believe we have an opportunity to acquire operations and facilities from municipalities and other local governments, as they increasingly seek to raise capital and reduce risk.

We realize synergies from consolidating businesses into our existing operations, whether through acquisitions or public-private partnerships, which allow us to reduce capital and expense requirements associated with truck routing, personnel, fleet maintenance, inventories and back-office administration.

Operating Model

The goal of our operating model pillar is to deliver a consistent, high quality service to all of our customers through the Republic Way: *One Way. Everywhere. Every day.* This approach of developing standardized processes with rigorous controls and tracking allows us to leverage our scale and deliver durable operational excellence. The Republic Way is the key to harnessing the best of what we do as operators and translating that across all facets of our business.

A key enabler of the Republic Way is our organizational structure that fosters a high performance culture by maintaining 360 degree accountability and full profit and loss responsibility with local management, supported by a functional structure to provide subject matter expertise. This structure allows us to take advantage of our scale by coordinating functionally across all of our markets; while empowering local management to respond to unique market dynamics.

We have rolled out several productivity and cost control initiatives designed to deliver the best service possible to our customers in the most efficient and environmentally sound way.

Fleet Automation

Approximately 74% of our residential routes have been converted to automated single driver trucks. By converting our residential routes to automated service, we reduce labor costs, improve driver productivity, decrease emissions and create a safer work environment for our employees. Additionally, communities using automated vehicles have higher participation rates in recycling programs, thereby complementing our initiative to expand our recycling capabilities.

Fleet Conversion to Compressed Natural Gas (CNG)

Approximately 18% of our fleet operates on natural gas. We expect to continue our gradual fleet conversion to CNG, our preferred alternative fuel technology, as part of our ordinary annual fleet replacement process. We believe a gradual fleet conversion is most prudent to realize the full value of our previous fleet investments. Approximately 36% of our replacement vehicle purchases during 2016 were CNG vehicles. We believe using CNG vehicles provides us a competitive advantage in communities with strict clean emission initiatives that focus on protecting the environment. Although upfront capital costs are higher, using CNG reduces our overall fleet operating costs through lower fuel expenses. As of December 31, 2016, we operated 38 CNG fueling stations.

Standardized Maintenance

Based on an industry trade publication, we operate the eighth largest vocational fleet in the United States. As of December 31, 2016, our average fleet age in years, by line of business, was as follows:

	Approximate Number of Vehicles	Approximate Average Age
Residential	7,300	7
Small-container Commercial	4,400	7
Large-container Industrial	4,100	9
Total	15,800	7.5

OneFleet, our standardized vehicle maintenance program, enables us to use best practices for fleet management, truck care and maintenance. Through standardization of core functions, we believe we can minimize variability in our maintenance processes, resulting in higher vehicle quality and a lower environmental footprint, while extending the average service life of our fleet. We believe operating a more reliable, greener, safer and more efficient fleet will lower our operating costs. We have implemented standardized maintenance programs for approximately 92% of our fleet maintenance operations as of December 31, 2016. We expect the entire fleet will be certified under OneFleet by the second quarter of 2017.

Organizational Structure

In January 2016, we realigned our field support functions by combining our three regions into two field groups, consolidating our areas and streamlining select operational support roles at our Phoenix headquarters. Following our restructuring, our senior management now evaluates, oversees and manages the financial performance of our operations through two field groups, referred to as Group 1 and Group 2. Group 1 primarily consists of geographic areas located in the western and portions of the mid-western United States, and Group 2 primarily consists of geographic areas located in Texas, the southeastern and portions of the mid-western United States, and the eastern seaboard of the United States. Each field group is organized into several areas and each area contains multiple business units or operating locations. Each of our field groups and all of our areas provide collection, transfer, recycling and landfill services. See Note 14, *Segment Reporting*, to our consolidated financial statements in Item 8 of this Form 10-K for further discussion of our operating segments.

People and Talent Agenda

The goal of our people and talent agenda pillar is to create an environment to attract and retain the best talent. Our people continue to be the most critical component in successfully executing our strategy. We strive to make Republic a desirable place to work for our approximately 33,000 full-time employees by creating learning experiences, programs, compensation and benefits that attract, develop, train, engage, motivate, reward and retain the best workforce. With a focus on safety, learning and talent development, and diversity and inclusion, we aspire to be a company where the best people want to work and are engaged every day.

Safety

Republic is dedicated to the safety of our employees, customers and the communities we serve. Due to the nature of our industry, we prioritize safety above all else and we recognize and reward employees for outstanding safety records. Over the past nine years, our safety performance (based on OSHA recordable rates) has been 41% better than the industry average. Our *Think, Choose, Live* slogan encapsulates our everyday safety messaging to our employees to: *Think* about what you are doing, *Choose* the safe answer, and *Live* to go home to your family. With the phrase printed on numerous items, including hard hats and the equipment our employees touch, there are constant reminders for employees to go home in the same condition that they came to work. Our goal is to ensure every one of our employees returns home safely each night.

We are proud of our two safety incentive programs: Dedicated to Safety and Dedicated to Excellence. For Dedicated to Safety, employees must meet all safety requirements for the year, including no preventable accidents and no safety warnings. For

Dedicated to Excellence, employees must earn the Dedicated to Safety Award and meet additional criteria for customer service, attendance and other performance metrics. Further, our safety training program, Focus 6, provides employees with tips and techniques to prevent the six most common types of serious accidents: backing, intersections, push-pull-lift, rear collisions, rollover, and pedestrian.

We take pride in recognizing employees who demonstrate a relentless commitment to safety. Employees with the best driving records are eligible for the industry's most prestigious award, the National Waste & Recycling Association's Driver of the Year. Republic drivers have won 75% of the Driver of the Year awards issued for the large truck category since 2009.

Learning and Talent Development

We are committed to developing our employees throughout their careers. Targeted onboarding experiences, including our Driver Training Center, Supervisor Onboarding and Sales Acceleration programs, focus on providing the fundamental skills each employee needs to succeed in his or her role. Our Leadership Trainee Program, an 18-month rotational experience for recent college graduates, is another example of our commitment to providing opportunities for growth.

Developing our leaders is also a critical part of our people and talent agenda. From Leadership Fundamentals, a program for new front line supervisors, to our Leadership Trainee and General Manager Acceleration program for early career leaders, we have developed programs and experiences to help ensure that as our leaders progress, they are accumulating the skills necessary to be successful at each level. Over the last two years, more than 2,000 leaders have completed our Leadership Fundamentals program, creating a common language and toolkit for how we coach and develop employees.

Diversity and Inclusion

We are actively and intentionally creating an environment in which all individuals are welcomed and valued. In 2013, we launched Mosaic as our renewed approach and commitment to diversity and inclusion. Through Mosaic, we have developed new strategies and activities to continue creating a more diverse workforce and inclusive work environment. In this way, we can leverage our best thinking to improve our culture and better serve our customers.

We believe there is no better way to protect our planet than to recruit and hire the heroes who have protected our country. We actively recruit and hire veterans - those transitioning from military life as well as those long discharged from active duty. We value the skills, experience and operational excellence they bring to our organization, as well as their commitment to a better tomorrow. Historically, we have had great success hiring veterans. In 2016, for example, 22% of general managers, 25% of operations managers, and 27% of maintenance managers that we hired self-identified as having served in the U.S. Army, Navy, Marines, Air Force or Coast Guard.

Customer Zeal

The goal of our customer zeal pillar is to drive customer loyalty by offering differentiated products and services specifically designed to meet our customers' needs. We believe this increases customer loyalty and willingness to pay for a higher value service.

To help our sales team with their ability to identify specific customer needs and configure the right offering, we use a Priority Based Selling (PBS) technique and our Capture pricing tool nationwide.

- PBS enables us to identify and segment customers' buying priorities, and attract customers that are willing to pay for enhanced offerings.
- Capture is a cloud-based pricing tool that creates a more professional sales experience, helps realize better pricing levels at the point of sale and provides enhanced controls over the price quoting process.

In response to our customers' requests, we expanded our suite of products to include Electronics Recycling with BlueGuard™, Universal Recycling and All-in-One Office. For those services that we don't provide, we fulfill demand through our alliance partnerships while maintaining the customer facing relationship.

To help ensure a consistent customer experience, we invested in our customer service capabilities and have made continued progress on the consolidation of our over 100 customer service locations into three Customer Resource Centers. The new state-of-the-art facilities and the technology deployed provide our customer service employees with the tools and capabilities they need to provide better levels of service across a myriad of touch points, including voice, email, text, social media channels and live chat. The state-of-the-art centers enhance the customer experience and will lower the Company's cost structure once the transition is complete by the end of 2017.

To help ensure our efforts are making an impact and building customer loyalty, we also have enhanced the way we receive feedback from our customers, including net promoter score, so that every General Manager receives recent, relevant feedback that allows him or her the ability to reach out to customers directly and address issues immediately.

Digital Platform

The goal of our digital platform pillar is to allow us to provide a consistent experience across our business while enabling our customers to do business with us through more channels and with better access to information.

We are responding to our customers' requests for options to do business with us digitally. By increasing the ease of use and functionality of our web-based market presence, we believe we enhance customer satisfaction, interaction, and connectivity while lowering our costs. These tools reinforce to our customers that they can rely on us to handle their recycling and waste service needs in a way that is easy and convenient for them.

- Our MyResource customer portal and mobile app are online account management tools, allowing customers access to their accounts and our services. Approximately 1.8 million customers are now enrolled in MyResource, significantly enhancing our interaction and connectivity with those customers.
- Our ecommerce sales channel allows customers to secure services on a real-time basis, provides capabilities to meet our customer's evolving buying preferences, and provides a lower cost sales channel.

We believe that leveraging technology to improve our core business strengthens our existing model and customer relationships, and will serve to solidify our differentiated offering.

Corporate Responsibility and Sustainability

In addition to being committed to our customers and employees, we are also committed to the communities we serve and to the environment. We strive to be America's preferred recycling and waste services partner. At Republic, we believe in the preservation of our Blue Planet - a cleaner, safer and healthier world.

We believe we have a responsibility to regenerate our planet with the materials we are entrusted to handle every day by driving increased recycling, generating renewable energy, and helping our customers be more resourceful. Additionally, we must lead by example, working diligently to improve our relationship with the environment and society through decreased vehicle emissions, innovative landfill technologies, use of renewable energy, community engagement and employee growth opportunities. Sustainability contributes to a cleaner world, while also providing opportunities to improve brand awareness, to increase customer loyalty, to grow our business, to motivate our employees and to differentiate Republic from our competitors.

To maximize our efforts, we have chosen to focus our sustainability platform around the following five areas:

- *Operations.* We are working to minimize the effect of our operations around our fleet, our landfills and our buildings. Whenever we reduce waste and inefficiency, we become more sustainable and we reduce our costs.
- *Materials Management.* We recognize we have an opportunity to extract value from materials in the waste stream in the form of commodities and energy and also reduce greenhouse gas emission from those materials.
- *Communities.* We are devoted to being a good neighbor through customer engagement, philanthropic giving, and infrastructure investments.
- *Safety.* We are committed to creating a safe environment for our employees, our customers and the communities we serve.
- *People.* We employ and develop talented professionals who are committed to our planet, our customers and our Company.

Each of these areas has a significant effect on the environment and society and contributes to preserving our Blue Planet, while forming the foundation of our business going forward. We have developed programs that will enable us to reduce our emissions by 2.5 million tons of carbon dioxide equivalent by 2018, including developing at least two landfill gas-to-energy projects each year, adding at least 150,000 tons per year of recycling capacity, and reducing the greenhouse gas emissions from our fleet by 3% by 2018. We added a safety goal in 2016 to reduce our OSHA recordable rates by 7% per year.

We have been steadily building on our sustainability progress and performance. We were announced as a CDP Climate A List company. Less than 10% of companies worldwide who participate are named to the Climate A List. In addition, we were inducted into both the North American and World Dow Jones Sustainability Indices (DJSI). We believe the DJSI is the gold standard for corporate sustainability. Republic is the only recycling and solid waste collection provider in the Commercial Services and Supplies sector that is included in the 2016 DJSI World Index. These achievements demonstrate our ability to connect financial performance with environmental and social performance. The rankings also highlight Republic's leadership in corporate governance, environmental, social and financial aspects of sustainability. Finally, we released our second Sustainability Report that follows the GRI G4 protocol which is available on our website at www.republicservices.com.

Republic is one of the few Fortune 500 companies whose board has a Sustainability and Corporate Responsibility Committee. This committee has oversight responsibility with respect to our sustainability performance, our corporate responsibilities, our

role as a socially responsible organization and our enterprise risk, including cyber security, environmental and reputational risks.

Cash Utilization Strategy

We believe our ability to consistently increase free cash flow drives shareholder value and provides confirmation regarding the recurring cash provided by our operations. Free cash flow also demonstrates our ability to execute our cash utilization strategy, which includes investments in acquisitions and returning a majority of free cash flow to our shareholders through dividends and share repurchases. We are committed to an efficient capital structure and maintaining our investment grade credit ratings on our senior debt, which was rated BBB+ by Standard & Poor's Ratings Services, BBB by Fitch Ratings, Inc. and Baa3 by Moody's Investors Service, Inc. as of December 31, 2016. Such ratings have allowed us, and should continue to allow us, to readily access capital markets at competitive rates.

We manage our free cash flow by ensuring that capital expenditures and operating asset levels are appropriate in light of our existing business and growth opportunities, and by closely managing our working capital, which consists primarily of accounts receivable, accounts payable, and accrued landfill and environmental costs.

Dividends

In July 2016, our board of directors approved an increase in the quarterly dividend to \$0.32 per share, which represents an increase of approximately 7% over the prior year. Over the last five years, our dividend has increased at a compounded annual growth rate of 7.8%. We expect to continue paying quarterly cash dividends and may consider additional dividend increases if we believe they will enhance shareholder value.

Share Repurchases

In October 2015, our board of directors added \$900 million to the existing share repurchase authorization. As of December 31, 2016, there was \$451.7 million remaining under our share repurchase authorization. At least annually, our board of directors reviews the intrinsic value of our stock. During 2017, we expect to use all our remaining authorization to repurchase shares of our common stock.

Shareholder Value

We are committed to creating long-term shareholder value by generating consistent earnings and cash flow growth, while continually improving returns on invested capital. Our incentive compensation programs are aligned with these objectives at all levels of management. We have an active shareholder outreach program and routinely interact with shareholders on a number of matters, including governance and executive compensation.

Management Team

We believe we have one of the most experienced management teams in the solid waste industry.

Donald W. Slager became our Chief Executive Officer (CEO) and remained our President on January 1, 2011, after having served as our President and Chief Operating Officer (COO) from the Allied Waste Industries, Inc. (Allied) acquisition in December 2008 until then. Prior to the Allied acquisition, Mr. Slager worked for Allied from 1992 through 2008 and served in various management positions, including President and COO from 2004 through 2008 and Executive Vice President and COO from 2003 to 2004. From 2001 to 2003, Mr. Slager served as Senior Vice President, Operations. Mr. Slager held various management positions at Allied from 1992 to 2003, and was previously General Manager at National Waste Services, where he served in various management positions since 1985. Mr. Slager has over 35 years of experience in the solid waste industry. Mr. Slager has been a member of our Board of Directors since June 24, 2010.

Catharine D. Ellingsen was named Executive Vice President, Chief Legal Officer, Chief Ethics and Compliance Officer, and Corporate Secretary in June 2016. Ms. Ellingsen joined Allied as Corporate Counsel in August 2001 and has experience in a variety of roles of increasing responsibility. She was named Managing Corporate Counsel in January 2003, Director, Legal and Associate General Counsel in January 2005, and Vice President and Deputy General Counsel in June 2007. Ms. Ellingsen continued as Vice President and Deputy General Counsel at Republic following the Allied acquisition in December 2008. She was then named Senior Vice President, Human Resources in August 2011 and served in that position until June 2016. Before joining Allied, Ms. Ellingsen was an attorney at Steptoe & Johnson LLP from 1996 to 2001 and at Bryan Cave LLP from 1993 to 1996.

Jeffrey A. Hughes was named Executive Vice President, Chief Administrative Officer in December 2008. Before that, Mr. Hughes served as Senior Vice President, Eastern Region Operations for Allied from 2004 until the Allied acquisition in December 2008. Mr. Hughes served as Assistant Vice President of Operations Support for Allied from 1999 to 2004 and as a District Manager for Allied from 1988 to 1999. Mr. Hughes has over 29 years of experience in the solid waste industry.

Charles F. Serianni was appointed Executive Vice President, Chief Financial Officer in August 2014. Mr. Serianni has over 30 years of experience in a variety of roles of increasing responsibility. He was named Vice President, Region Controller for the Company's former West Region in July 2013. Before that, Mr. Serianni served as our Assistant Controller starting in June 1998 and progressed to Senior Vice President, Chief Accounting Officer in December 2008. He served as the Accounting Operations Director for Republic Industries, Inc. (AutoNation) from February 1997 to June 1998. Before that, Mr. Serianni served as the Accounting Operations Director for Sunglass Hut International, Inc. from May 1993 to February 1997, and as Manager, Accounting and Auditing Services for Deloitte & Touche from September 1984 to May 1993.

Our local and area management teams have extensive industry experience in growing, operating and managing solid waste companies and have substantial experience in their local geographic markets. This allows us to quickly respond to and meet our customers' needs and stay in touch with local businesses and municipalities. We believe our strong area management teams allow us to effectively and efficiently drive our initiatives and help ensure consistency throughout the organization. Our area management teams and area presidents have extensive authority and responsibility over operations within their respective geographic markets. As a result of retaining experienced managers with extensive knowledge of and involvement in their local communities, we are proactive in anticipating customers' needs and adjusting to changes in our markets. We also seek to implement the best practices of our various business units throughout our operations to continue improving our operations and our operating margins.

Integrated Operations

We believe Republic is a company with a strong, national operating platform that allows us to compete more effectively and efficiently in the local markets in which we operate. We seek to achieve a high rate of internalization by controlling waste streams from the point of collection through processing or disposal. During the year ended December 31, 2016, approximately 68% of the total waste volume we collected was disposed at landfills we own or operate (internalization). Our fully integrated markets generally have a lower cost of operations and more favorable cash flows than our non-integrated markets. Through acquisitions, landfill operating agreements and other market development activities, we create market-specific, integrated operations typically consisting of one or more collection operations, transfer stations and landfills. We also operate recycling centers in markets where diversion of waste is a priority, it is profitable to do so, and we can earn an appropriate return on our investment.

Our operations primarily consist of providing collection, transfer and disposal of non-hazardous solid waste, recovering and recycling of certain materials, and energy services.

Collection Services

We provide residential, small-container commercial, and large-container industrial solid waste collection services through 333 collection operations. In 2016, approximately 76% of our total revenue was derived from our collection business, of which approximately 24% of our total revenue relates to residential services, approximately 31% relates to small-container commercial services, and approximately 21% relates to large-container industrial services.

Our residential collection business involves the curbside collection of waste for transport to transfer stations, or directly to landfills or recycling centers. We typically perform residential solid waste collection services under contracts with municipalities, which we generally secure by competitive bid and which give us exclusive rights to service all or a portion of the homes in the municipalities. These contracts usually range in duration from one to five years, although some of our exclusive franchises are for significantly longer periods. We also perform residential services on a subscription basis, in which individual households contract directly with us. The fees received for subscription residential collection are based primarily on the market, collection frequency, type of service, the distance to the disposal facility and the cost of disposal. In general, subscription residential collection fees are paid quarterly in advance by the customers receiving the service.

In our small-container commercial business, we supply our customers with waste containers of varying sizes. We typically perform commercial collection services under one- to three-year service agreements, and fees are determined based on a number of factors including the market, collection frequency, type of equipment furnished, type and volume or weight of the waste collected, transportation costs and the cost of disposal. Our small-container commercial services are typically offered to small business complexes, multi-family housing and strip malls, and include industries such as restaurants, retail, real-estate, and professional and other services.

Our large-container industrial collection business includes both recurring and temporary customer relationships. For the recurring portion, we supply our customers with waste containers of varying sizes and rent compactors to large waste generators. We typically perform the collection services under one- to three-year service agreements, and fees are determined based on a number of factors including the market, collection frequency, type of equipment furnished, type and volume or weight of the waste collected, transportation costs and the cost of disposal. Our recurring large-container industrial services are typically offered to larger facilities, hotels and office buildings, and include industries such as manufacturing, retail, hospitality and professional and other services.

For the temporary portion of our large-container industrial collection business, the majority of the waste relates to construction and demolition activities and is typically event-driven. We provide temporary waste collection services on a contractual basis with terms ranging from a single pickup to one-year or longer.

We also provide recycling collection services tailored to our customers' requirements to complete our service offerings.

Transfer Services

We own or operate 204 transfer stations. Revenue at our transfer stations is primarily generated by charging tipping or disposal fees, which accounted for approximately 5% of our revenue during 2016. Our collection operations deposit waste at these transfer stations, as do other private and municipal haulers, for compaction and transfer to disposal sites or recycling centers. Transfer stations provide collection operations with a cost effective means to consolidate waste and reduce transportation costs while providing our landfills with an additional "gate" to extend their geographic reach.

When our own collection operations use our transfer stations, this improves internalization by allowing us to retain fees we would otherwise pay to third-party disposal sites. It also allows us to manage costs associated with waste disposal because: (1) transfer trucks have larger capacities than collection trucks, allowing us to deliver more waste to the landfill in each trip; (2) waste is accumulated and compacted at strategically located transfer stations to increase efficiency; and (3) we can retain volume by managing the waste to one of our own landfills rather than to a competitor's.

Landfill Services

We own or operate 192 active landfills. Our tipping fees charged to third parties accounted for approximately 12% of our revenue during 2016. As of December 31, 2016, we had approximately 37,400 permitted acres and total available permitted and probable expansion disposal capacity of approximately 5 billion in-place cubic yards. The in-place capacity of our landfills is subject to change based on engineering factors, requirements of regulatory authorities, our ability to continue to operate our landfills in compliance with applicable regulations, and our ability to successfully renew operating permits and obtain expansion permits at our sites. Some of our landfills accept non-hazardous special waste, including utility ash, asbestos and contaminated soils.

Most of our active landfill sites have the potential for expanded disposal capacity beyond the currently permitted acreage. We monitor the availability of permitted disposal capacity at each of our landfills and evaluate whether to pursue an expansion at a given landfill based on estimated future waste volumes and prices, market needs, remaining capacity and the likelihood of obtaining an expansion. To satisfy future disposal demand, we are currently seeking to expand permitted capacity at certain landfills; however, we cannot assure you that all proposed or future expansions will be permitted as designed.

Republic is committed to harnessing landfill gas, the natural byproduct of decomposing waste, and converting it to energy. The use of landfill gas provides our economy with benefits, including reducing air pollution through the capture and use of methane. As of December 31, 2016, we operated 71 landfill gas and renewable energy projects.

We also have responsibility for 124 closed landfills, for which we have associated closure and post-closure obligations.

Recycling Services

We own or operate 64 recycling centers. These facilities generate revenue through the processing and sale of old corrugated containers (OCC), old newsprint (ONP), aluminum, glass and other materials, which accounted for approximately 5% of our revenue during 2016. Approximately 74% of our recycling center volume relates to OCC, ONP and other mixed paper. Of the 5.0 million tons we sold during 2016, 2.5 million moved through our recycling centers and 2.5 million we collected and delivered to third parties.

Changing market demand for recycled commodities causes volatility in commodity prices. At current volumes and mix of materials, we believe a \$10 per ton change in the price of recycled commodities will change annual revenue and operating income by approximately \$27 million and \$18 million, respectively.

In certain instances we issue recycling rebates to purchase materials from municipalities or large industrial customers, which can be based on the price we receive upon the final sale of recycled commodities, a fixed contractual rate or other measures. We also receive rebates when we dispose of recycled commodities at third-party facilities.

As consumer demand for recycling services has increased, we have met that demand by integrating recycling components to each of our collection service offerings. Our goal is to provide a complete waste stream management solution to our customers in an environmentally sustainable way.

We continue to invest in proven technologies to control costs and to simplify and streamline recycling for our customers. For example, advanced sorting equipment, such as disk screens, magnets and optical sorters, identifies and separates different kinds of paper, metals, plastics and other materials to increase efficiency and maximize our recycling efforts.

Energy Services

In addition to certain of our landfill disposal sites, we own or operate 7 treatment, recovery and disposal facilities and 10 salt water disposal wells. Energy services waste is generated from the by-products of oil and natural gas exploration and production activity, including waste created throughout the initial drilling and completion of an oil or natural gas well, production wastes and water produced during a well's operating life, contaminated soils that require treatment during site reclamation, and substances that require clean-up after a spill. Revenue is therefore primarily generated through waste managed from vertical and horizontal drilling, hydraulic fracturing, production and clean-up activity, as well as other services including closed loop collection systems and the sale of recovered products. In 2016, approximately 1% of our revenue was derived from energy services. Energy services activity varies across market areas that are tied to the natural resource basins in which the drilling activity occurs and reflects the regulatory environment, pricing and disposal alternatives available in any given market.

Other Services

Other revenue consists primarily of National Accounts revenue generated from nationwide or regional contracts in markets outside our operating areas where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

Competition

We operate in a competitive industry. Competition in the non-hazardous solid waste industry comes from a few other large, national publicly owned companies, several regional publicly and privately owned companies, and thousands of small privately-owned companies. In any given market, competitors may have larger operations and greater resources. In addition, we compete with municipalities that maintain waste collection or disposal operations. These municipalities may have financial advantages due to the availability of tax revenue and tax-exempt financing.

We compete for collection accounts primarily on the basis of price and the quality of our services. From time-to-time, our competitors reduce the price of their services in an effort to expand market share or to win a competitively bid municipal contract. Our ability to maintain and increase prices in certain markets may be impacted by our competitors' pricing policies. This may have an effect on our future revenue and profitability.

Seasonality and Severe Weather

Our operating revenues tend to be somewhat higher in the summer months, primarily due to higher volumes of construction and demolition waste. The volumes of large-container industrial and residential waste in certain regions of the country also tend to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect this seasonality.

Our operations can be adversely affected by periods of inclement or severe weather, which could increase the volume of waste collected under our existing contracts (without corresponding compensation), delay the collection and disposal of waste, reduce the volume of waste delivered to our disposal sites or delay the construction or expansion of our landfill sites and other facilities. Our operations also can be favorably affected by severe weather, which could increase the volume of waste in situations where we are able to charge for our additional services.

Regulation

Our facilities and operations are subject to a variety of federal, state and local requirements that regulate, among other things, the environment, public health, safety, zoning and land use. Operating and other permits, licenses and other approvals generally are required for landfills and transfer stations, certain solid waste collection vehicles, fuel storage tanks and other equipment and facilities that we own or operate. These permits are subject to denial, revocation, modification and renewal in certain circumstances. Federal, state and local laws and regulations vary, but generally govern wastewater or storm water discharges, air emissions, the handling, transportation, treatment, storage and disposal of hazardous and non-hazardous waste, and the remediation of contamination associated with the release or threatened release of hazardous substances. These laws and regulations provide governmental authorities with strict powers of enforcement, which include the ability to revoke or decline to renew any of our operating permits, obtain injunctions, or impose fines or penalties in the event of violations, including criminal penalties. The U.S. Environmental Protection Agency (EPA) and various other federal, state and local authorities administer these regulations.

We strive to conduct our operations in compliance with applicable laws, regulations and permits. However, from time to time we have been issued citations or notices from governmental authorities that have resulted in the need to expend funds for remedial work and related activities at various landfills and other facilities or in the need to expend funds for fines, penalties or settlements. We cannot assure you that citations and notices will not be issued in the future despite our strong regulatory compliance efforts. We have established final capping, closure, post-closure and remediation reserves that we believe, based on

currently available information, will be adequate to cover our current estimates of regulatory costs; however, we cannot assure you that actual costs will not exceed our reserves.

Federal Regulation

The following summarizes the primary federal, environmental, and occupational health and safety-related statutes that affect our facilities and operations:

- *The Solid Waste Disposal Act, including the Resource Conservation and Recovery Act (RCRA).* RCRA establishes a framework for regulating the handling, transportation, treatment, storage and disposal of hazardous and non-hazardous solid waste, and requires states to develop programs to ensure the safe disposal of solid waste in sanitary landfills.

Subtitle D of RCRA establishes a framework for regulating the disposal of municipal solid waste. Regulations under Subtitle D currently include minimum comprehensive solid waste management criteria and guidelines, including location restrictions, facility design and operating criteria, final capping, closure and post-closure requirements, financial assurance standards, groundwater monitoring requirements and corrective action standards. All of the states in which we operate have implemented permit programs pursuant to RCRA and Subtitle D. These state permit programs may include landfill requirements that are more stringent than those of Subtitle D. Our failure to comply with any of these environmental requirements at any of our locations may lead to temporary or permanent loss of an operating permit, which would result in costs in connection with securing new permits and reduced revenue from lost operational time.

All of our planned landfill expansions and new landfill development projects have been engineered to meet or exceed Subtitle D requirements, as applicable. Operating and design criteria for existing operations have been modified to comply with these regulations. Compliance with Subtitle D regulations has resulted in increased costs and may in the future require substantial additional expenditures in addition to other costs normally associated with our waste management activities.

- *The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA).* CERCLA, among other things, provides for the cleanup of sites from which there is a release or threatened release of a hazardous substance into the environment. CERCLA may impose strict joint and several liability for the costs of cleanup and for damages to natural resources upon current owners and operators of a site, parties who were owners or operators of a site at the time the hazardous substances were disposed of, parties who transported the hazardous substances to a site, and parties who arranged for the disposal of the hazardous substances at a site. Under the authority of CERCLA and its implementing regulations, detailed requirements apply to the manner and degree of investigation and remediation of facilities and sites where hazardous substances have been or are threatened to be released into the environment. Liability under CERCLA is not dependent on the existence or disposal of only "hazardous wastes," but also can be based upon the existence of small quantities of more than 700 "substances" characterized by the EPA as "hazardous," many of which are found in common household waste. Among other things, CERCLA authorizes the federal government to investigate and remediate sites at which hazardous substances have been or are threatened to be released into the environment, or to order persons potentially liable for the cleanup of the hazardous substances to do so themselves. In addition, the EPA has established a National Priorities List of sites at which hazardous substances have been, or are threatened to be, released and which require investigation or cleanup.

CERCLA liability is strict liability. It can be founded upon the release or threatened release, even as a result of unintentional, non-negligent or lawful action, of hazardous substances, including very small quantities of such substances. Thus, even if we have never knowingly transported or received hazardous substances, it is likely that hazardous substances have been deposited or "released" at landfills or other facilities that we presently or historically have owned or operated, or at properties owned by third parties to which we have transported waste. Therefore, we could be liable under CERCLA for the cost of cleaning up, or protecting against the release of, such hazardous substances at such sites and for damages to natural resources, even if those substances were deposited at our facilities before we acquired or operated them. The costs of a CERCLA cleanup can be very expensive and can include the costs of disposing of hazardous substances at appropriately-licensed facilities. Given the difficulty of obtaining insurance for environmental impairment liability, any such liability could have a material effect on our business, financial condition, results of operations and cash flows.

- *The Federal Water Pollution Control Act of 1972 (the Clean Water Act).* This act regulates the discharge of pollutants from a variety of sources, including solid waste disposal sites, into streams, rivers and other waters of the United States. Runoff from our landfills and transfer stations that is discharged into surface waters through discrete conveyances must be covered by discharge permits that generally require us to conduct sampling and monitoring, and, under certain circumstances, to reduce the quantity of pollutants in those discharges. Storm water discharge regulations under the Clean Water Act require a permit for certain construction activities and for runoff from industrial

operations and facilities, which may affect our operations. If a landfill or transfer station discharges wastewater through a sewage system to a publicly owned treatment works, the facility must comply with discharge limits imposed by that treatment works. In addition, states may adopt groundwater protection programs under the Clean Water Act or the Safe Drinking Water Act that could affect the manner in which our landfills monitor and control their waste management activities. Furthermore, if development at any of our facilities alters or affects wetlands, we may be required to secure permits before such development starts. In these situations, permitting agencies may require mitigation of wetland impacts.

- *The Clean Air Act.* The Clean Air Act imposes limitations on emissions from various sources, including landfills. In March 1996, the EPA promulgated regulations that require large municipal solid waste landfills to install landfill gas monitoring systems along with landfill gas control systems unless emissions are below established thresholds. These regulations apply to landfills that commenced construction, reconstruction or modification on or after May 30, 1991, and, principally, to landfills that can accommodate 2.5 million cubic meters or more of municipal solid waste. The regulations apply whether the landfills are active or closed. The date by which each affected landfill must have a gas collection and control system installed and made operational varies depending on calculated emission rates at the landfill. On July 14, 2016, the EPA issued final amendments to its regulations that require large landfills that commenced construction, reconstruction, or modification on or after July 17, 2014 to capture additional landfill gas to reduce emissions of methane and certain non-methane gases, which are recognized as greenhouse gases. In a separate rule finalized that same day, the EPA issued updates to its 1996 Emission Guidelines to reduce emissions of landfill gas from existing active landfills. Both actions were part of the Obama Administration's Climate Action Plan - Strategy to Reduce Methane Emissions. These and other efforts to curtail the emission of greenhouse gases and to ameliorate the effect of climate change may require our landfills to deploy more stringent emission controls and monitoring systems, with resulting capital or operating costs. Many state regulatory agencies also currently require monitoring systems for the collection and control of certain landfill gas. Certain of these state agencies are also implementing greenhouse gas control regulations that would also apply to landfill gas emissions. See Item 1A, *Risk Factors* – “*Regulation of greenhouse gas emissions could impose costs on our operations, the magnitude of which we cannot yet estimate,*” in this Form 10-K.

In addition, our vehicle fleet also may become subject to higher efficiency standards or other carbon-emission restrictions. Over the past three years, the EPA and the National Highway Traffic Safety Administration (NHTSA) have adopted regulations mandating the reduction of vehicle tail pipe emissions as a means of reducing greenhouse gas emissions. The regulations take the form of fuel economy standards. The EPA and the NHTSA have developed fuel economy standards in two vehicle categories: (1) conventional automobiles and light-duty trucks; and (2) heavy-duty trucks, including solid waste collection vehicles and tractor trailers. We own and operate vehicles in both categories. For conventional automobiles and light-duty trucks, in May 2010 the EPA and the NHTSA finalized fuel economy standards for model years 2012 through 2016. In October 2011, the EPA and the NHTSA initiated a second round of rulemaking for conventional automobiles and light-duty trucks in model years 2017 through 2025. In August 2011, the EPA and the NHTSA finalized standards for heavy-duty trucks, including solid waste collection vehicles and tractor trailers, for model years 2014 through 2018. On August 16, 2016, the EPA and the NHTSA jointly issued additional regulations that would impose more stringent standards for heavy-duty vehicles through model-year 2027. In issuing the proposed fuel economy standards for heavy-duty trucks (including tractor trailers), the government estimated that the increased equipment cost would be recouped over a period of two years for a tractor/trailer combo, and over a period of 6 years for a garbage truck, and each vehicle would continue to save fuel costs over its operating life.

- *The Occupational Safety and Health Act of 1970 (OSHA).* This act authorizes the Occupational Safety and Health Administration of the U.S. Department of Labor to promulgate occupational safety and health standards. A number of these standards, including standards for notices of hazardous chemicals and the handling of asbestos, apply to our facilities and operations.

State and Local Regulation

Each state in which we operate has its own laws and regulations governing solid waste disposal, water and air pollution, and, in most cases, releases and cleanup of hazardous substances and liabilities for such matters. States also have adopted regulations governing the design, operation, maintenance and closure of landfills and transfer stations. Some counties, municipalities and other local governments have adopted similar laws and regulations. In addition, our operations may be affected by the trend in many states toward requiring solid waste reduction and recycling programs. For example, several states have enacted laws that require counties or municipalities to adopt comprehensive plans to reduce, through solid waste planning, composting, recycling or other programs, the volume of solid waste deposited in landfills. Additionally, laws and regulations restricting the disposal of certain waste in solid waste landfills, including yard waste, newspapers, beverage containers, unshredded tires, lead-acid batteries, electronic wastes and household appliances, have been adopted in several states and are being considered in others.

Legislative and regulatory measures to mandate or encourage waste reduction at the source and waste recycling also have been considered, or are under consideration by, the U.S. Congress and the EPA.

To construct, operate and expand a landfill, we must obtain one or more construction or operating permits, as well as zoning and land use approvals. These permits and approvals may be burdensome to obtain and to comply with, are often opposed by neighboring landowners and citizens' groups, may be subject to periodic renewal, and are subject to denial, modification, non-renewal and revocation by the issuing agency. Significant compliance disclosure obligations often accompany these processes. In connection with our acquisition of existing landfills, we may be required to spend considerable time, effort and money to bring the acquired facilities into compliance with applicable requirements and to obtain the permits and approvals necessary to increase their capacity.

Other Regulations

Many of our facilities own and operate underground storage tanks that are generally used to store petroleum-based products. These tanks can be subject to federal, state and local laws and regulations that mandate their periodic testing, upgrading, closure and removal. In the event of leaks or releases from these tanks, these regulations require that polluted groundwater and soils be remediated. If underground storage tanks we own or operate leak, we could be liable for response costs and, if the leakage migrates onto the property of others, we could be liable for damages to third parties. We are unaware of facts indicating that issues of compliance with regulations related to underground storage tanks will have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

With regard to our solid waste transportation operations, we are subject to the jurisdiction of the Surface Transportation Board and are regulated by the Federal Highway Administration, Office of Motor Carriers, and by regulatory agencies in states that regulate such matters. Various state and local government authorities have adopted, or are considering adopting, laws and regulations that would restrict the transportation of solid waste across state, county, or other jurisdictional lines. In 1978, the U.S. Supreme Court ruled that a law that restricts the importation of out-of-state solid waste is unconstitutional; however, states have attempted to distinguish proposed laws from those involved in and implicated by that ruling. In 1994, the U.S. Supreme Court ruled that a flow control law, which attempted to restrict solid waste from leaving its place of generation, imposes an impermissible burden upon interstate commerce and is unconstitutional. In 2007, however, the U.S. Supreme Court upheld the right of a local government to direct the flow of solid waste to a publicly-owned and publicly-operated waste facility. A number of county and other local jurisdictions have enacted ordinances or other regulations restricting the free movement of solid waste across jurisdictional boundaries. Other governments may enact similar regulations in the future. These regulations may cause a decline in volumes of waste delivered to our landfills or transfer stations and may increase our costs of disposal, thereby adversely affecting our operations and our financial results.

Liabilities Established for Landfill and Environmental Costs

We have established reserves for landfill and environmental costs, which include landfill site final capping, closure and post-closure costs. We periodically reassess such costs based on various methods and assumptions regarding landfill airspace and the technical requirements of Subtitle D of RCRA, and we adjust our amortization rates used to expense final capping, closure and post-closure costs accordingly. Based on current information and regulatory requirements, we believe that our recorded reserves for such landfill and environmental expenditures are adequate; however, environmental laws may change, and we cannot assure you that our recorded reserves will be adequate to cover requirements under existing or new environmental laws and regulations, future changes or interpretations of existing laws and regulations, or adverse environmental conditions previously unknown to us. Refer to the "Contractual Obligations" section of our *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in Item 7 of this Form 10-K and to Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements in Item 8 of this Form 10-K for further information.

Liability Insurance and Bonding

The nature of our business exposes us to the possible risk of liabilities arising out of our operations, including damages to the environment, property, employees or the general public. Although we focus on operating safely and prudently, we occasionally receive claims, alleging damages, negligence or other wrongdoing in the planning or performance of work, which resulted in harm to the environment, property, employees or the general public. These liabilities can be significant. We also could be subject to fines and civil and criminal penalties in connection with alleged violations of regulatory requirements. We maintain various policies of insurance that, subject to limitations, exclusions, or deductibles, provide coverage for these types of claims. While we believe the amount of insurance is appropriate for our type of business, we can neither assure you that such insurance would be adequate, in scope or amount, in the event of a major loss, nor that we will not be exposed to uninsured liabilities that could have a material adverse effect on our consolidated financial condition, results of operations or cash flows. We also cannot assure you that we would continue to maintain the insurance should market conditions in the insurance industry make such coverage cost prohibitive.

Accruals for deductibles are based on claims filed and actuarial estimates of claims development and claims incurred but not reported. Due to the variable condition of the insurance market, we have experienced, and may experience in the future, increased deductible retention levels and increased premiums or unavailability of insurance. As we assume more risk through higher retention levels, we may experience more variability in our insurance reserves and expense.

In the normal course of business, we also purchase surety bonds, insurance policies, letters of credit or marketable securities deposits in connection with municipal residential collection contracts, financial assurance for closure and post-closure of landfills, environmental remediation, environmental permits, and business licenses and permits as a financial guarantee of our performance.

Availability of Reports and Other Information

Our corporate website is www.republicservices.com. We make available on that website, free of charge, access to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A, and amendments to those materials filed or furnished with the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. We make such materials available as soon as reasonably practicable after we electronically submit them to the SEC. Our corporate website also contains our Certificate of Incorporation, Bylaws, Corporate Governance Guidelines, Code of Ethics, Political Contributions Policy, and Charters of the Audit Committee, Management Development and Compensation Committee, Nominating and Corporate Governance Committee, and Sustainability and Corporate Responsibility Committee of the board of directors. In addition, the SEC makes available at its website (www.sec.gov), free of charge, reports, proxy statements, and other information regarding issuers, such as us, that file electronically with the SEC. Information on our website or the SEC website is not part of this Form 10-K. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K and applicable New York Stock Exchange (NYSE) rules regarding amendments to or waivers of our Code of Ethics by posting this information on our website at www.republicservices.com.

ITEM 1A. RISK FACTORS

This Form 10-K contains certain forward-looking information about us that is intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as “guidance,” “expect,” “will,” “may,” “anticipate,” “plan,” “estimate,” “project,” “intend,” “should,” “can,” “likely,” “could,” “believe” and similar expressions are intended to identify forward-looking statements. These statements include statements about our plans, strategies and prospects. Forward-looking statements are not guarantees of performance. These statements are based upon our management's current beliefs and expectations and are subject to risk and uncertainties, including the risks set forth below in these Risk Factors, which could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that the expectations will prove to be correct. Accordingly, you should not place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-K. Except to the extent required by applicable law or regulation, we undertake no obligation to update or publish revised forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events.

General economic conditions can directly and adversely affect our operating results.

Our business is directly affected by changes in national and general economic factors and overall economic activity that are outside of our control, including consumer confidence and interest rates. A weak economy generally results in decreases in volumes of waste generated, which adversely affects our revenues. In addition, we have a relatively high fixed-cost structure, which is difficult to adjust quickly to match declining waste volume levels. Consumer uncertainty and the loss of consumer confidence may decrease overall economic activity and thereby limit the amount of services we provide. Additionally, the decline in waste volumes may result in increased competitive pricing pressure and increased customer turnover, resulting in lower revenue and increased operating costs. Operating in an environment of worsening economic conditions could have a material adverse effect on our consolidated financial condition, results of operations and cash flows. Further, recovery in the solid waste industry historically has lagged behind recovery in the general economy. Accordingly, we cannot assure you that an improvement in general economic conditions will result in an immediate, or any, improvement in our consolidated financial condition, results of operations or cash flows.

Weakness in the U.S. economy may expose us to credit risk for amounts due from governmental agencies, large national accounts, industrial customers and others.

Weakness in the U.S. economy reduces the amount of taxes collected by various governmental agencies. We provide services to a number of these agencies, including numerous municipalities. These governmental agencies may suffer financial difficulties resulting from a decrease in tax revenue and may ultimately be unable or unwilling to pay amounts owed to us. In addition, weakness in the economy may cause other customers, including our large national accounts, or industrial or energy services clients, to suffer financial difficulties and ultimately to be unable or unwilling to pay amounts owed to us. This could negatively impact our consolidated financial condition, results of operations and cash flows.

The waste industry is highly competitive and includes competitors that may have greater financial and operational resources, flexibility to reduce prices or other competitive advantages that could make it difficult for us to compete effectively.

We principally compete with large national waste management companies, numerous municipalities, and numerous regional and local companies. Competition for collection accounts is primarily based on price and the quality of services. Competition for disposal business is primarily based on price, geographic location and quality of operations. One of our competitors may have greater financial and operational resources than we do. Further, many counties and municipalities that operate their own waste collection and disposal facilities have the benefits of tax revenue or tax-exempt financing. Our ability to obtain solid waste volume for our landfills also may be limited by the fact that some major collection operations also own or operate landfills to which they send their waste. In certain markets in which we do not own or operate a landfill, from time to time our collection operations may have difficulty competing effectively. If we were to lose market share or if we were to lower prices to address competitive issues, it could negatively impact our consolidated financial condition, results of operations and cash flows.

Price increases may not be adequate to offset the effect of increased costs and may cause us to lose volume.

We seek to secure price increases necessary to offset increased costs, improve our operating margins and earn an adequate return on our substantial investments in assets such as our landfills. From time to time, our competitors reduce their prices in an effort to expand their market share. Contractual, general economic or market-specific conditions also may limit our ability to raise prices. For example, many of our contracts have price adjustment provisions that are tied to an index such as the consumer price index. Particularly in a weak U.S. economy, our costs may increase in excess of the increase, if any, in the consumer price index. This may continue to be the case even when the U.S. economy recovers because a recovery in the solid waste industry historically has lagged behind a recovery in the general economy. As a result, we may be unable to offset increases in costs, improve our operating margins and obtain adequate investment returns through price increases. Price increases also might cause us to lose volume to lower-cost competitors.

Increases in the cost of fuel or petrochemicals would increase our operating expenses, and we cannot assure you that we would be able to recover such cost increases from our customers.

We depend on fuel purchased in the open market to operate our collection and transfer trucks and other equipment used for collection, transfer and disposal. Fuel prices are unpredictable and fluctuate significantly based on events beyond our control, including geopolitical developments, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, supply and demand for oil and gas, war, terrorism and unrest in oil-producing countries, adverse weather and regional production patterns. Due to contractual or market factors, we may not be able to offset such volatility through fuel recovery fees. Our fuel costs were \$317.0 million in 2016, or 3.4% of revenue, compared to \$362.4 million in 2015, or 4.0% of revenue.

To manage our exposure to volatility in fuel prices, we have entered into multiple swap agreements whereby we receive or make payments to counter-parties should the price of fuel vary from a specified amount. During 2016, approximately 20% of our fuel volume purchases were hedged with swap agreements. Additionally, we are able to collect fuel recovery fees from some customers. At current consumption levels, a twenty-cent per gallon change in the price of diesel fuel changes our fuel costs by approximately \$25 million on an annual basis. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, we believe a twenty-cent per gallon change in the price of diesel fuel changes our fuel recovery fee by approximately \$25 million. Accordingly, a substantial rise or drop in fuel costs could result in a material effect to our revenue and cost of operations.

Over the last several years, regulations have been adopted mandating changes in the composition of fuels for motor vehicles. The renewable fuel standards that the EPA sets annually affect the type of fuel our motor vehicle fleet uses. Pursuant to the Energy Independence and Security Act of 2007, the EPA establishes annual renewable fuel volume requirements for four different categories of renewable fuels (renewable fuel, advanced biofuel, cellulosic biofuel, and biomass-based diesel). These volume requirements set standards for the proportion of refiners' or importers' total fuel volume that must contain renewable fuels (as designated by regulation). The total volume metrics for each year vary based upon a number of factors (e.g., the

availability of such fuels), and it is difficult to predict the ultimate quantity that the EPA will eventually mandate for 2017 and beyond. These regulations are one of many factors that may affect the cost of the fuel we use.

Our operations also require the use of products (such as liners at our landfills) whose costs may vary with the price of petrochemicals. An increase in the price of petrochemicals could increase the cost of those products, which would increase our operating and capital costs. Petrochemical prices, and hence our operating and capital costs, may be further affected by regulatory efforts to reduce greenhouse gases from the industries that produce such petrochemicals. We are also susceptible to increases in indirect fuel recovery fees from our vendors.

Fluctuations in prices for recycled commodities that we sell to customers may adversely affect our consolidated financial condition, results of operations and cash flows.

We purchase or collect and process recyclable materials such as paper, cardboard, plastics, aluminum and other metals for sale to third parties. Our results of operations may be affected by changing prices or market requirements for recyclable materials. The resale and purchase prices of, and market demand for, recyclable materials are volatile due to changes in economic conditions and numerous other factors beyond our control. These fluctuations may affect our consolidated financial condition, results of operations and cash flows. Approximately 74% of our recycling center volume relates to OCC, ONP and other mixed paper.

Historically, to manage our exposure to fluctuations in prices for recycled commodities, we have entered into multiple hedging arrangements whereby we receive or make payments to counter-parties should the price of recycled commodities vary from a specified amount or range. During 2016, we entered into multiple agreements related to forecasted OCC sales. At current volumes and mix of materials, we believe a \$10 per ton change in the price of recycled commodities will change annual revenue and operating income by approximately \$27 million and \$18 million, respectively, on an annual basis. Accordingly, a substantial rise or drop in recycled commodity prices could result in a material effect to our revenue and cost of operations.

Adverse weather conditions, including those brought about by climate change, may limit our operations and increase the costs of collection and disposal.

Our collection and landfill operations could be adversely impacted by extended periods of inclement weather, or by increased severity of weather and climate extremes resulting from climate change, some of which we may already be experiencing. Recent studies suggest that global warming is occurring faster than previously projected, with the EPA projecting a 3° to 12° Fahrenheit temperature increase in the United States by the end of the century. In addition to sea level rise, this temperature increase is expected to result in more severe droughts, floods, and other extreme weather events. Any of these factors could increase the volume of waste collected under our existing contracts (without corresponding compensation), interfere with collection, transfer station and landfill operations, delay the development of landfill capacity or reduce the volume of waste generated by our customers. In addition, adverse weather conditions may result in the temporary suspension of our operations, which can significantly affect our operating results in the affected regions during those periods.

The solid waste industry is a capital-intensive industry and our capital expenditures may exceed current expectations, which could require us to obtain additional funding for our operations or impair our ability to grow our business.

Our ability to remain competitive and to grow our business largely depends on our cash flow from operations and access to capital. If our capital efficiency programs cannot offset the effect of inflation and business growth, it may be necessary to increase the amount we spend. Additionally, if we make acquisitions or further expand our operations, the amount we spend on capital, capping, closure, post-closure, environmental remediation and other items will increase. Our cash needs also will increase if the expenditures for capping, closure, post-closure and remediation activities increase above our current estimates, which may occur over a long period due to changes in federal, state or local government requirements and other factors beyond our control. Increases in expenditures would negatively impact our cash flows.

We may be unable to obtain or maintain required permits or to expand existing permitted capacity of our landfills, which could decrease our revenue and increase our costs.

We cannot assure you that we will be able to obtain or maintain the permits required to operate because permits to operate new landfills and transfer stations, or to expand the permitted capacity of existing landfills, have become more difficult and expensive to obtain and maintain. Permits often take years to obtain as a result of numerous hearings and compliance requirements with regard to zoning, environmental and other regulations. These permits are also often subject to resistance from citizen or other groups and other political pressures. Local communities and citizen groups, adjacent landowners, governmental agencies and others may oppose the issuance of a permit or approval we may need, allege violations of the permits under which we currently operate or laws or regulations to which we are subject, or seek to impose liability on us for environmental damage. Responding to these challenges has at times increased our costs and extended the time associated with establishing new landfills and transfer stations and expanding existing landfills. In addition, failure to receive regulatory and zoning approval may prohibit us from establishing new landfills or transfer stations or expanding existing landfills. Our failure

to obtain the required permits to operate our landfills and transfer stations could have a material adverse effect on our consolidated financial condition, results of operations and cash flows. In addition, we may have to dispose collected waste at landfills operated by our competitors or haul the waste long distances at a higher cost to one of our other landfills, either of which could significantly increase our waste disposal costs.

If we do not appropriately estimate landfill capping, closure, post-closure and remediation costs, our financial condition and results of operations may be adversely affected.

A landfill must be closed and capped, and post-closure maintenance commenced, once the landfill's permitted capacity is reached and additional capacity is not authorized. Further, we undertake remediation activities at some of our solid waste facilities. We have significant financial obligations relating to capping, closure, post-closure and remediation costs at our existing owned or operated landfills, and will have material financial obligations with respect to any future owned or operated landfills. We establish accruals for the estimated costs associated with capping, closure, post-closure and remediation obligations. We could underestimate such costs, and our financial obligations for capping, closure, post-closure or remediation costs could exceed the amounts accrued or amounts otherwise receivable pursuant to trust funds established for this purpose. Additionally, if a landfill must be closed earlier than expected or its remaining airspace is reduced for any other reason, the accruals for capping, closure, post-closure and remediation could be required to be accelerated. If our capping, closure, post-closure or remediation costs exceed the amounts accrued, or if such accruals are required to be accelerated, this could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

Alternatives to landfill disposal could reduce our disposal volumes and cause our revenues and operating results to decline.

Most of the states in which we operate landfills require counties and municipalities to formulate comprehensive plans to reduce the volume of solid waste deposited in landfills through waste planning, composting, recycling or other programs. Some state and local governments mandate waste reduction at the source and prohibit the disposal of certain types of wastes, such as yard waste, at landfills. Further, many of our customers voluntarily are diverting waste to alternatives to landfill disposal, such as recycling and composting, while also working to reduce the amount of waste they generate. Many of the largest companies in the U.S. are setting zero-waste goals in which they strive to send no waste to landfills. Although such actions help to protect our environment, they have reduced, and will in the future reduce, the volume of waste going to landfills and may affect the prices that we can charge for landfill disposal. Accordingly, we cannot assure you that we will be able to operate our landfills at their current volumes or charge current prices for landfill disposal services due to possible decreases in demand for such services. If we cannot expand our service offerings and grow lines of business to service waste streams that do not go to landfills and to provide services for customers that wish to reduce waste entirely, this could have a negative effect on our consolidated financial condition, results of operations and cash flows. Further, even if we can develop such service offerings and lines of business, disposal alternatives nonetheless could have a negative effect on our consolidated financial condition, results of operations and cash flows.

The possibility of landfill and transfer station site development projects, or expansion projects not being completed or certain other events could result in material charges to income.

In accordance with U.S. GAAP, we capitalize certain expenditures relating to development, expansion and other projects. If a facility or operation is permanently shut down or determined to be impaired, or a development, expansion or other project is not completed or is determined to be impaired, we will charge against earnings any unamortized capitalized expenditures relating to such facility or project that we are unable to recover through sale, transfer or otherwise. We also carry a significant amount of goodwill on our consolidated balance sheets, which we must assess for impairment annually, and more frequently in the case of certain triggering events. We may incur charges against earnings in accordance with this policy, or other events may cause impairments. Such charges could have a material adverse effect on our results of operations.

The business and assets we operate expose us to safety, operational and other risks, including the risk of personal injury to our employees or third parties.

The provision of waste collection, transfer, disposal, recycling and energy services, including the operation of landfills, CNG fueling stations, a substantial fleet of trucks and other waste-related assets, involves risks. These risks include, among others, the risk of truck accidents, equipment defects, malfunctions and failures, improper use of dangerous equipment, the release of hazardous substances, fire and explosion, any of which could result in environmental liability, personal injury, loss of life, business interruption or property damage or destruction. While we carry insurance to cover many contingencies, and seek to minimize our exposure to these risks through maintenance, training and compliance programs, any substantial losses could have a material adverse effect on our business, results of operations and financial condition.

We are subject to costly environmental regulations and flow-control regulations that may affect our operating margins, restrict our operations and subject us to additional liability.

Complying with laws and regulations governing the collection, treatment, storage, transfer and disposal of solid and hazardous wastes and materials, air quality and emissions of greenhouse gases, water quality and the remediation of contamination associated with the release of hazardous substances is costly. Laws and regulations often require us to enhance or replace our equipment and to modify landfill operations or initiate final closure of a landfill. We cannot assure you that we will be able to implement price increases sufficient to offset the costs of complying with these laws and regulations. In addition, environmental regulatory changes could accelerate or increase expenditures for capping, closure, post-closure and environmental and remediation activities at solid waste facilities and obligate us to spend sums in addition to those presently accrued for such purposes.

Our collection, transfer, and landfill operations are and will continue to be affected by state or local laws or regulations that restrict the transportation of solid waste across state, county or other jurisdictional lines or that direct the flow of waste to a specified facility or facilities. Such laws and regulations could negatively affect our operations, resulting in declines in landfill volumes and increased costs of alternate disposal.

Regulation of greenhouse gas emissions could impose costs on our operations, the magnitude of which we cannot yet estimate.

Efforts to curtail the emission of greenhouse gases and to ameliorate the effects of climate change continue to progress. Our landfill operations emit anthropogenic methane, identified as a greenhouse gas, and our vehicle fleet emits, among other things, carbon dioxide, which also is a greenhouse gas. Conventional wisdom still suggests that passage of comprehensive, federal climate change legislation is highly unlikely. Nonetheless, should comprehensive federal climate change legislation be enacted, we expect it to impose costs on our operations, the materiality of which we cannot predict.

Absent comprehensive federal legislation to control greenhouse gas emissions, the EPA is moving ahead administratively under its existing Clean Air Act authority. The EPA is compelled to issue rules by the U.S. Supreme Court's April 2007 *Massachusetts v. EPA* ruling that greenhouse gases are "pollutants" for purposes of the Clean Air Act and the EPA's December 2009 finding that continued emissions of greenhouse gases endanger human health and welfare. With respect to our light- and heavy-duty vehicle fleet, the EPA has since finalized regulations limiting greenhouse gas emissions and increasing fuel economy standards. The EPA and the NHTSA have finalized such regulations applicable to heavy-duty vehicles through model-year 2018 and to light-duty vehicles through model-year 2025. On August 16, 2016, the EPA and the NHTSA issued additional regulations that would impose more stringent standards for heavy-duty vehicles through model-year 2027. Federal efforts to curtail greenhouse gas emissions and to increase the fuel efficiency of light-duty and heavy-duty vehicles could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

With regard to greenhouse gas emissions from our landfills, on July 14, 2016, the EPA issued amendments to its regulations that require large landfills that commenced construction, reconstruction or modification on or after July 17, 2014 to capture additional landfill gas to reduce emissions of methane and certain non-methane gases, which are recognized as greenhouse gases. In a separate action finalized that same day, the EPA issued updates to its 1996 Emission Guidelines to reduce emissions of landfill gas from existing active landfills. Both actions are part of the Obama Administration's Climate Action Plan - Strategy to Reduce Methane Emissions. These regulations may require our landfills to deploy more stringent emission controls and monitoring systems, with resulting capital or operating costs. The application of these or other greenhouse gas regulations to our landfills could have a material adverse effect on our landfill operations and on our consolidated financial condition, results of operations and cash flows.

We may have environmental liabilities that are not covered by our insurance. Changes in insurance markets also may impact our financial results.

We may incur environmental liabilities arising from our operations or properties. We maintain high deductibles for our environmental liability insurance coverage. If we were to incur substantial liability for environmental damage, our insurance coverage may be inadequate to cover such liability. This could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

Also, due to the variable condition of the insurance market, we have experienced, and may experience in the future, increased insurance retention levels and increased premiums or unavailability of insurance. As we assume more risk for insurance through higher retention levels, we may experience more variability in our insurance reserves and expense.

Despite our efforts, we may incur additional liability under environmental laws in excess of amounts presently known and accrued.

We are a potentially responsible party at many sites under CERCLA, which provides for the remediation of contaminated facilities and imposes strict, joint and several liability for the cost of remediation on current owners and operators of a facility at which there has been a release or a threatened release of a "hazardous substance." CERCLA liability also extends to parties who were site owners and operators at the time hazardous substances were disposed, and on persons who arrange for the disposal of such substances at the facility (e.g., generators of the waste and transporters who selected the disposal site). Hundreds of substances are defined as "hazardous" under CERCLA and their presence, even in minute amounts, can result in substantial liability.

Notwithstanding our efforts to comply with applicable environmental laws, we may have additional liability under environmental laws in excess of our current reserves because, among other things, hazardous substances may be present in waste collected by us or disposed of in our landfills (or in waste collected, transported or disposed of in the past by companies we have acquired), environmental laws may change, or there may be adverse environmental conditions that develop or were otherwise previously unknown to us. For example, during 2012 through 2014, we recorded an aggregate of approximately \$400 million in charges relating to environmental remediation at our closed landfill in Bridgeton, Missouri. Actual costs for liabilities at Bridgeton or other sites could be significantly greater than amounts we have accrued for these purposes. Environmental liabilities in excess of our current reserves could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

We have substantial indebtedness, which may limit our financial flexibility.

As of December 31, 2016, we had approximately \$7.7 billion in principal value of debt and capital leases outstanding. This amount of indebtedness and our debt service requirements may limit our financial flexibility to access additional capital and make capital expenditures and other investments in our business, to withstand economic downturns and interest rate increases, to plan for or react to changes in our business and our industry, and to comply with the financial and other covenants of our debt instruments. Further, our ability to comply with these financial and other covenants may be affected by changes in economic or business conditions or other events that are beyond our control. If we do not comply with these covenants, we may be required to take actions such as reducing or delaying capital expenditures, reducing or eliminating dividends or stock repurchases, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital.

We may be unable to maintain our credit ratings or execute our financial strategy.

Our ability to execute our financial strategy depends in part on our ability to maintain investment grade ratings on our debt. The credit rating process is contingent upon a number of factors, many of which are beyond our control. We cannot assure you that we will be able to maintain our investment grade ratings in the future. If we were unable to do so, our interest expense would increase and our ability to obtain financing on favorable terms may be adversely affected.

Our financial strategy also depends on our ability to generate sufficient cash flow to reinvest in our existing business, fund internal growth, acquire other solid waste businesses, pay dividends, repurchase stock, and take other actions to enhance shareholder value. We cannot assure you that we will succeed in executing our broad-based pricing initiatives, that we will generate sufficient cash flow to execute our financial strategy, that we will be able to pay cash dividends at our present rate, or increase them, or that we will be able to continue our share repurchase program.

Currently pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements.

We are and will continue to be involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of our business. Many of these matters raise complicated factual and legal issues and are subject to uncertainties. The timing of the final resolutions to lawsuits, regulatory inquiries, and governmental and other legal proceedings is uncertain. Further, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments and adversely affect our consolidated financial condition, results of operations and cash flows.

For example, we incur costs to defend against litigation brought by government agencies and private parties who allege we are in violation of our permits and applicable environmental laws and regulations, or who assert claims alleging nuisance, environmental damage, personal injury or property damage. As a result, we may be required to pay fines or judgments or implement corrective measures, or we may have our permits and licenses modified or revoked. A significant judgment against us, the loss of a significant permit or license, or the imposition of a significant fine could have a material adverse effect on our consolidated financial condition, results of operations and cash flows. We establish accruals for our estimates of the costs

associated with lawsuits, regulatory, governmental and other legal proceedings. We could underestimate such accruals. Such shortfalls could result in significant unanticipated charges to income.

We may be unable to manage our growth effectively.

Our growth strategy places significant demands on our financial, operational and management resources. To continue our growth, we may need to add administrative, managerial and other personnel, and may need to make additional investments in operations and systems. We cannot assure you that we will be able to find and train qualified personnel, or do so on a timely basis, or to expand or otherwise modify our operations and systems to the extent, and in the time, required.

We may be unable to execute our acquisition growth strategy.

Our ability to execute our growth strategy depends in part on our ability to identify and acquire desirable acquisition candidates and on our ability to successfully integrate acquired operations into our business. The integration of our operations with those of acquired companies may present significant challenges to our management. In addition, competition for acquisition candidates may prevent us from acquiring certain acquisition candidates. Thus, we cannot assure you that:

- desirable acquisition candidates exist or will be identified;
- we will be able to acquire any of the candidates identified;
- we will effectively integrate and manage companies we acquire; or
- any acquisitions will be profitable or accretive to our earnings.

If any of these factors force us to alter our growth strategy, our growth prospects could be adversely affected.

Businesses we acquire may have undisclosed liabilities.

Our due diligence investigations of acquisition candidates may fail to discover certain undisclosed liabilities. If we acquire a company having undisclosed liabilities such as environmental, remediation or contractual liabilities, as a successor owner we may be responsible for such undisclosed liabilities. We try to minimize our exposure to such liabilities by conducting due diligence, by obtaining indemnification from each seller of the acquired companies, by deferring payment of a portion of the purchase price as security for the indemnification and by acquiring only specified assets. However, we cannot assure you that we will be able to obtain indemnification or that any indemnification obtained will be enforceable, collectible or sufficient in amount, scope or duration to fully offset any undisclosed liabilities arising from our acquisitions.

Our consolidated financial statements are based on estimates and assumptions that may differ from actual results.

Our consolidated financial statements have been prepared in accordance with U.S. GAAP and necessarily include amounts based on management's estimates. Actual results may differ from these amounts. Significant items requiring management to make subjective or complex judgments that are inherently uncertain include the recoverability of long-lived assets, the depletion and amortization of landfill development costs, accruals for final capping, closure and post-closure costs, valuation allowances for accounts receivable and deferred tax assets, liabilities for potential litigation, claims and assessments, and liabilities for environmental remediation, multiemployer pension plans, employee benefit plans, deferred taxes, uncertain tax positions, insurance and our estimates of the fair values of assets acquired and liabilities assumed in any acquisition. We cannot assure you that the liabilities recorded for items such as these will be adequate to cover the costs we ultimately will face.

The introduction of new accounting rules, laws or regulations could adversely impact our reported results of operations.

Complying with new accounting rules, laws or regulations could adversely impact our results of operations or cause unanticipated fluctuations in our results of operations or financial conditions in future periods.

We may be subject to workforce influences, including work stoppages, which could increase our operating costs and disrupt our operations.

As of December 31, 2016, approximately 27% of our workforce was represented by various local labor unions. If our unionized workers were to engage in strikes, work stoppages or other slowdowns, we could experience a significant disruption of our operations and an increase in our operating costs, which could have an adverse effect on our consolidated financial condition, results of operations and cash flows. Additional groups of employees may seek union representation in the future and, if successful, the negotiation of collective bargaining agreements could divert management's attention and result in increased operating costs. If a greater percentage of our workforce becomes unionized, our consolidated financial condition, results of operations and cash flows could be adversely impacted due to the potential for increased operating costs.

Our obligation to fund multiemployer pension plans to which we contribute, or our withdrawal from such plans, may have an adverse effect on us.

We contribute to 26 multiemployer pension plans under collective bargaining agreements (CBAs) covering union-represented employees. Approximately 20% of our total current employees participate in such multiemployer plans. We do not administer these plans and generally are not represented on the boards of trustees of these plans. The Pension Protection Act enacted in 2006 (the PPA) requires under-funded pension plans to improve their funding ratios. Based on the information available to us, we believe that some of the multiemployer plans to which we contribute are either “critical” or “endangered” as those terms are defined in the PPA. We cannot presently determine the amount of additional funding, if any, we may be required to make to these plans. However, plan assessments could have a material adverse effect on our results of operations or cash flows for a given period.

Further, under current law, upon the termination of a multiemployer pension plan, or in the event of a withdrawal by us (which we consider from time to time) or a mass withdrawal of contributing employers (each, a Withdrawal Event), we would be required to make payments to the plan for our proportionate share of the plan's unfunded vested liabilities. We cannot assure you that there will not be a Withdrawal Event with respect to any of the multiemployer pension plans to which we contribute or that, in the event of such a Withdrawal Event, the amounts we would be required to contribute would not have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

For additional discussion and detail regarding multiemployer pension plans see, Note 11, *Employee Benefit Plans*, to our consolidated financial statements in Item 8 of this Form 10-K.

The costs of providing for pension benefits and related funding requirements are subject to changes in pension fund values and fluctuating actuarial assumptions, and may have a material adverse effect on our results of operations and cash flows.

We sponsor a defined benefit pension plan that is funded with trustee assets invested in a diversified portfolio of debt and equity securities. Our costs for providing such benefits and related funding requirements are subject to changes in the market value of plan assets. Our pension expenses and related funding requirements are also subject to various actuarial calculations and assumptions, which may differ materially from actual results due to changing market and economic conditions, interest rates and other factors. A significant increase in our pension obligations and funding requirements could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

The loss of key personnel could have a material adverse effect on our consolidated financial condition, results of operations, cash flows and growth prospects.

Our future success depends on the continued contributions of several key employees and officers. The loss of the services of key employees and officers, whether such loss is through resignation or other causes, or the inability to attract additional qualified personnel, could have a material adverse effect on our consolidated financial condition, results of operations, cash flows and growth prospects.

Our strategy includes an increasing dependence on technology in our operations; if any of our key technology fails, our business could be adversely affected.

Our operations are increasingly dependent on technology. Our information technology systems are critical to our ability to drive profitable growth through differentiation, continue the implementation of standardized processes and deliver a consistent customer experience. One of the five pillars of our strategy is to grow through enabling our customers to do business with us through more channels and with better access to information and, accordingly, we have made substantial investment in our e-commerce platform. Problems with the operation of the information or communication technology systems we use could adversely affect, or temporarily disable, all or a portion of our operations. Inabilities and delays in implementing new systems can also affect our ability to realize projected or expected revenue or cost savings. Additionally, any systems failures could impede our ability to timely collect and report financial results in accordance with applicable laws.

A cyber security incident could negatively impact our business and our relationships with customers.

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our employees and our customers. Such uses give rise to cyber security risks, including security breach, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including customers' personal information, private information about employees, and financial and strategic information about the Company and its business partners. We also rely on a Payment Card Industry compliant third party to protect our customers' credit card information. While the Company pursues its strategy to grow through acquisitions and to pursue new initiatives that improve our operations and cost structure, the Company is also expanding and improving its information technologies,

resulting in a larger technological presence and corresponding exposure to cyber security risk. If we fail to assess and identify cyber security risks associated with acquisitions and new initiatives, we may become increasingly vulnerable to such risks. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventive measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential liability and competitive disadvantage.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate office is located at 18500 North Allied Way, Phoenix, Arizona 85054, where we currently lease approximately 145,000 square feet of office space.

Our principal property and equipment consists of land, landfills, buildings, vehicles and equipment. We own or lease real property in the states in which we conduct operations. As of December 31, 2016, we owned or operated 333 collection operations, 204 transfer stations, 192 active landfills, 64 recycling centers, 7 treatment, recovery and disposal facilities, and 10 salt water disposal wells in 39 states and Puerto Rico. In the aggregate, our active solid waste landfills total approximately 107,500 acres, including approximately 37,400 permitted acres. We also have post-closure responsibility for 124 closed landfills. We believe that our property and equipment are adequate for our current needs.

ITEM 3. LEGAL PROCEEDINGS

General Legal Proceedings

We are subject to extensive and evolving laws and regulations and have implemented safeguards to respond to regulatory requirements. In the normal course of our business, we become involved in legal proceedings. Some may result in fines, penalties or judgments against us, which may impact earnings and cash flows for a particular period. Although we cannot predict the ultimate outcome of any legal matter with certainty, we do not believe the outcome of any of our pending legal proceedings will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

As used herein, the term *legal proceedings* refers to litigation and similar claims against us and our subsidiaries, excluding: (1) ordinary course accidents, general commercial liability and workers' compensation claims, which are covered by insurance programs, subject to customary deductibles, and which, together with self-insured employee health care costs, are discussed in Note 7, *Other Liabilities*, to our consolidated financial statements in Item 8 of this Form 10-K; and (2) environmental remediation liabilities, which are discussed in Note 8, *Landfill and Environmental Costs*, to our consolidated financial statements in Item 8 of this Form 10-K.

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately \$48 million relating to our outstanding legal proceedings as of December 31, 2016. As of the end of each applicable reporting period, we review each of our legal proceedings and, where it is probable that a liability has been incurred, we accrue for all probable and reasonably estimable losses. Where we are able to reasonably estimate a range of losses we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate. If we are able to reasonably estimate a range but no amount within the range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we had used the high ends of such ranges, our aggregate potential liability would be approximately \$45 million higher than the amount recorded as of December 31, 2016.

Legal Proceedings over Certain Environmental Matters Involving Governmental Authorities with Possible Sanctions of \$100,000 or More

Item 103 of the SEC's Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and the proceedings involve potential monetary sanctions unless we reasonably believe the monetary sanctions will not equal or exceed \$100,000. We are disclosing the following matters in accordance with that requirement:

Bridgeton Landfill Matters - Regulatory

On July 23, 2012, the Missouri Department of Natural Resources (MDNR) issued a notice of violation (NOV) to the closed Bridgeton Landfill in Bridgeton, Missouri after it determined that a sub-surface smoldering event (SSE) was occurring at the landfill. The NOV specified required actions intended to prevent the spread of the SSE, offsite odors, and environmental pollution. On March 27, 2013, the Missouri Attorney General's Office, on behalf of MDNR, sued Republic Services, Inc., and our subsidiaries Allied Services, LLC, and Bridgeton Landfill, LLC in the Circuit Court of St. Louis County in connection with

odors and leachate from the landfill. The action alleges, among other things, violations of the Missouri Solid Waste Management, Hazardous Waste Management, Clean Water, and Air Conservation Laws, and claims for nuisance, civil penalties, costs, and natural resource damages. The suit seeks a preliminary and permanent injunction requiring us to take measures to remedy the alleged resulting nuisance, civil penalties of approximately \$37 million, and other relief. On May 13, 2013, the court entered a stipulated preliminary injunction under which Bridgeton Landfill, LLC agreed, among other things, to continue remedial work plans previously approved by MDNR and to continue reporting to MDNR. On June 19, 2014, the court entered an agreed amendment to the injunction providing for increased frequency in some carbon monoxide monitoring, three new rounds of air sampling, implementation of an Odor Management Plan, and cost reimbursement to MDNR. On October 1, 2015, we removed the case to the United States District Court for the Eastern District of Missouri. The Missouri Attorney General's motion to remand the case to the Circuit Court of St. Louis County was granted on April 26, 2016. The case is presently set for trial beginning October 31, 2017. On April 28, 2016, Bridgeton Landfill, LLC and the United States Environmental Protection Agency entered into an Administrative Settlement Agreement and Order on Consent addressing certain remedial actions in the north quarry of the Bridgeton Landfill, including a heat extraction barrier, an expanded landfill cover, and additional temperature monitoring probes.

Sunshine Canyon Landfill Matter

The Sunshine Canyon Landfill in Sylmar, California entered into settlement agreements with the South Coast Air Quality Management District (SCAQMD) in 2012 and 2013. The settlement agreements resolved claims for excess emission charges, civil penalties, and investigative and administrative costs relating to odor-related and surface emissions NOVs received from SCAQMD. Since the end of the period covered by the 2013 settlement agreement, which was September 6, 2013, and through February 10, 2017, Sunshine Canyon has received an additional 122 NOVs from SCAQMD for odors. We have received a \$2.2 million civil penalty demand from the SCAQMD, and the SCAQMD's Executive Officer filed a Petition before the Hearing Board of the SCAQMD for an abatement order. We have entered into a Stipulated Abatement Order with the Hearing Board providing for certain abatement measures to be implemented at the landfill. We expect to contest the penalty amount.

Hunt County Matter

On July 15, 2015, Hunt County, Texas (the County) and the State of Texas Commission on Environmental Quality filed suit against Republic Services, Inc. and our subsidiaries, Republic Waste Services of Texas, Ltd. and Republic Waste Services of Texas GP, Inc., alleging violations of the Texas Water Code and Texas Health and Safety Code due to allegedly improper and unpermitted storage and disposal of waste on our surplus property adjacent to the Maloy Landfill. The parties have reached an agreement to resolve the dispute, which includes \$400,000 in civil penalties. The agreement has been approved by the County and is pending final approval by the Texas Attorney General's Office.

Arbor Hills Landfill Matter

BFI Waste Systems of North America, LLC (BFIWS) formerly owned a landfill gas collection and control system (GCCS) at the Arbor Hills Landfill in Salem Township, Michigan. The Michigan Department of Environmental Quality issued NOVs to BFIWS on February 2, March 15, April 29, and December 14, 2016 and the EPA issued a Finding of Violation (FOV) to BFIWS on September 29, 2016. The NOVs and FOV, which were issued prior to the transfer of ownership of the GCCS, relate to alleged off site odors and operation conditions at the landfill. BFIWS has not yet received a civil penalty demand from either agency.

Pine Avenue Landfill Matter

On December 20, 2016, the EPA issued an FOV to Allied Waste Niagara Falls Landfill, LLC (Allied-Niagara). The FOV alleges violations of the Clean Air Act and associated regulations relating to operation of Allied-Niagara's Pine Avenue Landfill in Niagara Falls, New York. Allied-Niagara has not yet received a civil penalty demand from the agency.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**Market Information, Holders and Dividends**

The principal market for our common stock is the New York Stock Exchange, and it is traded under the symbol RSG. The following table sets forth the range of the high and low sale prices per share of our common stock on the New York Stock Exchange and the cash dividends declared per share of common stock for the periods indicated:

	High	Low	Dividends Declared
<i>Year Ended December 31, 2016:</i>			
First quarter	\$ 48.76	\$ 41.82	\$ 0.30
Second quarter	51.31	45.56	0.30
Third quarter	52.92	49.42	0.32
Fourth quarter	58.00	49.18	0.32
<i>Year Ended December 31, 2015:</i>			
First quarter	\$ 42.05	\$ 38.95	\$ 0.28
Second quarter	41.46	38.99	0.28
Third quarter	43.71	39.17	0.30
Fourth quarter	45.35	40.67	0.30

There were 639 holders of record of our common stock at February 6, 2017, which does not include beneficial owners for whom Cede & Co. or others act as nominees.

In February 2017, our board of directors declared a regular quarterly dividend of \$0.32 per share for shareholders of record on April 3, 2017. We expect to continue to pay quarterly cash dividends, and we may consider increasing our dividends if we believe it will enhance shareholder value.

We have the ability under our credit facilities to pay dividends and repurchase our common stock if we are in compliance with the financial covenants in our credit facilities. As of December 31, 2016, we were in compliance with those financial covenants.

Issuer Purchases of Equity Securities

The following table provides information relating to our purchases of shares of our common stock during the three months ended December 31, 2016:

	Total Number of Shares Purchased (a)	Average Price Paid per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Program (b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (c)
October 1 - 31	1,330,907	\$ 50.08	1,330,907	\$ 482,274,256
November 1 - 30	452,326	52.39	452,326	458,574,918
December 1 - 31	122,326	56.02	122,326	451,722,360
	<u>1,905,559</u>		<u>1,905,559</u>	

- (a) In October 2015, our board of directors added \$900.0 million to the existing share repurchase authorization that now extends through December 31, 2017. Share repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. While the board of directors has approved the program, the timing of any purchases, the prices and the number of shares to be purchased will be determined by our management, at its discretion, and will depend upon market conditions and other factors. The share repurchase program may be extended, suspended or discontinued at any time. As of December 31, 2016, there were no repurchased shares pending settlement.

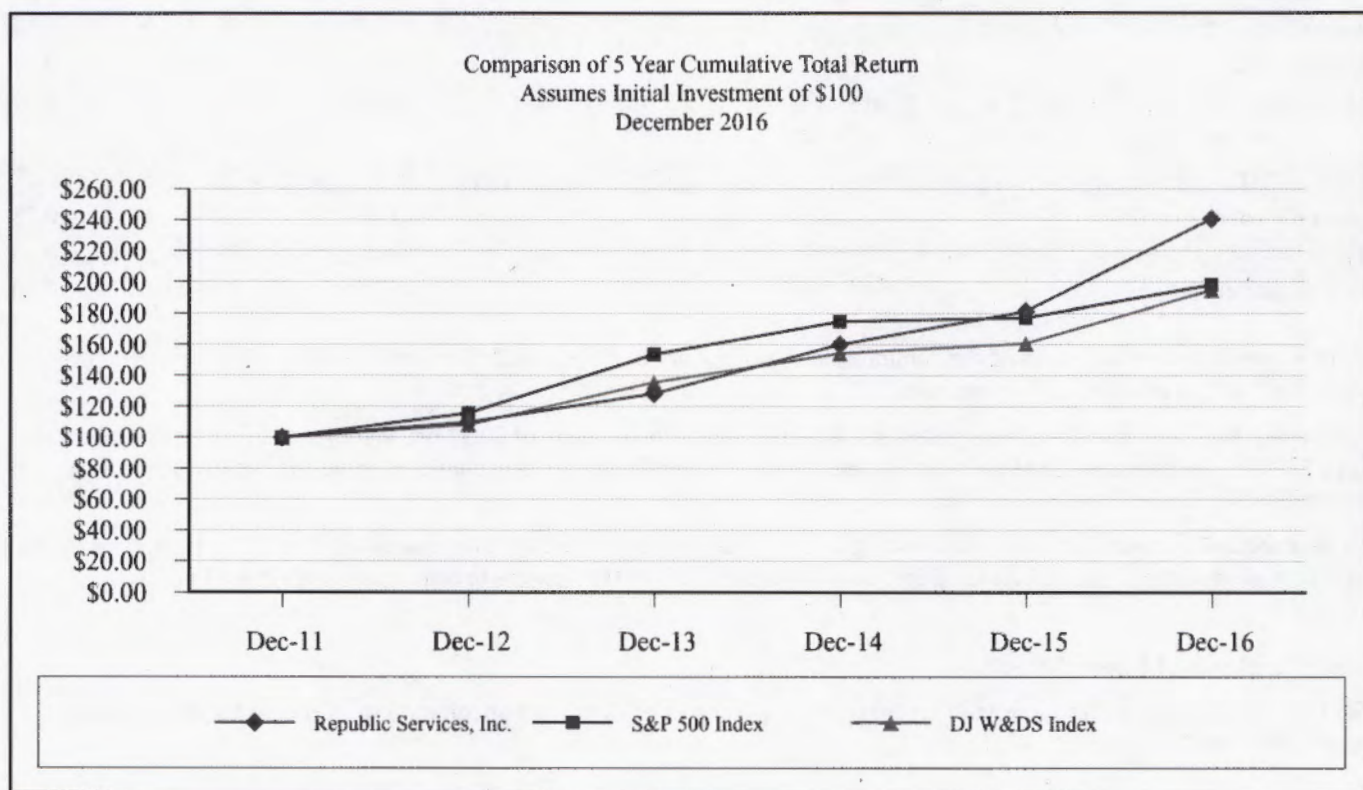
- (b) The total number of shares purchased as part of the publicly announced program were all purchased pursuant to the October 2013 and October 2015 authorizations.
- (c) Shares that may be purchased under the program exclude shares of common stock that may be surrendered to satisfy statutory minimum tax withholding obligations in connection with the vesting of restricted stock units issued to employees.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the three months ended December 31, 2016.

Performance Graph

The following graph compares the performance of our common stock to the Standard & Poor's 500 Stock Index (S&P 500 Index) and the Dow Jones Waste & Disposal Services Index (DJ W&DS Index). The graph covers the period from December 31, 2011 to December 31, 2016 and assumes that the value of the investment in our common stock and in each index was \$100 as of December 31, 2011 and that all dividends were reinvested.



	Indexed Returns for the Years Ended December 31,					
	2011	2012	2013	2014	2015	2016
Republic Services, Inc.	\$ 100.00	\$ 110.01	\$ 128.30	\$ 160.05	\$ 181.21	\$ 240.73
S&P 500 Index	100.00	116.00	153.57	174.60	177.01	198.18
DJ W&DS Index	100.00	108.50	135.56	154.20	160.66	194.63

ITEM 6. SELECTED FINANCIAL DATA

You should read the following Selected Financial Data in conjunction with Item 8, *Financial Statements and Supplementary Data*, which includes our consolidated financial statements and notes thereto as of December 31, 2016 and 2015 and for each of the three years ended December 31, 2016, 2015 and 2014 and Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in this Form 10-K.

See Notes 1, 2, 3, 8, 9, 10 and 12 to our consolidated financial statements in Item 8, *Financial Statements and Supplementary Data*, of this Form 10-K for a discussion of basis of presentation, significant accounting policies, business acquisitions and divestitures, landfill and environmental costs, debt, income taxes and stockholders' equity and their effect on comparability of year-to-year data. These historical results are not necessarily indicative of the results to be expected in the future. Amounts are in millions, except per share data.

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Statement of Operations Data:					
Revenue	\$ 9,387.7	\$ 9,115.0	\$ 8,803.3	\$ 8,417.2	\$ 8,118.3
Expenses:					
Cost of operations	5,764.0	5,518.6	5,643.1	5,234.7	5,005.7
Depreciation, amortization and depletion	991.1	970.6	906.9	877.4	848.5
Accretion	79.1	79.4	78.0	76.6	78.4
Selling, general and administrative	969.8	983.1	918.9	853.8	820.9
Withdrawal costs - multiemployer pension funds	5.6	4.5	1.5	157.7	—
(Gain) loss on disposition of assets and impairments, net	(0.1)	—	20.0	(1.9)	(2.7)
Restructuring charges	40.7	—	1.8	8.6	11.1
Operating income	1,537.5	1,558.8	1,233.1	1,210.3	1,356.4
Interest expense	(371.3)	(364.9)	(348.7)	(360.0)	(388.5)
Loss on extinguishment of debt	(196.2)	—	(1.4)	(2.1)	(112.6)
Interest income	0.9	0.8	0.6	0.7	1.0
Loss from unconsolidated equity method investment	(6.1)	—	—	—	—
Other income, net	1.1	1.2	1.7	2.3	3.4
Income before income taxes	965.9	1,195.9	885.3	851.2	859.7
Provision for income taxes	352.7	445.5	337.4	262.1	251.8
Net income	613.2	750.4	547.9	589.1	607.9
Net income attributable to noncontrolling interests in consolidated subsidiary	(0.6)	(0.5)	(0.3)	(0.2)	(0.3)
Net income attributable to Republic Services, Inc.	\$ 612.6	\$ 749.9	\$ 547.6	\$ 588.9	\$ 607.6
Basic earnings per share attributable to Republic Services, Inc. stockholders:					
Basic earnings per share	\$ 1.79	\$ 2.14	\$ 1.54	\$ 1.63	\$ 1.56
Weighted average common shares outstanding	343.0	350.0	356.7	362.1	366.9
Diluted earnings per share attributable to Republic Services, Inc. stockholders:					
Diluted earnings per share	\$ 1.78	\$ 2.13	\$ 1.53	\$ 1.62	\$ 1.55
Weighted average common and common equivalent shares outstanding	344.4	351.4	358.1	363.4	368.0
Cash dividends per common share	\$ 1.24	\$ 1.16	\$ 1.08	\$ 0.99	\$ 0.91
Other Operating Data:					
Cash provided by operating activities	\$ 1,847.8	\$ 1,679.7	\$ 1,529.8	\$ 1,513.8	\$ 1,766.7
Purchases of property and equipment	927.8	945.6	862.5	903.5	936.5
Proceeds from sales of property and equipment	9.8	21.2	35.7	28.7	34.6
Balance Sheet Data:					
Cash and cash equivalents	\$ 67.8	\$ 32.4	\$ 75.2	\$ 213.3	\$ 67.6
Restricted cash and marketable securities	90.5	100.3	115.6	169.7	164.2
Total assets	20,629.6	20,535.9	20,052.4	19,949.2	19,616.9
Total debt	7,658.9	7,532.9	7,018.1	7,070.5	6,921.8
Total stockholders' equity	7,693.7	7,776.6	7,747.8	7,906.1	7,705.7

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our audited consolidated financial statements and the notes thereto included elsewhere in Item 8 of this Form 10-K. This discussion may contain forward-looking statements that anticipate results that are subject to uncertainty. We discuss in more detail various factors that could cause actual results to differ from expectations in Item 1A, Risk Factors in this Form 10-K.

Overview

Republic is the second largest provider of services in the domestic non-hazardous solid waste industry, as measured by revenue. As of December 31, 2016, we operated in 39 states and Puerto Rico through 333 collection operations, 204 transfer stations, 192 active landfills, 64 recycling centers, 7 treatment, recovery and disposal facilities, and 10 salt water disposal wells. We also operated 71 landfill gas and renewable energy projects and had post-closure responsibility for 124 closed landfills.

Revenue for the year ended December 31, 2016 increased by 3.0% to \$9,387.7 million compared to \$9,115.0 million in 2015. This change in revenue is due to increases in average yield of 2.1%, volume of 1.0%, acquisitions, net of divestitures of 0.6%, and recycled commodities of 0.5%, partially offset by decreases in fuel recovery fees of 0.8% and energy services of 0.4%.

The following table summarizes our revenue, costs and expenses for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars and as a percentage of revenue):

	2016		2015		2014	
Revenue	\$ 9,387.7	100.0%	\$ 9,115.0	100.0%	\$ 8,803.3	100.0%
Expenses:						
Cost of operations	5,764.0	61.4	5,518.6	60.5	5,643.1	64.1
Depreciation, amortization and depletion of property and equipment	919.8	9.8	898.7	9.9	838.5	9.5
Amortization of other intangible assets and other assets	71.3	0.8	71.9	0.8	68.4	0.8
Accretion	79.1	0.8	79.4	0.9	78.0	0.9
Selling, general and administrative	969.8	10.3	983.1	10.8	918.9	10.4
Withdrawal costs - multiemployer pension funds	5.6	0.1	4.5	—	1.5	—
(Gain) loss on disposition of assets and impairments, net	(0.1)	—	—	—	20.0	0.3
Restructuring charges	40.7	0.4	—	—	1.8	—
Operating income	\$ 1,537.5	16.4%	\$ 1,558.8	17.1%	\$ 1,233.1	14.0%

Our pre-tax income was \$965.9 million, \$1,195.9 million and \$885.3 million for 2016, 2015 and 2014, respectively. Our net income attributable to Republic Services, Inc. was \$612.6 million, or \$1.78 per diluted share for 2016, compared to \$749.9 million, or \$2.13 per diluted share, for 2015, and \$547.6 million, or \$1.53 per diluted share, for 2014.

During each of 2016, 2015 and 2014, we recorded a number of charges, other expenses and benefits that impacted our pre-tax income, net income attributable to Republic Services, Inc. (net income – Republic) and diluted earnings per share as noted in the following table (in millions, except per share data). Additionally, see our “Cost of Operations,” “Selling, General and Administrative Expenses” and “Income Taxes” discussions contained in the Results of Operations section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations for a discussion of other items that impacted our earnings.

	Year Ended December 31, 2016			Year Ended December 31, 2015			Year Ended December 31, 2014		
	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share
As reported	\$ 965.9	\$ 612.6	\$ 1.78	\$ 1,195.9	\$ 749.9	\$ 2.13	\$ 885.3	\$ 547.6	\$ 1.53
Withdrawal costs - multiemployer pension funds ⁽¹⁾	5.6	3.4	0.01	4.5	2.7	0.01	1.5	0.9	—
Restructuring charges ⁽¹⁾	40.7	24.6	0.07	—	—	—	1.8	1.0	—
Loss on extinguishment of debt ⁽¹⁾	203.4	122.7	0.36	—	—	—	1.4	0.9	—
(Gain) loss on disposition of assets and impairments, net	(0.1)	—	—	—	—	—	20.0	12.6	0.04
Bridgeton (insurance recovery) / remediation charge and other	—	—	—	(50.0)	(30.3)	(0.08)	227.1	137.6	0.38
Total adjustments	249.6	150.7	0.44	(45.5)	(27.6)	(0.07)	251.8	153.0	0.43
As adjusted	\$ 1,215.5	\$ 763.3	\$ 2.22	\$ 1,150.4	\$ 722.3	\$ 2.06	\$ 1,137.1	\$ 700.6	\$ 1.96

(1) The aggregate effect of the noted items to adjusted diluted earnings per share totals to \$0.01 for the year ended December 31, 2014.

We believe that presenting adjusted pre-tax income, adjusted net income – Republic, and adjusted diluted earnings per share, which are not measures determined in accordance with accounting principles generally accepted in the United States (U.S. GAAP), provides an understanding of operational activities before the financial effect of certain items. We use these measures, and believe investors will find them helpful, in understanding the ongoing performance of our operations separate from items that have a disproportionate effect on our results for a particular period. We have incurred comparable charges and costs and have recorded similar recoveries in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. In the case of the Bridgeton remediation charges and insurance recovery, we are adjusting such amounts due to their significant effect on our operating results; however, in the ordinary course of our business, we often incur remediation charges and recoveries that we do not adjust from our operating results. Our definition of adjusted pre-tax income, adjusted net income – Republic, and adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies.

Withdrawal costs - Multiemployer Pension Funds. During 2016 and 2015, we recorded charges to earnings of \$5.6 million and \$4.5 million, respectively, for withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico. During 2014, we recorded charges to earnings of \$1.5 million, primarily related to costs associated with our 2013 withdrawal from the Central States, Southeast and Southwest Areas Pension Fund (the Fund).

Restructuring charges. In January 2016, we realigned our field support functions by combining our three regions into two field groups, consolidating our areas and streamlining select operational support roles at our Phoenix headquarters. These changes included reducing administrative staffing levels, relocating office space and closing certain office locations. Additionally, in the second quarter, we began the redesign of our back-office functions as well as the consolidation of over 100 customer service locations into three Customer Resource Centers. The savings realized from these restructuring efforts will be reinvested in our customer-focused programs and initiatives. We expect our consolidation efforts to continue through 2017.

During 2016, we incurred \$40.7 million of restructuring charges that consisted of severance and other employee termination benefits, relocation benefits, and the closure of offices with lease agreements with non-cancelable terms. We paid \$32.5 million related to these restructuring efforts. We expect to incur additional charges of approximately \$15 million over the next year related to our field realignment, the consolidation of our customer service locations, and the redesign of our back-office functions. Substantially all of these restructuring charges will be recorded in our corporate segment.

During 2014, we incurred costs of \$1.8 million due to a change in estimate of amounts recoverable from sublet income associated with abandoned office space with non-cancellable lease terms.

Loss on extinguishment of debt. During 2016, we priced cash tender offers to purchase \$575.4 million of outstanding notes and debentures with coupons ranging from 5.7% to 7.4% (the Existing Notes). Additionally, we issued \$500.0 million of 2.90% senior notes due 2026 (the 2.90% Notes) and used the net proceeds of the offering, together with borrowing under our credit facilities, to purchase the \$575.4 million of the combined aggregate principal amount of the Existing Notes. We also used the net proceeds to pay a premium due of \$148.1 million and early tender consideration of \$28.7 million. The tender of the Existing Notes and sale of the 2.90% Notes closed on July 5, 2016. In 2014, we refinanced our credit facilities and certain of our tax-exempt financings, resulting in non-cash charges for deferred issuance costs of \$1.4 million. For a more detailed discussion of

the components of these costs and the debt series to which they relate, see our “*Loss on Extinguishment of Debt*” discussion contained in the Results of Operations section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Gain) loss on disposition of assets and impairments, net. During 2016, we recorded a charge to earnings of \$4.6 million primarily related to environmental costs associated with one of our divested landfills. During 2016, we also recorded a net gain on disposition of assets and impairments related to a business divestiture of \$4.7 million. During 2014, we recorded a charge to earnings of \$20.0 million primarily related to environmental costs associated with one of our divested landfills, of which \$14.1 million is related to closure and post-closure costs and \$5.9 million is related to remediation expenditures.

Bridgeton (insurance recovery) / remediation charge and other. During 2015, we collected an insurance recovery of \$50.0 million related to our closed Bridgeton Landfill in Missouri. As such, we recorded a reduction of remediation expenses included in our cost of operations. During 2014, we updated our cost and timeline estimates to build and operate a leachate management facility and related infrastructure, manage the remediation area and monitor the site. Accordingly, we recorded environmental remediation charges of \$210.6 million. Additionally, we recorded certain remediation charges for the adjacent superfund site and ongoing litigation costs.

Recent Developments

2017 Financial Guidance

In 2017, we will continue to focus on managing the controllable aspects of our business by enhancing the quality of our revenue, investing in profitable growth opportunities and reducing costs. Our team remains focused on executing our strategy to deliver consistent earnings and free cash flow growth, and improve return on invested capital. We are committed to an efficient capital structure, maintaining our investment grade credit ratings and increasing cash returns to our shareholders.

Our guidance is based on current economic conditions and does not assume any significant changes in the overall economy in 2017. Specific guidance follows:

Revenue

We expect 2017 revenue to increase by approximately 4.5 to 5.0% comprised of the following:

	Increase (Decrease)
Average yield	2.0%
Volume	1.0 to 1.25
Energy services	0.25
Fuel recovery fees	0.25
Recycled commodities	0.50 to 0.75
Acquisitions	0.50
Total change	4.5 to 5.0%

Changes in price are restricted on approximately 50% of our annual service revenue. Of these restricted pricing arrangements:

- approximately 60% of the revenue has price changes based on fluctuations in a specific index (primarily a consumer price index) as defined in the contract;
- approximately 25% of the revenue has fixed price increases based on stated contract terms; and
- approximately 15% of the revenue has price changes based on a cost plus a specific profit margin or other measurement.

The consumer price index varies from a single historical stated period of time or an average of trailing historical rates over a stated period of time. In addition, the initial effect of pricing resets typically lags 6 to 12 months from the end of the index measurement period to the date the revised pricing goes into effect. As a result, current changes in a specific index may not manifest themselves in our reported pricing for several quarters into the future.

Adjusted Diluted Earnings per Share

The following is a summary of anticipated adjusted diluted earnings per share for the year ending December 31, 2017 compared to the actual adjusted diluted earnings per share for the year ended December 31, 2016. Adjusted diluted earnings per share is not a measure determined in accordance with U.S. GAAP:

	(Anticipated) Year Ending December 31, 2017	(Actual) Year Ended December 31, 2016
Diluted earnings per share	\$ 2.29 - 2.33	\$ 1.78
Withdrawal costs - multiemployer pension funds	—	0.01
Restructuring charges	0.03	0.07
Loss on extinguishment of debt	—	0.36
(Gain) loss on disposition of assets and impairments, net	—	—
Adjusted diluted earnings per share	\$ 2.32 - 2.36	\$ 2.22

The 2017 anticipated adjusted diluted earnings per share assumes an effective tax rate of approximately 39.5%.

We believe that the presentation of adjusted diluted earnings per share, which excludes withdrawal costs - multiemployer pension funds, restructuring charges, loss on extinguishment of debt, and (gain) loss on business dispositions and impairments, net, provides an understanding of operational activities before the financial effect of certain items. We use this measure, and believe investors will find it helpful, in understanding the ongoing performance of our operations separate from items that have a disproportionate effect on our results for a particular period. We have incurred comparable charges and costs in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Our definition of adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies.

Property and Equipment, Net

In 2017, we anticipate receiving approximately \$975 million of property and equipment, net of proceeds from sales of property and equipment, as follows:

Trucks and equipment	\$ 350
Landfill	330
Containers	160
Facilities and other	150
Property and equipment received during 2017	990
Proceeds from sales of property and equipment	(15)
Property and equipment received, net of proceeds, during 2017	\$ 975

Results of Operations*Revenue*

We generate revenue primarily from our solid waste collection operations. Our remaining revenue is from other services, including transfer station, landfill disposal, recycling, and energy services. Our residential and small-container commercial collection operations in some markets are based on long-term contracts with municipalities. Certain of our municipal contracts have annual price escalation clauses that are tied to changes in an underlying base index such as a consumer price index. We generally provide small-container commercial and large-container industrial collection services to customers under contracts with terms up to three years. Our transfer stations, landfills and, to a lesser extent, our recycling facilities generate revenue from disposal or tipping fees charged to third parties. In general, we integrate our recycling operations with our collection operations and obtain revenue from the sale of recycled commodities. Our revenue from energy services consists mainly of fees we charge for the treatment of liquid and solid waste derived from the production of oil and natural gas. Other revenue consists primarily of revenue from National Accounts, which represents the portion of revenue generated from nationwide or regional contracts in markets outside our operating areas where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

The following table reflects our revenue by service line for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars and as a percentage of revenue):

	2016		2015		2014	
Collection:						
Residential	\$ 2,239.7	23.9%	\$ 2,242.3	24.6%	\$ 2,193.6	24.9%
Small-container commercial	2,877.5	30.7	2,799.9	30.7	2,723.3	30.9
Large-container industrial	1,975.8	21.0	1,890.2	20.7	1,784.0	20.3
Other	38.2	0.4	39.8	0.4	37.2	0.4
Total collection	7,131.2	76.0	6,972.2	76.4	6,738.1	76.5
Transfer	1,157.6		1,112.7		1,062.6	
Less: intercompany	(694.1)		(682.3)		(654.4)	
Transfer, net	463.5	4.9	430.4	4.7	408.2	4.6
Landfill	2,083.6		2,036.4		1,975.8	
Less: intercompany	(962.4)		(951.9)		(928.1)	
Landfill, net	1,121.2	11.9	1,084.5	11.9	1,047.7	11.9
Energy services	76.4	0.8	95.8	1.1	38.7	0.5
Other:						
Sale of recycled commodities	420.4	4.5	372.0	4.1	405.8	4.6
Other non-core	175.0	1.9	160.1	1.8	164.8	1.9
Total other	595.4	6.4	532.1	5.9	570.6	6.5
Total revenue	\$ 9,387.7	100.0%	\$ 9,115.0	100.0%	\$ 8,803.3	100.0%

The following table reflects changes in components of our revenue, as a percentage of total revenue, for the years ended December 31, 2016, 2015 and 2014:

	2016	2015	2014
Average yield	2.1%	2.3%	1.4%
Fuel recovery fees	(0.8)	(1.4)	0.1
Total price	1.3	0.9	1.5
Volume	1.0	1.1	2.0
Recycled commodities	0.5	(0.7)	0.1
Energy Services	(0.4)	—	—
Total internal growth	2.4	1.3	3.6
Acquisitions / divestitures, net	0.6	2.2	0.8
Total	3.0%	3.5%	4.4%
Core price	3.3%	3.6%	3.1%

Average yield is defined as revenue growth from the change in average price per unit of service, expressed as a percentage. Core price is defined as price increases to our customers and fees, excluding fuel recovery, net of price decreases to retain customers. We also measure changes in average yield and core price as a percentage of related-business revenue, defined as total revenue excluding recycled commodities and fuel recovery fees, to determine the effectiveness of our pricing strategies. Average yield as a percentage of related-business revenue was 2.3%, 2.6%, and 1.5% for 2016, 2015 and 2014, respectively. Core price as a percentage of related-business revenue was 3.7%, 4.0%, and 3.4% for 2016, 2015 and 2014, respectively.

Revenue – 2016 compared to 2015

During 2016, we experienced the following changes in our revenue as compared to 2015:

- Average yield increased revenue by 2.1% due to positive pricing in all lines of business.

- The fuel recovery fee program, which mitigates our exposure to increases in fuel prices, decreased revenue by 0.8%. These fees fluctuate with the price of fuel and, consequently, any decrease in fuel prices results in a decrease in our revenue. Lower fuel recovery fees for 2016 resulted primarily from the decrease in fuel prices.
- Volume increased revenue by 1.0% primarily due to volume growth in our large-container industrial collection, landfill and transfer station lines of business, which were partially offset by volume declines in our residential collection line of business. The volume increase in our landfill line of business is primarily attributable to increased municipal solid waste and construction and demolition volumes offset by declines in our special waste volume.
- Recycled commodities increased revenue by 0.5% primarily due to increased commodity prices and processing fees. The average price for old corrugated containers for 2016 was \$114 per ton compared to \$103 per ton for 2015. The average price of old newsprint for 2016 was \$99 per ton compared to \$80 per ton for 2015. Our processed recycled commodity volume was approximately 2.5 million tons sold for both 2016 and 2015.

Changing market demand for recycled commodities causes volatility in commodity prices. At current volumes and mix of materials, we believe a \$10 per ton change in the price of recycled commodities will change annual revenue and operating income by approximately \$27 million and \$18 million, respectively.

- Acquisitions increased revenue by 0.6% due to our continued acquisition growth strategy of acquiring privately held solid waste and recycling companies that complement our existing business platform.

Revenue – 2015 compared to 2014

During 2015, we experienced the following changes in our revenue as compared to 2014:

- Average yield increased revenue by 2.3% due to positive pricing in all lines of business.
- The fuel recovery fee program, which mitigates our exposure to increases in fuel prices, decreased revenue by 1.4%. These fees fluctuate with the price of fuel and, consequently, any decrease in fuel prices results in a decrease in our revenue. Lower fuel recovery fees for 2015 resulted primarily from the decrease in fuel prices.
- Volume increased revenue by 1.1% due to volume growth in all lines of business. The volume increase in our landfill line of business is primarily attributable to increased municipal solid waste and construction and demolition volumes, partially offset by a decline in energy services volumes.
- Recycled commodities decreased revenue by 0.7% primarily due to lower commodity prices, partially offset by an increase in production volumes. The average price for old corrugated containers for 2015 was \$103 per ton compared to \$116 per ton for 2014. The average price of old newsprint for 2015 was \$80 per ton compared to \$89 per ton for 2014. Our processed recycled commodity volume for 2015 of 2.5 million tons sold was approximately 11% higher than the volume in 2014, primarily due to acquisitions of recycling facilities.
- Acquisitions increased revenue by 2.2% primarily due to the acquisitions of Rainbow Disposal Co., Inc. in October 2014, Tervita, LLC (Tervita) in February 2015, and our waste management contract with the County of Sonoma, California that was executed in April 2015.

Cost of Operations

Cost of operations includes labor and related benefits, which consists of salaries and wages, health and welfare benefits, incentive compensation and payroll taxes. It also includes transfer and disposal costs representing tipping fees paid to third party disposal facilities and transfer stations; maintenance and repairs relating to our vehicles, equipment and containers, including related labor and benefit costs; transportation and subcontractor costs, which include costs for independent haulers that transport our waste to disposal facilities and costs for local operators who provide waste handling services associated with our National Accounts in markets outside our standard operating areas; fuel, which includes the direct cost of fuel used by our vehicles, net of fuel tax credits; disposal franchise fees and taxes, consisting of landfill taxes, municipal franchise fees, host community fees and royalties; landfill operating costs, which includes financial assurance, leachate disposal, remediation charges and other landfill maintenance costs; risk management costs, which includes casualty insurance premiums and claims; cost of goods sold, which includes material costs paid to suppliers associated with recycled commodities; and other, which includes expenses such as facility operating costs, equipment rent and gains or losses on sale of assets used in our operations.

The following table summarizes the major components of our cost of operations for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars and as a percentage of revenue):

	2016		2015		2014	
Labor and related benefits	\$ 1,919.4	20.4%	\$ 1,848.9	20.3%	\$ 1,724.1	19.6%
Transfer and disposal costs	759.7	8.1	724.4	7.9	685.3	7.8
Maintenance and repairs	894.9	9.5	853.3	9.3	786.7	8.9
Transportation and subcontract costs	537.1	5.7	510.7	5.6	500.0	5.7
Fuel	317.0	3.4	362.4	4.0	500.0	5.7
Franchise fees and taxes	451.0	4.8	443.6	4.9	427.7	4.9
Landfill operating costs	175.2	1.9	151.5	1.7	145.1	1.6
Risk management	184.7	2.0	167.7	1.8	179.4	2.0
Cost of goods sold	183.2	2.0	168.0	1.8	170.9	1.9
Other	341.8	3.6	338.1	3.7	306.8	3.5
Subtotal	5,764.0	61.4	5,568.6	61.0	5,426.0	61.6
Bridgeton (insurance recovery) / remediation charge	—	—	(50.0)	(0.5)	217.1	2.5
Total cost of operations	\$ 5,764.0	61.4%	\$ 5,518.6	60.5%	\$ 5,643.1	64.1%

These cost categories may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, you should take care when comparing our cost of operations by cost component to that of other companies.

Cost of Operations - 2016 compared to 2015

Our cost of operations increased for 2016 compared to 2015, primarily as a result of the following:

- Labor and related benefits increased due to increased hourly and salaried wages as a result of merit increases, increased headcount, higher collection volumes and acquisitions. Additionally, there was an increase in health care costs.
- Transfer and disposal costs increased primarily due to higher collection volumes. During both 2016 and 2015, approximately 68% of the total waste volume we collected was disposed at landfill sites that we own or operate (internalization).
- Maintenance and repairs expense increased due to higher collection volumes, cost of parts, internal labor, third party truck repairs, vehicle complexity and costs associated with our fleet maintenance initiative.
- Transportation and subcontract costs increased primarily due to higher collection and transfer station volumes, partially offset by lower fuel surcharges due to the decline in diesel fuel.
- Our fuel costs decreased due to lower prices of diesel fuel and our continued conversion to lower cost compressed natural gas (CNG). The national average fuel cost per gallon for 2016 was \$2.30 compared to \$2.71 for 2015, a decrease of \$0.41 or approximately 15%.

At current consumption levels, we believe a twenty-cent per gallon change in the price of diesel fuel would change our fuel costs by approximately \$25 million per year. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, we believe a twenty-cent per gallon change in the price of diesel fuel changes our fuel recovery fee by approximately \$25 million per year.

- Franchise fees and taxes increased primarily due to volume increases in our landfill line of business.
- Landfill operating expenses increased due to volume increases in our landfill line of business and increased leachate transportation and disposal costs. Additionally, during 2015 we recorded favorable remediation adjustments that did not recur for the same period in 2016.
- Risk management expenses increased primarily due to favorable actuarial developments in our workers' compensation program recorded during 2015 that were less favorable for 2016, coupled with continued unfavorable actuarial development in our vehicle liability insurance program.

- During 2016, cost of goods sold increased primarily due to higher rebates paid for volumes delivered to our recycling facilities as a result of the increase in commodity prices.
- During 2015, we collected an insurance recovery of \$50.0 million related to our closed Bridgeton Landfill in Missouri. As such, we recorded a reduction of remediation expenses which did not recur in 2016.

Cost of Operations – 2015 compared to 2014

Excluding the effect of the Bridgeton insurance recovery, our cost of operations increased for 2015 compared to 2014, primarily as a result of the following:

- Labor and related benefits increased due to increased hourly and salaried wages as a result of merit increases, increased headcount, higher collection volumes and acquisitions. Additionally, there was an increase in health care costs.
- Transfer and disposal costs increased primarily due to higher collection volumes. During both 2015 and 2014, approximately 68% of the total waste volume we collected was disposed at landfill sites that we own or operate (internalization).
- Maintenance and repairs expense increased due to higher collection volume, cost of parts, internal labor, third party truck repairs, vehicle complexity and costs associated with our fleet maintenance initiative.
- Our fuel costs decreased due to lower prices of diesel fuel, our continued conversion to lower cost compressed natural gas (CNG), and higher alternative fuel tax credits recognized in 2015. The national average fuel cost per gallon for 2015 was \$2.71 compared to \$3.83 for 2014, a decrease of \$1.12 or approximately 29%.
- Franchise fees and taxes increased primarily due to changes in the relative mix of landfill volumes.
- Risk management expenses decreased primarily due to favorable actuarial developments in our workers' compensation program, partially offset by unfavorable developments in our vehicle liability insurance program.
- Other expenses increased primarily due to higher facility operating costs, including outside facility maintenance repairs, a lower net gain on sale of operating assets, and property taxes.
- During 2015, we collected an insurance recovery of \$50.0 million related to our closed Bridgeton Landfill in Missouri. As such, we recorded a reduction of remediation expenses. During 2014, we updated our cost and timeline estimates to build and operate a leachate management facility and related infrastructure, manage the remediation area and monitor our Bridgeton Landfill. Accordingly, we recorded environmental remediation charges of \$210.6 million. Additionally, we recorded certain remediation charges for the adjacent superfund site and ongoing litigation costs.

Depreciation, Amortization and Depletion of Property and Equipment

The following table summarizes depreciation, amortization and depletion of property and equipment for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars and as a percentage of revenue):

	2016		2015		2014	
Depreciation and amortization of property and equipment	\$ 629.6	6.7%	\$ 613.4	6.8%	\$ 575.5	6.5%
Landfill depletion and amortization	290.2	3.1	285.3	3.1	263.0	3.0
Depreciation, amortization and depletion expense	<u>\$ 919.8</u>	<u>9.8%</u>	<u>\$ 898.7</u>	<u>9.9%</u>	<u>\$ 838.5</u>	<u>9.5%</u>

Depreciation, Amortization and Depletion of Property and Equipment - 2016 compared to 2015

Depreciation and amortization of property and equipment increased primarily due to higher acquisition costs of replacement vehicles, increased trucks to support volume growth, additional assets acquired with our acquisitions, and an increased number of CNG vehicles in our fleet, which are more expensive to purchase than diesel vehicles.

Landfill depletion and amortization expense increased primarily due to increased landfill disposal volumes and an overall increase in our average depletion and amortization rate. The increase in expense was partially offset by favorable amortization adjustments recorded during 2016 of \$6.5 million relative to asset retirement obligations, compared to favorable amortization adjustments of \$0.7 million during 2015.

Depreciation, Amortization and Depletion of Property and Equipment - 2015 compared to 2014

Depreciation and amortization of property and equipment increased primarily due to higher acquisition costs of replacement vehicles, increased trucks to support volume growth, additional assets acquired with our acquisitions, and an increased number of CNG vehicles in our fleet, which are more expensive to purchase than diesel vehicles. In addition, we made increased investments in new and upgraded recycling infrastructure projects that became operational over the past several quarters.

Landfill depletion and amortization expense increased primarily due to increased landfill disposal volumes and an overall increase in our average depletion and amortization rate. Additionally, during 2015, we recorded favorable amortization adjustments of \$0.7 million relative to asset retirement obligations, compared to favorable amortization adjustments of \$13.3 million during 2014.

Amortization of Other Intangible Assets and Other Assets

Expenses for amortization of other intangible assets and other assets were \$71.3 million, \$71.9 million and \$68.4 million for the years ended December 31, 2016, 2015 and 2014, respectively, or 0.8% of revenue for each of 2016, 2015 and 2014. Our other intangible assets and other assets primarily relate to customer relationships, franchise agreements, other municipal agreements, and, to a lesser extent, non-compete agreements and trade names. The changes in amortization expense are the result of assets acquired in the acquisitions of various waste businesses throughout the year, offset by certain intangible assets now being fully amortized.

Accretion Expense

Accretion expense was \$79.1 million, \$79.4 million and \$78.0 million, or 0.8% of revenue, for the year ended December 31, 2016, and 0.9% of revenue for the years ended December 31, 2015 and 2014. Accretion expense has remained relatively unchanged as our asset retirement obligations remained relatively consistent period over period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries, health and welfare benefits, and incentive compensation for corporate and field general management, field support functions, sales force, accounting and finance, legal, management information systems, and clerical and administrative departments. Other expenses include rent and office costs, fees for professional services provided by third parties, legal settlements, marketing, investor and community relations services, directors' and officers' insurance, general employee relocation, travel, entertainment and bank charges. Restructuring charges are excluded from selling, general and administrative expenses and are discussed separately below.

The following table summarizes our selling, general and administrative expenses for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars and as a percentage of revenue):

	2016		2015		2014	
Salaries	\$ 646.3	6.9%	\$ 636.6	7.0%	\$ 579.8	6.6%
Provision for doubtful accounts	20.4	0.2	22.7	0.2	22.6	0.3
Other	303.1	3.2	323.8	3.6	316.5	3.5
Total selling, general and administrative expenses	<u>\$ 969.8</u>	<u>10.3%</u>	<u>\$ 983.1</u>	<u>10.8%</u>	<u>\$ 918.9</u>	<u>10.4%</u>

These cost categories may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, you should take care when comparing our selling, general and administrative expenses by cost component to those of other companies.

Selling, General and Administrative Expenses – 2016 compared to 2015

Salaries increased primarily due to higher wages, benefits, and other payroll related items resulting from merit increases and increased headcount.

Other selling, general and administrative expenses decreased primarily due to a reduction in acquisition-related transaction and integration costs associated with our acquisition of Tervita in February 2015 that did not recur in 2016 and favorable legal settlement results.

Selling, General and Administrative Expenses – 2015 compared to 2014

Salaries increased primarily due to higher wages, benefits, and other payroll related items resulting from merit increases and increased headcount, as well as higher management incentive compensation.

Other selling, general and administrative expenses increased primarily due to costs associated with strategic growth initiatives, as well as acquisition-related transaction and integration costs primarily associated with our acquisition of Tervita in February 2015. This increase was partially offset by favorable litigation results during 2015.

Withdrawal Costs - Multiemployer Pension Funds

During 2016, we recorded charges to earnings of \$5.6 million for withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico. As we obtain updated information regarding the multiemployer pension plan, the factors used in deriving our estimated withdrawal liability will be subject to change, which may adversely impact our reserves for withdrawal costs.

During 2015, we recorded charges to earnings of \$4.1 million for withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico, as well as \$0.4 million of legal charges. During 2014, we recorded charges to earnings of \$1.5 million, primarily related to costs associated with our 2013 withdrawal from the Fund.

For additional discussion and detail regarding our settlement with the Fund, see our *Central States, Southeast and Southwest Areas Pension Fund* discussion in Note 11, *Employee Benefit Plans*, to our consolidated financial statements in Item 8 of this Form 10-K.

(Gain) Loss on Disposition of Assets and Impairments, Net

During 2016, we recorded a charge to earnings of \$4.6 million primarily related to environmental costs associated with one of our divested landfills. During 2016, we also recorded a net gain on a business divestiture of \$4.7 million. There were no charges to earnings related to disposition of assets and impairments in 2015. During 2014, we recorded a charge to earnings of \$20.0 million, primarily related to environmental costs associated with one of our divested landfills, of which \$14.1 million is related to closure and post-closure costs and \$5.9 million is related to remediation expenditures.

We strive to have a number one or number two market position in each of the markets we serve, or have a clear path on how we will achieve a leading market position over time. In situations where we cannot establish a leading market position, or where operations are not generating acceptable returns, we may decide to divest certain assets and reallocate resources to other markets. Asset or business divestitures could result in gains, losses or asset impairment charges that may be material to our results of operations in a given period.

Restructuring Charges

In January 2016, we realigned our field support functions by combining our three regions into two field groups, consolidating our areas and streamlining select operational support roles at our Phoenix headquarters. These changes included reducing administrative staffing levels, relocating office space and closing certain office locations. Additionally, in the second quarter, we began the redesign of our back-office functions as well as the consolidation of over 100 customer service locations into three Customer Resource Centers. The savings realized from these restructuring efforts will be reinvested in our customer-focused programs and initiatives. We expect our consolidation efforts to continue through 2017.

During 2016, we incurred \$40.7 million of restructuring charges that consisted of severance and other employee termination benefits, relocation benefits, and the closure of offices with lease agreements with non-cancelable terms. We paid \$32.5 million related to these restructuring efforts. We expect to incur additional charges of approximately \$15 million over the next year related to our field realignment, the consolidation of our customer service locations, and the redesign of our back-office functions. Substantially all of these restructuring charges will be recorded in our corporate segment.

During 2014, we incurred costs of \$1.8 million due to a change in estimate of amounts recoverable from sublet income associated with abandoned office space with non-cancellable lease terms.

Interest Expense

The following table provides the components of interest expense, including accretion of debt discounts and accretion of discounts primarily associated with environmental and risk insurance liabilities assumed in acquisitions (in millions of dollars):

	2016	2015	2014
Interest expense on debt and capital lease obligations	\$ 324.1	\$ 324.6	\$ 310.3
Accretion of debt discounts	7.6	7.4	6.6
Accretion of remediation liabilities and other	45.8	39.7	38.2
Less: capitalized interest	(6.2)	(6.8)	(6.4)
Total interest expense	\$ 371.3	\$ 364.9	\$ 348.7

As a result of the debt that was extinguished in 2016, total interest expense for 2016 increased primarily due to \$7.2 million of unamortized cash flow hedges reclassified to earnings as non-cash interest expense. Total interest expense increased during 2015 due to the issuance of \$500.0 million of 3.20% notes in March 2015, as well as borrowings under our Credit Facilities.

During the second half of 2013, we entered into various interest rate swap agreements relative to our 4.750% fixed rate senior notes due in May 2023. These swap agreements, which were designated as fair value hedges, have a total notional value of \$300.0 million and resulted in a \$6.3 million reduction in interest expense during 2016, compared to a \$7.5 million reduction in interest expense during 2015 and a \$7.7 million reduction in interest expense during 2014. Additionally, during 2014, there were lower variable rates on our tax-exempt financings, which also contributed to the increase in 2015 interest expense.

During 2016, 2015 and 2014, cash paid for interest was \$330.2 million, \$327.6 million and \$320.2 million, respectively.

Loss on Extinguishment of Debt

During 2016, we incurred a loss on the early extinguishment of debt. We paid a cash premium of \$148.1 million, early tender consideration of \$28.7 million and \$1.6 million of associated legal and other fees. We also incurred a non-cash charge related to the proportional share of unamortized discounts and deferred issuance costs of \$17.8 million. The unamortized proportional share of certain cash flow hedges reclassified to earnings as non-cash interest expense was \$7.2 million.

The following table summarizes the loss on extinguishment of debt and other related costs incurred during the year ended December 31, 2016:

	Loss on Extinguishment of Debt				
	Principal Repaid	Cash Paid in Loss on Extinguishment of Debt	Non-cash Loss on Extinguishment of Debt	Total Loss on Extinguishment of Debt	Non-cash Interest Expense
\$275.7 million 6.09% senior notes due March 2035	\$ 93.8	\$ 26.1	\$ 8.0	\$ 34.1	\$ (1.1)
\$165.2 million 7.40% debentures due September 2035	17.2	7.3	4.1	11.4	—
\$650.0 million 6.20% senior notes due March 2040	250.1	85.3	2.6	87.9	1.0
\$600.0 million 5.70% senior notes due May 2041	214.3	59.7	3.1	62.8	7.3
Total		\$ 178.4	\$ 17.8	\$ 196.2	\$ 7.2

During 2014, we refinanced our credit facilities and certain of our tax-exempt financings, resulting in non-cash charges for deferred issuance costs of \$1.4 million.

Income Taxes

Our provision for income taxes was \$352.7 million, \$445.5 million and \$337.4 million for 2016, 2015 and 2014, respectively. Our effective income tax rate was 36.5%, 37.3% and 38.1% for 2016, 2015 and 2014, respectively. We made income tax payments (net of refunds received) of approximately \$265 million, \$321 million and \$382 million for 2016, 2015 and 2014, respectively.

Our 2016 tax provision was reduced by approximately \$13 million due to the resolution of various state and federal tax matters as well as the realization of tax credits and lower state rates due to changes in estimates.

In addition, during 2016 we acquired a noncontrolling interest in a limited liability company that qualifies for a federal investment tax credit under Section 48 of the Internal Revenue Code. Our 2016 tax provision was reduced by approximately \$10 million mostly due to a federal tax credit related to this investment, which was recognized currently and not deferred. We account for this investment using the equity method of accounting and recognize our share of income or loss and other reductions in the value of our investment in "*Loss from unconsolidated equity method investment*" within our Consolidated Statements of Income. During 2016, we reduced the carrying value of this investment by \$6.1 million as a result of the tax credits allocated to us, cash distributions, and our share of income and loss pursuant to the terms of the limited liability company agreement.

Our 2015 tax provision was reduced by approximately \$17 million due to the resolution of outstanding tax matters in various states and Puerto Rico. Our 2014 tax provision was reduced by approximately \$5 million due to the realization of tax credits and lower state rates due to changes in estimates.

Income taxes paid in 2016 and 2015 reflect the favorable tax depreciation provisions of the Protecting Americans from Tax Hikes Act signed into law in December 2015. This legislation extends bonus depreciation for property placed in service through 2019. Bonus depreciation deductions for assets placed in service in 2015 to 2017 is 50% of the capitalized value and decreases to 40% in 2018 and 30% in 2019.

Income taxes paid in 2014 reflect the favorable tax depreciation provisions of the Tax Increase Protection Act of 2014, signed into law in December 2014. This legislation extended 50% bonus depreciation for property placed in service during 2014.

For additional discussion and detail regarding our income taxes, see Note 10, *Income Taxes*, to our consolidated financial statements in Item 8 of this Form 10-K.

Reportable Segments

In January 2016, we realigned our field support functions by combining our three regions into two field groups, consolidating our areas and streamlining select operational support roles at our Phoenix headquarters. Following our restructuring, our senior management now evaluates, oversees and manages the financial performance of our operations through two field groups, referred to as Group 1 and Group 2. Group 1 primarily consists of geographic areas located in the western and portions of the mid-western United States, and Group 2 primarily consists of geographic areas located in Texas, the southeastern and portions of the mid-western United States, and the eastern seaboard of the United States.

The two field groups, Group 1 and Group 2, are presented below as our reportable segments, which provide integrated waste management services consisting of non-hazardous solid waste collection, transfer, recycling, disposal and energy services.

Summarized financial information concerning our reportable segments for the years ended December 31, 2016, 2015 and 2014 is shown in the following table (in millions of dollars and as a percentage of revenue in the case of operating margin):

	Net Revenue	Depreciation, Amortization, Depletion and Accretion Before Adjustments for Asset Retirement Obligations	Adjustments to Amortization Expense for Asset Retirement Obligations	Depreciation, Amortization, Depletion and Accretion	(Loss) Gain on Disposition of Assets and Impairments, Net	Operating Income (Loss)	Operating Margin
2016:							
Group 1	\$ 4,185.3	\$ 416.7	\$ (2.3)	\$ 414.4	\$ —	\$ 895.5	21.4%
Group 2	5,013.5	542.6	(3.9)	538.7	—	1,026.9	20.5
Corporate entities	188.9	117.4	(0.3)	117.1	0.1	(384.9)	
Total	<u>\$ 9,387.7</u>	<u>\$ 1,076.7</u>	<u>\$ (6.5)</u>	<u>\$ 1,070.2</u>	<u>\$ 0.1</u>	<u>\$ 1,537.5</u>	16.4%
2015:							
Group 1	\$ 4,025.9	\$ 397.5	\$ 1.4	\$ 398.9	\$ —	\$ 857.2	21.3%
Group 2	4,924.5	544.2	(1.6)	542.6	—	953.5	19.4
Corporate entities	164.6	109.0	(0.5)	108.5	—	(251.9)	
Total	<u>\$ 9,115.0</u>	<u>\$ 1,050.7</u>	<u>\$ (0.7)</u>	<u>\$ 1,050.0</u>	<u>\$ —</u>	<u>\$ 1,558.8</u>	17.1%
2014:							
Group 1	\$ 3,835.9	\$ 375.1	\$ (6.2)	\$ 368.9	\$ —	\$ 826.0	21.5%
Group 2	4,789.2	516.1	(8.8)	507.3	—	938.6	19.6
Corporate entities	178.2	107.0	1.7	108.7	(20.0)	(531.5)	
Total	<u>\$ 8,803.3</u>	<u>\$ 998.2</u>	<u>\$ (13.3)</u>	<u>\$ 984.9</u>	<u>\$ (20.0)</u>	<u>\$ 1,233.1</u>	14.0%

Corporate entities include legal, tax, treasury, information technology, risk management, human resources, closed landfills and other administrative functions. National Accounts revenue included in corporate entities represents the portion of revenue generated from nationwide and regional contracts in markets outside our operating areas where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

Significant changes in the revenue and operating margins of our reportable segments for 2016 compared to 2015, and 2015 compared to 2014, are discussed below.

2016 compared to 2015

Group 1

Revenue for 2016 increased 4.0% from 2015 primarily due to increases in average yield in all lines of business, and volume increases in all lines of business. Additionally, we recognized increased recycled commodity revenue due to the increase in commodity prices.

Operating income for Group 1 increased from \$857.2 million for 2015, or a 21.3% operating margin, to \$895.5 million for 2016, or a 21.4% operating margin. The following cost categories impacted our operating income:

- Cost of operations favorably impacted operating income margin during 2016, primarily due to lower fuel costs resulting from lower prices of diesel fuel and lower risk management expenses. These favorable items were partially offset by higher cost of goods sold, landfill operating costs, labor and related benefits costs, and repair and maintenance costs.
- Landfill depletion and amortization unfavorably impacted operating income margin during 2016, primarily due to an overall increase in the average depletion and amortization rate and increased landfill disposal volumes. The increase was partially offset by favorable amortization adjustments during 2016 compared to unfavorable amortization adjustments in 2015.
- Selling, general and administrative expenses had a favorable impact on operating income margin during 2016 primarily due to net favorable litigation adjustments and reduced acquisition-related transaction costs.

Group 2

Revenue for 2016 increased 1.8% from 2015 primarily due to increases in average yield in all lines of business and volume increases in our large-container industrial collection and disposal lines of business. Volume increases in our landfill line of business were primarily attributable to increased construction and demolition and municipal solid waste volumes. These increases were partially offset by declines in our energy services business, as well as volume declines primarily in our residential collection and small-container commercial collection lines of business and special waste volume declines in our landfill line of business.

Operating income in Group 2 increased from \$953.5 million, or a 19.4% operating margin, to \$1,026.9 million, or a 20.5% operating margin. The following cost categories impacted our operating income:

- Cost of operations favorably impacted operating income margin during 2016, primarily due to lower fuel costs resulting from lower prices of diesel fuel and lower risk management expenses. These favorable items were partially offset by higher cost of goods sold, repair and maintenance costs, and transfer and disposal costs.
- Landfill depletion and amortization favorably impacted operating income margin during 2016, primarily due to a decrease in the average depletion and amortization rate. Landfill depletion and amortization also was impacted by favorable amortization adjustments during 2016 compared to unfavorable amortization adjustments in 2015.
- Selling, general and administrative costs had a favorable impact on operating income margin during 2016 primarily due to lower labor and related benefit costs.

Corporate Entities

Operating loss in our Corporate Entities increased from \$251.9 million for 2015 to \$384.9 million for 2016 primarily due to an insurance recovery of \$50.0 million related to our Bridgeton Landfill that was recorded during 2015, restructuring charges of \$40.7 million related to our 2016 restructuring and \$5.6 million for withdrawal events at our multiemployer pension plan in Puerto Rico. During 2016, we also recognized increased risk management expenses primarily due to favorable actuarial developments in our workers' compensation program recorded during 2015 that were less favorable for the same period in 2016 as well as unfavorable claims experience in our employee-related health care benefits programs in 2016 as compared to 2015. Partially offsetting these unfavorable items were reduced acquisition-related transaction costs for 2016 compared to the costs associated with our acquisition of Tervita in February 2015. Additionally, during 2016, we recognized net favorable legal settlements from matters occurring in the ordinary course of business that were more favorable compared to net legal settlements in 2015.

2015 compared to 2014

Group 1

Revenue for 2015 increased 5.0% from 2014 primarily due to acquisitions, including a waste management contract with the County of Sonoma, California that was executed in April 2015. Excluding the effect of acquisitions, revenue increased due to increases in average yield in all lines of business and volume increases in all collection lines of business. Additionally, revenue increased due to volume increases in our landfill municipal solid waste and construction and demolition lines of business. Partially offsetting these revenue increases was lower recycled commodity revenue due to the decline in commodity prices.

Operating income in Group 1 increased from \$826.0 million for 2014, or a 21.5% operating margin, to \$857.2 million for 2015, or a 21.3% operating margin. The following cost categories impacted our operating income:

- Cost of operations favorably impacted operating income margin primarily due to lower fuel costs resulting from lower prices of diesel fuel, partially offset by higher labor and related benefits, repair and maintenance costs, and transfer and disposal costs.
- Depreciation and amortization of property and equipment unfavorably impacted operating income margin primarily due to higher asset acquisition costs. Landfill depletion and amortization also was impacted by an unfavorable amortization adjustment of \$1.4 million in 2015, compared to a favorable amortization adjustment of \$6.2 million that occurred during 2014 primarily due to an increase in deemed airspace at one of our active landfills.
- For 2015, the selling, general and administrative expenses margin impact was flat for Group 1.

Group 2

Revenue for 2015 increased 2.8% from 2014 primarily due to acquisitions. Excluding the effect of acquisitions, revenue increased due to increases in average yield in all collection lines of business, and volume increases in our large-container industrial and residential collection and transfer station lines of business. These increases were partially offset by declines in volume in our landfill line of business resulting from lower base energy services waste volumes. Additionally, we recognized lower recycled commodity revenue due to the decline in commodity prices.

Operating income in Group 2 increased from \$938.6 million for 2014, or a 19.6% operating margin, to \$953.5 million for 2015, or a 19.4% operating margin. Overall, our operating margins were unfavorably impacted due to the effect of commodity prices on our recycling business and higher integration, transition and operating costs in our acquired energy services business.

The following cost categories impacted our operating income:

- Cost of operations favorably impacted operating income margin primarily due to lower fuel costs resulting from lower prices of diesel fuel. These favorable items were partially offset by higher labor and related benefits and repair and maintenance costs.
- Depreciation and amortization of property and equipment unfavorably impacted operating income margin due to higher acquisition costs of replacement vehicles. Landfill depletion and amortization also unfavorably impacted operating income margin due to higher favorable amortization adjustments in 2014. During 2015, we recognized favorable amortization adjustments of \$1.6 million, compared to favorable amortization adjustments of \$8.8 million during 2014.
- Selling, general and administrative expenses unfavorably impacted operating income margin primarily due to higher wages and payroll related items resulting from merit increases and increased headcount, as well as higher management incentive compensation. This unfavorable impact was partially offset by favorable legal settlement from matters occurring in the ordinary course of business, compared to unfavorable legal settlement charges during 2014.

Corporate Entities

Operating loss in our Corporate Entities decreased from \$531.5 million for 2014 to \$251.9 million for 2015 primarily due to an insurance recovery of \$50.0 million related to our closed Bridgeton Landfill during 2015, compared to unfavorable remediation and litigation adjustments in 2014 of \$227.1 million.

Landfill and Environmental Matters

Our landfill costs include daily operating expenses, costs of capital for cell development, costs for final capping, closure and post-closure, and the legal and administrative costs of ongoing environmental compliance. Daily operating expenses include leachate treatment and disposal, methane gas and groundwater monitoring and system maintenance, interim cap maintenance, and costs associated with applying daily cover materials. We expense all indirect landfill development costs as they are incurred. We use life cycle accounting and the units-of-consumption method to recognize certain direct landfill costs related to landfill development. In life cycle accounting, certain direct costs are capitalized and charged to depletion expense based on the consumption of cubic yards of available airspace. These costs include all costs to acquire and construct a site, including excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection and monitoring systems, installation of groundwater monitoring wells, and other costs associated with acquiring and developing the site. Obligations associated with final capping, closure and post-closure are capitalized and amortized on a units-of-consumption basis as airspace is consumed.

Cost and airspace estimates are developed at least annually by engineers. Our operating and accounting personnel use these estimates to adjust the rates we use to expense capitalized costs. Changes in these estimates primarily relate to changes in costs, available airspace, inflation and applicable regulations. Changes in available airspace include changes in engineering estimates, changes in design and changes due to the addition of airspace lying in expansion areas that we believe have a probable likelihood of being permitted.

Available Airspace

	Balance as of December 31, 2015	New Expansions Undertaken	Landfills Acquired, Net of Divestitures	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates	Balance as of December 31, 2016
Cubic yards (in millions):							
Permitted airspace	4,676.5	—	—	107.2	(78.9)	2.8	4,707.6
Probable expansion airspace	290.1	63.9	—	(63.3)	—	(3.9)	286.8
Total cubic yards (in millions)	4,966.6	63.9	—	43.9	(78.9)	(1.1)	4,994.4
Number of sites:							
Permitted airspace	193	—	—	(1)	—	—	192
Probable expansion airspace	12	4	—	(3)	—	—	13

	Balance as of December 31, 2014	New Expansions Undertaken	Landfills Acquired, Net of Divestitures	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates	Balance as of December 31, 2015
Cubic yards (in millions):							
Permitted airspace	4,584.1	—	7.2	61.6	(77.0)	100.6	4,676.5
Probable expansion airspace	261.7	56.4	—	(23.7)	—	(4.3)	290.1
Total cubic yards (in millions)	4,845.8	56.4	7.2	37.9	(77.0)	96.3	4,966.6
Number of sites:							
Permitted airspace	189	—	4	—	—	—	193
Probable expansion airspace	10	4	—	(2)	—	—	12

	Balance as of December 31, 2013	New Expansions Undertaken	Landfills Acquired, Net of Divestitures	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates	Balance as of December 31, 2014
Cubic yards (in millions):							
Permitted airspace	4,650.6	—	—	79.8	(74.6)	(71.7)	4,584.1
Probable expansion airspace	222.9	66.5	—	(59.4)	—	31.7	261.7
Total cubic yards (in millions)	4,873.5	66.5	—	20.4	(74.6)	(40.0)	4,845.8
Number of sites:							
Permitted airspace	190	—	—	(1)	—	—	189
Probable expansion airspace	9	4	—	(3)	—	—	10

Changes in engineering estimates typically include modifications to the available disposal capacity of a landfill based on a refinement of the capacity calculations resulting from updated information.

As of December 31, 2016, we owned or operated 192 active solid waste landfills with total available disposal capacity estimated to be 4,994.4 million in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of probable expansion airspace. Engineers develop these estimates at least annually using information provided by annual aerial surveys. As of December 31, 2016, total available disposal capacity is estimated to be 4,707.6 million in-place cubic yards of permitted airspace plus 286.8 million in-place cubic yards of probable expansion airspace. Before airspace included in an expansion area is determined to be probable expansion airspace and, therefore, included in our calculation of total available disposal capacity, it must meet all of our expansion criteria. See Note 2, *Summary of Significant Accounting Policies*, and Note 8, *Landfill and Environmental Costs*, to our consolidated financial statements in Item 8 of this Form 10-K for further information. Also see our "Critical Accounting Judgments and Estimates" section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

As of December 31, 2016, thirteen of our landfills met all of our criteria for including their probable expansion airspace in their total available disposal capacity. At projected annual volumes, these thirteen landfills have an estimated remaining average site life of 44 years, including probable expansion airspace. The average estimated remaining life of all of our landfills is 64 years. We have other expansion opportunities that are not included in our total available airspace because they do not meet all of our criteria for treatment as probable expansion airspace.

The following table reflects the estimated operating lives of our active landfill sites based on available and probable disposal capacity using current annual volumes as of December 31, 2016:

	Number of Sites without Probable Expansion Airspace	Number of Sites with Probable Expansion Airspace	Total Sites	Percent of Total
0 to 5 years	18	—	18	9.4%
6 to 10 years	13	—	13	6.8
11 to 20 years	31	2	33	17.2
21 to 40 years	45	4	49	25.5
41+ years	72	7	79	41.1
Total	179	13	192	100.0%

Final Capping, Closure and Post-Closure Costs

As of December 31, 2016, accrued final capping, closure and post-closure costs were \$1,224.6 million, of which \$64.8 million were current and \$1,159.8 million were long-term as reflected in our consolidated balance sheets in accrued landfill and environmental costs included in Item 8 of this Form 10-K.

Remediation and Other Charges for Landfill Matters

It is reasonably possible that we will need to adjust our liabilities to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

The following is a discussion of certain of our significant remediation matters:

Bridgeton Landfill. During the year ended December 31, 2016, we paid \$23.0 million related to management and monitoring of the remediation area for our closed Bridgeton Landfill in Missouri. We continue to work with state and federal regulatory agencies on our remediation efforts. From time to time, this may require us to modify our future operating timeline and procedures, which could result in changes to our expected liability. As of December 31, 2016, the remediation liability recorded for this site is \$197.2 million, of which \$26.4 million is expected to be paid during 2017. We believe the remaining reasonably possible high end of our range would be approximately \$156 million higher than the amount recorded as of December 31, 2016.

During 2015, we collected an insurance recovery of \$50.0 million related to our Bridgeton Landfill. As such, we recorded a reduction of remediation expenses included in our cost of operations during the year ended December 31, 2015.

Investment in Landfills

The following tables reflect changes in our investment in landfills for the years ended December 31, 2016, 2015 and 2014 and the future expected investment as of December 31, 2016 (in millions):

	Balance as of December 31, 2015	Capital Additions	Retirements	Acquisitions Net of Divestitures	Non-cash Additions for Asset Retirement Obligations	Additions Charged to Expense	Impairments, Transfers and Other Adjustments	Adjustments for Asset Retirement Obligations	Balance as of December 31, 2016
Non-depletable landfill land	\$ 165.6	\$ 1.2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 166.8
Landfill development costs	6,078.1	12.7	—	—	41.0	—	255.1	(0.2)	6,386.7
Construction-in- progress - landfill	191.6	291.0	—	—	—	—	(261.4)	—	221.2
Accumulated depletion and amortization	(2,723.0)	—	—	—	—	(296.7)	—	3.2	(3,016.5)
Net investment in landfill land and development costs	<u>\$ 3,712.3</u>	<u>\$ 304.9</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41.0</u>	<u>\$ (296.7)</u>	<u>\$ (6.3)</u>	<u>\$ 3.0</u>	<u>\$ 3,758.2</u>

	Balance as of December 31, 2014	Capital Additions	Retirements	Acquisitions Net of Divestitures	Non-cash Additions for Asset Retirement Obligations	Additions Charged to Expense	Impairments, Transfers and Other Adjustments	Adjustments for Asset Retirement Obligations	Balance as of December 31, 2015
Non-depletable landfill land	\$ 162.2	\$ 1.9	\$ —	\$ —	\$ —	\$ —	\$ 1.5	\$ —	\$ 165.6
Landfill development costs	5,645.3	4.6	—	173.1	39.4	—	235.4	(19.7)	6,078.1
Construction-in- progress - landfill	140.8	287.6	—	—	—	—	(236.8)	—	191.6
Accumulated depletion and amortization	(2,437.4)	—	—	—	—	(286.7)	0.5	0.6	(2,723.0)
Net investment in landfill land and development costs	<u>\$ 3,510.9</u>	<u>\$ 294.1</u>	<u>\$ —</u>	<u>\$ 173.1</u>	<u>\$ 39.4</u>	<u>\$ (286.7)</u>	<u>\$ 0.6</u>	<u>\$ (19.1)</u>	<u>\$ 3,712.3</u>

	Balance as of December 31, 2013	Capital Additions	Retirements	Acquisitions Net of Divestitures	Non-cash Additions for Asset Retirement Obligations	Additions Charged to Expense	Impairments, Transfers and Other Adjustments	Adjustments for Asset Retirement Obligations	Balance as of December 31, 2014
Non-depletable landfill land	\$ 164.2	\$ —	\$ (2.0)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 162.2
Landfill development costs	5,392.7	4.9	(0.3)	26.6	38.6	—	195.0	(12.2)	5,645.3
Construction-in- progress - landfill	72.5	261.5	—	—	—	—	(193.2)	—	140.8
Accumulated depletion and amortization	(2,160.2)	—	0.1	—	—	(276.5)	—	(0.8)	(2,437.4)
Net investment in landfill land and development costs	<u>\$ 3,469.2</u>	<u>\$ 266.4</u>	<u>\$ (2.2)</u>	<u>\$ 26.6</u>	<u>\$ 38.6</u>	<u>\$ (276.5)</u>	<u>\$ 1.8</u>	<u>\$ (13.0)</u>	<u>\$ 3,510.9</u>

	Balance as of December 31, 2016	Expected Future Investment	Total Expected Investment
Non-depletable landfill land	\$ 166.8	\$ —	\$ 166.8
Landfill development costs	6,386.7	8,593.5	14,980.2
Construction-in-progress - landfill	221.2	—	221.2
Accumulated depletion and amortization	(3,016.5)	—	(3,016.5)
Net investment in landfill land and development costs	<u>\$ 3,758.2</u>	<u>\$ 8,593.5</u>	<u>\$ 12,351.7</u>

The following table reflects our net investment in our landfills, excluding non-depletable land, and our depletion, amortization and accretion expense for the years ended December 31, 2016, 2015 and 2014:

	2016	2015	2014
Number of landfills owned or operated	192	193	189
Net investment, excluding non-depletable land (in millions)	\$ 3,591.4	\$ 3,546.7	\$ 3,348.7
Total estimated available disposal capacity (in millions of cubic yards)	4,994.4	4,966.6	4,845.8
Net investment per cubic yard	\$ 0.72	\$ 0.71	\$ 0.69
Landfill depletion and amortization expense (in millions)	\$ 290.2	\$ 285.3	\$ 263.0
Accretion expense (in millions)	79.1	79.4	78.0
	369.3	364.7	341.0
Airspace consumed (in millions of cubic yards)	78.9	77.0	74.6
Depletion, amortization and accretion expense per cubic yard of airspace consumed	<u>\$ 4.68</u>	<u>\$ 4.74</u>	<u>\$ 4.57</u>

During 2016 and 2015, our average compaction rate was approximately 2,000 pounds per cubic yard based on a three-year historical moving average.

As of December 31, 2016, we expect to spend an estimated additional \$8.6 billion on existing landfills, primarily related to cell construction and environmental structures, over their remaining lives. Our total expected investment, excluding non-depletable land, estimated to be \$12.2 billion, or \$2.44 per cubic yard, is used in determining our depletion and amortization expense based on airspace consumed using the units-of-consumption method.

Property and Equipment

The following tables reflect the activity in our property and equipment accounts for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars):

Gross Property and Equipment								
	Balance as of December 31, 2015	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2016
Land	\$ 425.4	\$ 0.3	\$ (0.7)	\$ 1.0	\$ —	\$ —	\$ 4.2	\$ 430.2
Non-depletable landfill land	165.6	1.2	—	—	—	—	—	166.8
Landfill development costs	6,078.1	12.7	—	—	41.0	(0.2)	255.1	6,386.7
Vehicles and equipment	6,211.8	494.7	(204.2)	10.0	—	—	39.5	6,551.8
Buildings and improvements	1,098.6	12.4	(3.5)	5.7	—	—	46.9	1,160.1
Construction-in-progress - landfill	191.6	291.0	—	—	—	—	(261.4)	221.2
Construction-in-progress - other	25.5	105.2	—	(0.8)	—	—	(94.2)	35.7
Total	<u>\$ 14,196.6</u>	<u>\$ 917.5</u>	<u>\$ (208.4)</u>	<u>\$ 15.9</u>	<u>\$ 41.0</u>	<u>\$ (0.2)</u>	<u>\$ (9.9)</u>	<u>\$ 14,952.5</u>

Accumulated Depreciation, Amortization and Depletion

	Balance as of December 31, 2015	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2016
Landfill development costs	\$ (2,723.0)	\$ (296.7)	\$ —	\$ —	\$ 3.2	\$ —	\$ (3,016.5)
Vehicles and equipment	(3,555.0)	(577.5)	200.3	0.9	—	(0.1)	(3,931.4)
Buildings and improvements	(365.8)	(53.8)	3.2	—	—	0.4	(416.0)
Total	<u>\$ (6,643.8)</u>	<u>\$ (928.0)</u>	<u>\$ 203.5</u>	<u>\$ 0.9</u>	<u>\$ 3.2</u>	<u>\$ 0.3</u>	<u>\$ (7,363.9)</u>

Gross Property and Equipment

	Balance as of December 31, 2014	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2015
Land	\$ 401.3	\$ 0.3	\$ (0.6)	\$ 23.6	\$ —	\$ —	\$ 0.8	\$ 425.4
Non-depletable landfill land	162.2	1.9	—	—	—	—	1.5	165.6
Landfill development costs	5,645.3	4.6	—	173.1	39.4	(19.7)	235.4	6,078.1
Vehicles and equipment	5,834.1	547.4	(301.1)	78.5	—	—	52.9	6,211.8
Buildings and improvements	1,002.3	47.3	(3.9)	54.9	—	—	(2.0)	1,098.6
Construction-in-progress - landfill	140.8	287.6	—	—	—	—	(236.8)	191.6
Construction-in-progress - other	10.1	66.7	—	1.4	—	—	(52.7)	25.5
Total	<u>\$ 13,196.1</u>	<u>\$ 955.8</u>	<u>\$ (305.6)</u>	<u>\$ 331.5</u>	<u>\$ 39.4</u>	<u>\$ (19.7)</u>	<u>\$ (0.9)</u>	<u>\$ 14,196.6</u>

Accumulated Depreciation, Amortization and Depletion

	Balance as of December 31, 2014	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2015
Landfill development costs	\$ (2,437.4)	\$ (286.7)	\$ —	\$ —	\$ 0.6	\$ 0.5	\$ (2,723.0)
Vehicles and equipment	(3,273.3)	(566.6)	284.5	—	—	0.4	(3,555.0)
Buildings and improvements	(320.1)	(48.8)	3.0	—	—	0.1	(365.8)
Total	<u>\$ (6,030.8)</u>	<u>\$ (902.1)</u>	<u>\$ 287.5</u>	<u>\$ —</u>	<u>\$ 0.6</u>	<u>\$ 1.0</u>	<u>\$ (6,643.8)</u>

Gross Property and Equipment

	Balance as of December 31, 2013	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2014
Land	\$ 377.6	\$ 0.7	\$ (2.8)	\$ 25.7	\$ —	\$ —	\$ 0.1	\$ 401.3
Non-depletable landfill land	164.2	—	(2.0)	—	—	—	—	162.2
Landfill development costs	5,392.7	4.9	(0.3)	26.6	38.6	(12.2)	195.0	5,645.3
Vehicles and equipment	5,403.7	530.4	(155.3)	39.1	—	—	16.2	5,834.1
Buildings and improvements	935.6	28.9	(3.3)	11.3	—	—	29.8	1,002.3
Construction-in-progress - landfill	72.5	261.5	—	—	—	—	(193.2)	140.8
Construction-in-progress - other	13.3	48.7	—	—	—	—	(51.9)	10.1
Total	<u>\$ 12,359.6</u>	<u>\$ 875.1</u>	<u>\$ (163.7)</u>	<u>\$ 102.7</u>	<u>\$ 38.6</u>	<u>\$ (12.2)</u>	<u>\$ (4.0)</u>	<u>\$ 13,196.1</u>

Accumulated Depreciation, Amortization and Depletion

	Balance as of December 31, 2013	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2014
Landfill development costs	\$ (2,160.2)	\$ (276.5)	\$ 0.1	\$ —	\$ (0.8)	\$ —	\$ (2,437.4)
Vehicles and equipment	(2,883.8)	(535.0)	145.4	—	—	0.1	(3,273.3)
Buildings and improvements	(278.8)	(42.6)	1.1	—	—	0.2	(320.1)
Total	\$ (5,322.8)	\$ (854.1)	\$ 146.6	\$ —	\$ (0.8)	\$ 0.3	\$ (6,030.8)

Liquidity and Capital Resources

The major components of changes in cash flows for 2016, 2015 and 2014 are discussed in the following paragraphs. The following table summarizes our cash flow from operating activities, investing activities and financing activities for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars):

	2016	2015	2014
Net cash provided by operating activities	\$ 1,847.8	\$ 1,679.7	\$ 1,529.8
Net cash used in investing activities	(961.2)	(1,482.8)	(959.8)
Net cash used in financing activities	(851.2)	(239.7)	(708.1)

Cash Flows Provided by Operating Activities

The most significant items affecting the comparison of our operating cash flows for 2016 and 2015 are summarized below:

Changes in assets and liabilities, net of effects from business acquisitions and divestitures, decreased our cash flow from operations by \$205.2 million in 2016, compared to a decrease of \$316.7 million in 2015, primarily as a result of the following:

- Our accounts receivable, exclusive of the change in allowance for doubtful accounts and customer credits, increased \$52.3 million during 2016 due to the timing of billings net of collections, compared to a \$15.7 million increase in 2015. As of December 31, 2016 and 2015, our days sales outstanding were 38.1 and 38.3 days, or 26.1 and 25.8 days net of deferred revenue, respectively.
- Our accounts payable decreased \$9.8 million during 2016 compared to an increase of \$35.6 million during 2015, due to the timing of payments.
- Cash paid for capping, closure and post-closure obligations was \$11.0 million lower during 2016 compared to 2015. The decrease in cash paid for capping, closure, and post-closure obligations is primarily due to payments in 2015 related to a required capping event at one of our closed landfills.
- Cash paid for remediation obligations was \$13.2 million lower during 2016 compared to 2015 primarily due to the timing of obligations.

In addition, cash paid for income taxes was approximately \$265 million and \$321 million for 2016 and 2015, respectively. Income taxes paid in 2016 and 2015 reflect the favorable tax depreciation provisions of the Protecting Americans from Tax Hikes Act signed into law in December 2015 as well as the realization of certain tax credits. Cash paid for interest was \$330.2 million and \$327.6 million for 2016 and 2015, respectively.

The most significant items affecting the comparison of our operating cash flows for 2015 and 2014 are summarized below:

Changes in assets and liabilities, net of effects of business acquisitions and divestitures, decreased our cash flow from operations by \$316.7 million in 2015, compared to a decrease of \$295.6 million in 2014, primarily as a result of the following:

- Our accounts receivable, exclusive of the change in allowance for doubtful accounts and customer credits, increased \$15.7 million during 2015 due to the timing of billings, net of collections, compared to a \$54.3 million increase in 2014. As of December 31, 2015 and 2014, our days sales outstanding were 38 days, or 26 and 25 days net of deferred revenue, respectively.
- Our accounts payable increased \$35.6 million and \$3.3 million during 2015 and 2014, respectively, due to the timing of payments as of December 31, 2015.
- Cash paid for capping, closure and post-closure obligations was \$33.8 million higher during 2015 compared to 2014 primarily due to a required capping event at one of our landfills that closed during 2015.

- Cash paid for remediation obligations was \$19.4 million lower during 2015 compared to 2014 primarily due to remediation activity at our closed Bridgeton Landfill.
- In December 2015 we settled outstanding liabilities with respect to the withdrawal events and paid \$153.5 million to the Fund.

In addition, cash paid for income taxes was approximately \$321 million and \$382 million for 2015 and 2014, respectively. Income taxes paid in 2015 reflect the favorable tax depreciation provisions of the Protecting Americans from Tax Hikes Act signed into law in December 2015. Cash paid for interest was \$327.6 million and \$320.2 million for 2015 and 2014, respectively.

We use cash flows from operations to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments.

Cash Flows Used in Investing Activities

The most significant items affecting the comparison of our cash flows used in investing activities for 2016, 2015 and 2014 are summarized below:

- Capital expenditures during 2016 were \$927.8 million, compared with \$945.6 million for 2015 and \$862.5 million for 2014. Property and equipment received during 2016, 2015 and 2014 was \$915.6 million, \$953.0 million and \$872.9 million, respectively.
- Proceeds from sales of property and equipment during 2016 were \$9.8 million, compared to \$21.2 million for 2015 and \$35.7 million for 2014.
- During 2016, 2015 and 2014, we paid \$62.4 million, \$572.7 million and \$195.7 million, respectively, for business acquisitions. During 2016, we received \$15.0 million related to business divestitures. There were no divestitures in 2015 or 2014.
- Our restricted cash and marketable securities balance decreased \$5.2 million, \$15.3 million and \$70.8 million for 2016, 2015 and 2014, respectively. The decrease of \$5.2 million during 2016 is due to a release of a holdback related to one of our acquisitions, whereas the decrease of \$15.3 million during 2015 was due to a release of funds restricted for certain construction related activities. The decrease of \$70.8 million during 2014 was due to a release of restricted investments related to a change in certain of our closure and post-closure collateral obligation requirements and a release of restricted investments in restricted cash related to our insurance programs. We received \$50.0 million in connection with issuances of tax-exempt bonds during 2014. Funds received from issuances of tax-exempt bonds are deposited directly into trust accounts by the bonding authority at the time of issuance. Reimbursements from the trust for qualifying expenditures or for repayments of the related tax-exempt bonds are presented as investing activities in our consolidated statements of cash flows. Such reimbursements amounted to \$2.1 million, \$18.7 million and \$51.1 million during 2016, 2015 and 2014, respectively.

We intend to finance capital expenditures and acquisitions through cash on hand, restricted cash held for capital expenditures, cash flows from operations, our revolving credit facilities, and tax-exempt bonds and other financings. We expect to primarily use cash for consideration paid for future business acquisitions.

Cash Flows Used in Financing Activities

The most significant items affecting the comparison of our cash flows used in financing activities for 2016, 2015 and 2014 are summarized below:

- During 2016, we issued \$500.0 million of notes for net cash proceeds of \$498.9 million. Net payments of notes payable and long-term debt were \$395.7 million during 2016, compared to net proceeds of \$2.7 million and net payments of \$15.1 million during 2015 and 2014, respectively. For a more detailed discussion, see the "Financial Condition" section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.
- In October 2015, our board of directors added \$900.0 million to the existing share repurchase authorization. As of December 31, 2016, there were \$451.7 million remaining under our share repurchase authorization. During 2016, we repurchased 8.4 million shares of our stock for \$403.8 million. During 2015, we repurchased 9.8 million shares of our stock for \$404.7 million.
- In July 2016, our board of directors approved an increase in our quarterly dividend to \$0.32 per share. Dividends paid were \$418.9 million, \$399.3 million and \$378.6 million for 2016, 2015 and 2014, respectively.

Financial Condition

Cash and Cash Equivalents

As of December 31, 2016, we had \$67.8 million of cash and cash equivalents and \$90.5 million of restricted cash deposits and restricted marketable securities, including \$27.9 million of restricted cash and marketable securities pledged to regulatory agencies and governmental entities as financial guarantees of our performance related to our final capping, closure and post-closure obligations at our landfills, and \$62.6 million of restricted cash and marketable securities related to our insurance obligations.

We intend to use excess cash on hand and cash from operating activities to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments. Debt repayments may include purchases of our outstanding indebtedness in the secondary market or otherwise. We believe that our excess cash, cash from operating activities and our availability to draw from our credit facilities provide us with sufficient financial resources to meet our anticipated capital requirements and maturing obligations as they come due.

We may choose to voluntarily retire certain portions of our outstanding debt before their maturity dates using cash from operations or additional borrowings. We may also explore opportunities in the capital markets to fund redemptions should market conditions be favorable. Early extinguishment of debt will result in an impairment charge in the period in which the debt is repaid. The loss on early extinguishment of debt relates to premiums paid to effectuate the repurchase and the relative portion of unamortized note discounts and debt issue costs.

Credit Facilities

In May 2016, we entered into a \$1.0 billion unsecured revolving credit facility (the Replacement Credit Facility), which replaced our \$1.0 billion credit facility maturing in May 2017. The Replacement Credit Facility matures in May 2021 and includes a feature that allows us to increase availability, at our option, by an aggregate amount up to \$500.0 million through increased commitments from existing lenders or the addition of new lenders. At our option, borrowings under the Replacement Credit Facility bear interest at a Base Rate, or a Eurodollar Rate, plus an applicable margin based on our Debt Ratings (all as defined in the agreements).

Contemporaneous with the execution of the Replacement Credit Facility, we entered into Amendment No. 1 to our existing \$1.25 billion unsecured credit facility (the Existing Credit Facility and, together with the Replacement Credit Facility, the Credit Facilities), to conform certain terms of the Existing Credit Facility with those of the Replacement Credit Facility. Amendment No. 1 does not extend the maturity date of the Existing Credit Facility, which matures in June 2019. The Existing Credit Facility also maintains the feature that allows us to increase availability, at our option, by an aggregate amount of up to \$500.0 million through increased commitments from existing lenders or the addition of new lenders.

The credit agreements require us to comply with financial and other covenants. To the extent we are not in compliance with these covenants, we cannot pay dividends and repurchase common stock. Compliance with covenants also is a condition for any incremental borrowings under our Credit Facilities, and failure to meet these covenants would enable the lenders to require repayment of any outstanding loans (which would adversely affect our liquidity). As of December 31, 2016, our EBITDA to interest ratio was 7.05 compared to the 3.00 minimum required by the covenants, and our total debt to EBITDA ratio was 2.96 compared to the 3.50 maximum allowed by the covenants. As of December 31, 2016, we were in compliance with the covenants under our Credit Facilities, and we expect to be in compliance throughout 2017.

EBITDA, which is a non-U.S. GAAP measure, is calculated as defined in our Credit Facility agreements. In this context, EBITDA is used solely to provide information regarding the extent to which we are in compliance with debt covenants and is not comparable to EBITDA used by other companies or used by us for other purposes.

Failure to comply with the financial and other covenants under our Credit Facilities, as well as the occurrence of certain material adverse events, would constitute defaults and would allow the lenders under our Credit Facilities to accelerate the maturity of all indebtedness under the related agreements. This could also have an adverse effect on the availability of financial assurances. In addition, maturity acceleration on our Credit Facilities constitutes an event of default under our other debt instruments, including our senior notes, and, therefore, our senior notes would also be subject to acceleration of maturity. If such acceleration were to occur, we would not have sufficient liquidity available to repay the indebtedness. We would likely have to seek an amendment under our Credit Facilities for relief from the financial covenants or repay the debt with proceeds from the issuance of new debt or equity, or asset sales, if necessary. We may be unable to amend our Credit Facilities or raise sufficient capital to repay such obligations in the event the maturities are accelerated.

Availability under our Credit Facilities totaled \$1,543.1 million and \$1,727.7 million as of December 31, 2016 and 2015, respectively, and can be used for working capital, capital expenditures, acquisitions, letters of credit and other general corporate purposes. As of December 31, 2016 and 2015, we had \$210.0 million and no borrowings under our Credit Facilities,

respectively. We had \$478.4 million and \$503.3 million of letters of credit outstanding under our Credit Facilities as of December 31, 2016 and 2015, respectively.

During 2016, we amended our existing unsecured credit facility agreement (the Uncommitted Credit Facility), to increase the size to \$135.0 million with all other terms remaining unchanged. Our Uncommitted Credit Facility bears interest at LIBOR, plus an applicable margin and is subject to facility fees defined in the agreement, regardless of usage. We can use borrowings under the Uncommitted Credit Facility for working capital and other general corporate purposes. The agreements governing our Uncommitted Credit Facility require us to comply with covenants. The Uncommitted Credit Facility may be terminated by either party at any time. As of December 31, 2016, we had no borrowings and as of December 31, 2015, we had \$19.0 million of borrowings under our Uncommitted Credit Facility.

Senior Notes and Debentures

During 2016, we priced cash tender offers to purchase up to \$575.4 million combined aggregate principal amount of the 6.20% Notes due March 2040, 5.70% Notes due May 2041, 7.40% Debentures due September 2035 and 6.09% Notes due March 2035 (collectively the Existing Notes), subject to priority levels and the other terms and conditions set forth in the Offer to Purchase. During 2016, we priced an offering of \$500.0 million of 2.90% senior notes due 2026 (the 2.90% Notes). The sale of the 2.90% Notes and the tender offers closed on July 5, 2016. We used the net proceeds of the offering, together with borrowing under our credit facilities, to purchase \$575.4 million of the combined aggregate principal amount of the Existing Notes tendered as well as premium due of \$148.1 million and early tender consideration of \$28.7 million.

During 2015, we issued \$500.0 million of 3.20% notes due 2025 (the 3.20% Notes). We used the net proceeds from the 3.20% Notes to refinance debt incurred in connection with our acquisition of all of the equity interests of Tervita during 2015.

As of December 31, 2016 and 2015, we had \$6,267.7 million and \$6,330.3 million, respectively, of unsecured senior notes and debentures outstanding with maturities ranging from 2018 to 2041. Our senior notes are general senior unsecured obligations.

Interest Rate Swap and Lock Agreements

During the second half of 2013, we entered into various interest rate swap agreements relative to our 4.750% fixed rate senior notes due in May 2023. The goal was to reduce overall borrowing costs and rebalance our debt portfolio's ratio of fixed to floating interest rates. As of December 31, 2016, these swap agreements have a total notional value of \$300.0 million and require us to pay interest at floating rates based on changes in LIBOR, and receive interest at a fixed rate of 4.750%. For 2016, 2015 and 2014, we recognized \$6.3 million, \$7.5 million and \$7.7 million, respectively, as offsetting benefits to our interest expense from these swap agreements, which mature in May 2023.

During 2016, we entered into a number of interest rate lock agreements having an aggregate notional amount of \$525.0 million with fixed interest rates ranging from 1.900% to 2.280% to manage exposure to fluctuations in interest rates in anticipation of a planned future issuance of senior notes. Upon the expected issuance of senior notes, we will terminate the interest rate locks and settle with our counterparties. The aggregate fair value of the outstanding interest rate locks as of December 31, 2016 was \$20.2 million and was recorded in other long-term assets in our consolidated balance sheet. As of December 31, 2016, the effective portion of the interest rate locks recorded as a component of accumulated other comprehensive income (loss), net of tax, was \$12.2 million.

During 2015, we entered into a number of interest rate lock agreements having an aggregate notional amount of \$200.0 million with fixed interest rates ranging from 2.155% to 2.270% to manage exposure to fluctuations in interest rates in anticipation of the planned issuance of the 3.20% Notes. Upon issuance of the 3.20% Notes, we terminated the interest rate locks and received \$1.2 million from the counterparties.

Tax-Exempt Financings

As of December 31, 2016 and 2015, we had \$1,072.7 million and \$1,072.1 million, respectively, of fixed and variable rate tax-exempt financings outstanding with maturities ranging from 2019 to 2044. Approximately 90% of our tax-exempt financings are remarketed quarterly by remarketing agents to effectively maintain a variable yield. The holders of the bonds can put them back to the remarketing agents at the end of each interest period. To date, the remarketing agents have been able to remarket our variable rate unsecured tax-exempt bonds. These bonds have been classified as long-term because of our ability and intent to refinance them using availability under our Credit Facilities, if necessary.

Intended Uses of Cash

We intend to use excess cash on hand and cash from operating activities to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments. Debt repayments may include purchases of our outstanding indebtedness in the secondary market or otherwise. We believe our excess cash, cash from operating activities and our availability to draw from

our Credit Facilities provide us with sufficient financial resources to meet our anticipated capital requirements and maturing obligations as they come due.

We may choose to voluntarily retire certain portions of our outstanding debt before their maturity dates using cash from operations or additional borrowings. We also may explore opportunities in capital markets to fund redemptions should market conditions be favorable. Early extinguishment of debt will result in an impairment charge in the period in which the debt is repaid.

Fuel Hedges

We use derivative instruments designated as cash flow hedges to manage our exposure to changes in diesel fuel prices. We have entered into multiple agreements related to forecasted diesel fuel purchases. The agreements qualified for, and were designated as, effective hedges of changes in the prices of forecasted diesel fuel purchases (fuel hedges). For a summary of our outstanding fuel hedges as of December 31, 2016, see Note 16, *Financial Instruments*, to our consolidated financial statements in Item 8 of this Form 10-K.

The aggregate fair values of our outstanding fuel hedges as of December 31, 2016 and 2015 were current liabilities of \$2.7 million and \$37.8 million, respectively, and have been recorded in other accrued liabilities in our consolidated balance sheets.

The effective portions of the changes in fair values as of December 31, 2016 and 2015, net of tax, of \$1.6 million and \$22.3 million, respectively, have been recorded in stockholders' equity as components of accumulated other comprehensive loss.

During 2016 and 2015, approximately 20% of our fuel volume purchases were hedged with swap agreements.

Recycling Commodity Hedges

Revenue from the sale of recycled commodities is primarily from sales of old corrugated containers and old newsprint. From time to time we use derivative instruments such as swaps and costless collars designated as cash flow hedges to manage our exposure to changes in prices of these commodities. During 2016, we entered into multiple agreements related to the forecasted OCC sales. The agreements qualified for, and were designated as, effective hedges of changes in the prices of certain forecasted recycling commodity sales (commodity hedges). For further discussion, see Note 16, *Financial Instruments*, to our consolidated financial statements in Item 8 of this Form 10-K.

The aggregate fair value of our outstanding recycling commodity hedges as of December 31, 2016 was a current liability of \$0.8 million, and has been recorded in other accrued liabilities in our consolidated balance sheets.

The effective portion of the changes in fair value as of December 31, 2016, net of tax, of \$(0.5) million, has been recorded in stockholders' equity as components of accumulated other comprehensive loss.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2016 (in millions):

Year Ending December 31,	Operating Leases	Maturities of Notes Payable, Capital Leases and Other Long- Term Debt	Scheduled Interest Payment Obligations	Final Capping, Closure and Post-Closure	Remediation	Unconditional Purchase Commitments	Total
2017	\$ 34.7	\$ 5.1	\$ 315.3	\$ 64.8	\$ 77.9	\$ 224.0	\$ 721.8
2018	32.2	705.7	301.6	95.0	74.9	73.1	1,282.5
2019	29.6	829.9	286.5	89.8	65.9	57.1	1,358.8
2020	27.3	926.3	227.3	78.1	63.7	35.3	1,358.0
2021	25.1	837.5	202.9	75.0	46.3	24.3	1,211.1
Thereafter	85.5	4,444.0	1,661.1	5,833.1	493.0	348.2	12,864.9
Total	\$ 234.4	\$ 7,748.5	\$ 2,994.7	\$ 6,235.8	\$ 821.7	\$ 762.0	\$ 18,797.1

Scheduled interest payment obligations in the above table were calculated using stated coupon rates for fixed rate debt and interest rates applicable as of December 31, 2016 for variable rate debt. The effect of our outstanding interest rate swaps on the interest payments of our 4.750% fixed rate senior notes is also included based on the floating rates in effect as of December 31, 2016.

The present value of capital lease obligations is included in our consolidated balance sheets.

The estimated remaining final capping, closure and post-closure and remediation expenditures presented above are not inflated or discounted and reflect the estimated future payments for liabilities incurred and recorded as of December 31, 2016 and for liabilities yet to be incurred over the remaining life of our landfills.

Unconditional purchase commitments consist primarily of (1) disposal related agreements that include fixed or minimum royalty payments, host agreements and take-or-pay and put-or-pay agreements and (2) other obligations including committed capital expenditures and consulting service agreements.

Financial Assurance

We must provide financial assurance to governmental agencies and a variety of other entities under applicable environmental regulations relating to our landfill operations for capping, closure and post-closure costs, and related to our performance under certain collection, landfill and transfer station contracts. We satisfy these financial assurance requirements by providing surety bonds, letters of credit, or insurance policies (Financial Assurance Instruments), or trust deposits, which are included in restricted cash and marketable securities and other assets in our consolidated balance sheets. The amount of the financial assurance requirements for capping, closure and post-closure costs is determined by applicable state environmental regulations. The financial assurance requirements for capping, closure and post-closure costs may be associated with a portion of the landfill or the entire landfill. Generally, states require a third-party engineering specialist to determine the estimated capping, closure and post-closure costs that are used to determine the required amount of financial assurance for a landfill. The amount of financial assurance required can, and generally will, differ from the obligation determined and recorded under U.S. GAAP. The amount of the financial assurance requirements related to contract performance varies by contract. Additionally, we must provide financial assurance for our insurance program and collateral for certain performance obligations. We do not expect a material increase in financial assurance requirements during 2017, although the mix of Financial Assurance Instruments may change.

These Financial Assurance Instruments are issued in the normal course of business and are not considered indebtedness. Because we currently have no liability for the Financial Assurance Instruments, they are not reflected in our consolidated balance sheets; however, we record capping, closure and post-closure liabilities and insurance liabilities as they are incurred.

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than operating leases and financial assurances, which are not classified as debt. We have no transactions or obligations with related parties that are not disclosed, consolidated into or reflected in our reported financial position or results of operations. We have not guaranteed any third-party debt.

Free Cash Flow

We define free cash flow, which is not a measure determined in accordance with U.S. GAAP, as cash provided by operating activities less purchases of property and equipment, plus proceeds from sales of property and equipment, as presented in our consolidated statements of cash flows.

The following table calculates our free cash flow for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars):

	2016	2015	2014
Cash provided by operating activities	\$ 1,847.8	\$ 1,679.7	\$ 1,529.8
Purchases of property and equipment	(927.8)	(945.6)	(862.5)
Proceeds from sales of property and equipment	9.8	21.2	35.7
Free cash flow	<u>\$ 929.8</u>	<u>\$ 755.3</u>	<u>\$ 703.0</u>

For a discussion of the changes in the components of free cash flow, see our discussion regarding *Cash Flows Provided By Operating Activities and Cash Flows Used In Investing Activities* contained elsewhere in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Purchases of property and equipment as reflected in our consolidated statements of cash flows and as presented in the free cash flow table above represent amounts paid during the period for such expenditures. The following table reconciles property and equipment reflected in the consolidated statements of cash flows to property and equipment received for the years ended December 31, 2016, 2015 and 2014 (in millions of dollars):

	2016	2015	2014
Purchases of property and equipment per the consolidated statements of cash flows	\$ 927.8	\$ 945.6	\$ 862.5
Adjustments for property and equipment received during the prior period but paid for in the following period, net	(12.2)	7.4	10.4
Property and equipment received during the period	<u>\$ 915.6</u>	<u>\$ 953.0</u>	<u>\$ 872.9</u>

The adjustments noted above do not affect our net change in cash and cash equivalents as reflected in our consolidated statements of cash flows.

We believe that presenting free cash flow provides useful information regarding our recurring cash provided by operating activities after expenditures for property and equipment received, plus proceeds from sales of property and equipment. It also demonstrates our ability to execute our financial strategy, which includes reinvesting in existing capital assets to ensure a high level of customer service, investing in capital assets to facilitate growth in our customer base and services provided, maintaining our investment grade credit ratings and minimizing debt, paying cash dividends and repurchasing common stock, and maintaining and improving our market position through business optimization. In addition, free cash flow is a key metric used to determine executive compensation. The presentation of free cash flow has material limitations. Free cash flow does not represent our cash flow available for discretionary expenditures because it excludes certain expenditures that are required or that we have committed to such as debt service requirements and dividend payments. Our definition of free cash flow may not be comparable to similarly titled measures presented by other companies.

Contingencies

For a description of our commitments and contingencies, see Note 8, *Landfill and Environmental Costs*, Note 10, *Income Taxes*, and Note 17, *Commitments and Contingencies*, to our consolidated financial statements in Item 8 of this Form 10-K.

Critical Accounting Judgments and Estimates

Our consolidated financial statements have been prepared in accordance with U.S. GAAP and necessarily include certain estimates and judgments made by management. The following is a list of accounting policies that we believe are the most critical in understanding our consolidated financial position, results of operations and cash flows and that may require management to make subjective or complex judgments about matters that are inherently uncertain. Such critical accounting policies, estimates and judgments are applicable to all of our operating segments.

We have noted examples of the residual accounting and business risks inherent in the accounting for these areas. Residual accounting and business risks are defined as the inherent risks that we face after the application of our policies and processes that are generally outside of our control or ability to forecast.

Landfill Accounting

Landfill operating costs are treated as period expenses and are not discussed further in this section.

Our landfill assets and liabilities fall into the following two categories, each of which requires accounting judgments and estimates:

- Landfill development costs that are capitalized as an asset.
- Landfill retirement obligations relating to our capping, closure and post-closure liabilities that result in a corresponding landfill retirement asset.

Landfill Development Costs

We use life-cycle accounting and the units-of-consumption method to recognize landfill development costs over the life of the site. In life-cycle accounting, all current and future capitalized costs to acquire and construct a site are calculated, and charged to expense based on the consumption of cubic yards of available airspace. Obligations associated with final capping, closure and post-closure are also capitalized, and amortized on a units-of-consumption basis as airspace is consumed. Cost and airspace estimates are developed at least annually by engineers.

Site permits. To develop, construct and operate a landfill, we must obtain permits from various regulatory agencies at the local, state and federal levels. The permitting process requires an initial site study to determine whether the location is feasible for landfill operations. The initial studies are reviewed by our environmental management group and then submitted to the regulatory agencies for approval. During the development stage we capitalize certain costs that we incur after site selection but before the receipt of all required permits if we believe that it is probable that the site will be permitted.

Residual risks:

- Changes in legislative or regulatory requirements may cause changes to the landfill site permitting process. These changes could make it more difficult and costly to obtain and maintain a landfill permit.
- Studies performed could be inaccurate, which could result in the denial or revocation of a permit and changes to accounting assumptions. Conditions could exist that were not identified in the study, which may make the location not feasible for a landfill and could result in the denial of a permit. Denial or revocation of a permit could impair the recorded value of the landfill asset.
- Actions by neighboring parties, private citizen groups or others to oppose our efforts to obtain, maintain or expand permits could result in denial, revocation or suspension of a permit, which could adversely impact the economic viability of the landfill and could impair the recorded value of the landfill. As a result of opposition to our obtaining a permit, improved technical information as a project progresses, or changes in the anticipated economics associated with a project, we may decide to reduce the scope of, or abandon a project, which could result in an asset impairment.

Technical landfill design. Upon receipt of initial regulatory approval, technical landfill designs are prepared. The technical designs, which include the detailed specifications to develop and construct all components of the landfill including the types and quantities of materials that will be required, are reviewed by our environmental management group. The technical designs are submitted to the regulatory agencies for approval. Upon approval of the technical designs, the regulatory agencies issue permits to develop and operate the landfill.

Residual risks:

- Changes in legislative or regulatory requirements may require changes in the landfill technical designs. These changes could make it more difficult and costly to meet new design standards.
- Technical design requirements, as approved, may need modifications at some future point in time.
- Technical designs could be inaccurate and could result in increased construction costs, difficulty in obtaining a permit or the use of rates to recognize the amortization of landfill development costs and asset retirement obligations that are not appropriate.

Permitted and probable landfill disposal capacity. Included in the technical designs are factors that determine the ultimate disposal capacity of the landfill. These factors include the area over which the landfill will be developed, such as the depth of excavation, the height of the landfill elevation and the angle of the side-slope construction. The disposal capacity of the landfill is calculated in cubic yards. This measurement of volume is then converted to a disposal capacity expressed in tons based on a site-specific expected density to be achieved over the remaining operating life of the landfill.

Residual risks:

- Estimates of future disposal capacity may change as a result of changes in legislative or regulatory design requirements.
- The density of waste may vary due to variations in operating conditions, including waste compaction practices, site design, climate and the nature of the waste.
- Capacity is defined in cubic yards but waste received is measured in tons. The number of tons per cubic yard varies by type of waste and our rate of compaction.

Development costs. The types of costs that are detailed in the technical design specifications generally include excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection systems and monitoring probes, installation of groundwater monitoring wells, construction of leachate management facilities and other costs associated with the development of the site. We review the adequacy of our cost estimates on an annual basis by comparing estimated costs with third-party bids or contractual arrangements, reviewing the changes in year over year cost estimates for reasonableness, and comparing our resulting development cost per acre with prior period costs. These development costs, together with any costs incurred to acquire, design and permit the landfill, including capitalized interest, are recorded to the landfill asset on the balance sheet as incurred.

Residual risk:

- Actual future costs of construction materials and third-party labor could differ from the costs we have estimated because of the level of demand and the availability of the required materials and labor. Technical designs could be altered due to unexpected operating conditions, regulatory changes or legislative changes.

Landfill development asset amortization. To match the expense related to the landfill asset with the revenue generated by the landfill operations, we amortize the landfill development asset over its operating life on a per-ton basis as waste is accepted at the landfill. The landfill asset is fully amortized at the end of a landfill's operating life. The per-ton rate is calculated by dividing the sum of the landfill development asset net book value plus estimated future development costs (as described above) for the landfill, by the landfill's estimated remaining disposal capacity. The expected future development costs are not inflated or discounted, but rather expressed in nominal dollars. This rate is applied to each ton accepted at the landfill to arrive at amortization expense for the period.

Amortization rates are influenced by the original cost basis of the landfill, including acquisition costs, which in turn is determined by geographic location and market values. We secure significant landfill assets through business acquisitions and value them at the time of acquisition based on fair value. Amortization rates are also influenced by site-specific engineering and cost factors.

Residual risk:

- Changes in our future development cost estimates or our disposal capacity will normally result in a change in our amortization rates and will impact amortization expense prospectively. An unexpected significant increase in estimated costs or reduction in disposal capacity could affect the ongoing economic viability of the landfill and result in asset impairment.

On at least an annual basis, we update the estimates of future development costs and remaining disposal capacity for each landfill. These costs and disposal capacity estimates are reviewed and approved by senior operations management annually. Changes in cost estimates and disposal capacity are reflected prospectively in the landfill amortization rates that are updated annually.

Landfill Asset Retirement Obligations

We have two types of retirement obligations related to landfills: (1) capping and (2) closure and post-closure.

Obligations associated with final capping activities that occur during the operating life of the landfill are recognized on a units-of-consumption basis as airspace is consumed within each discrete capping event. Obligations related to closure and post-closure activities that occur after the landfill has ceased operations are recognized on a units-of-consumption basis as airspace is consumed throughout the entire life of the landfill. Landfill retirement obligations are capitalized as the related liabilities are recognized and amortized using the units-of-consumption method over the airspace consumed within the capping event or the airspace consumed within the entire landfill, depending on the nature of the obligation. All obligations are initially measured at estimated fair value. Fair value is calculated on a present value basis using an inflation rate and our credit-adjusted, risk-free rate in effect at the time the liabilities were incurred. Future costs for final capping, closure and post-closure are developed at least annually by engineers, and are inflated to future value using estimated future payment dates and inflation rate projections.

Landfill capping. As individual areas within each landfill reach capacity, we must cap and close the areas in accordance with the landfill site permit. These requirements are detailed in the technical design of the landfill site process previously described.

Closure and post-closure. Closure costs are costs incurred after a landfill stops receiving waste, but prior to being certified as closed. After the entire landfill has reached capacity and is certified closed, we must continue to maintain and monitor the site for a post-closure period, which generally extends for 30 years. Costs associated with closure and post-closure requirements generally include maintenance of the site, the monitoring of methane gas collection systems and groundwater systems, and other activities that occur after the site has ceased accepting waste. Costs associated with post-closure monitoring generally include groundwater sampling, analysis and statistical reports, third-party labor associated with gas system operations and maintenance, transportation and disposal of leachate, and erosion control costs related to the final cap.

Landfill retirement obligation liabilities and assets. Estimates of the total future costs required to cap, close and monitor each landfill as specified by the landfill permit are updated annually. The estimates include inflation, the specific timing of future cash outflows, and the anticipated waste flow into the capping events. Our cost estimates are inflated to the period of performance using an estimate of inflation, which is updated annually and is based upon the ten year average consumer price index (1.8% in 2016, 2.0% in 2015, and 2.3% in 2014).

The present value of the remaining capping costs for specific capping events and the remaining closure and post-closure costs for each landfill are recorded as incurred on a per-ton basis. These liabilities are incurred as disposal capacity is consumed at the landfill.

Capping, closure and post-closure liabilities are recorded in layers and discounted using our credit-adjusted risk-free rate in effect at the time the obligation is incurred (3.75% in 2016, 4.75% in 2015, and 4.5% in 2014).

Retirement obligations are increased each year to reflect the passage of time by accreting the balance at the weighted average credit-adjusted risk-free rate that was used to calculate each layer of the recorded liabilities. This accretion is charged to operating expenses. Actual cash expenditures reduce the asset retirement obligation liabilities as they are made.

Corresponding retirement obligation assets are recorded for the same value as the additions to the capping, closure and post-closure liabilities. The retirement obligation assets are amortized to expense on a per-ton basis as disposal capacity is consumed. The per-ton rate is calculated by dividing the sum of each of the recorded retirement obligation asset's net book value and expected future additions to the retirement obligation asset by the remaining disposal capacity. A per-ton rate is determined for each separate capping event based on the disposal capacity relating to that event. Closure and post-closure per-ton rates are based on the total disposal capacity of the landfill.

Residual risks:

- Changes in legislative or regulatory requirements, including changes in capping, closure activities or post-closure monitoring activities, types and quantities of materials used, or term of post-closure care, could cause changes in our cost estimates.
- Changes in the landfill retirement obligation due to changes in the anticipated waste flow, changes in airspace compaction estimates or changes in the timing of expenditures for closed landfills and fully incurred but unpaid capping events are recorded in results of operations prospectively. This could result in unanticipated increases or decreases in expense.
- Actual timing of disposal capacity utilization could differ from projected timing, causing differences in timing of when amortization and accretion expense is recognized for capping, closure and post-closure liabilities.
- Changes in inflation rates could impact our actual future costs and our total liabilities.
- Changes in our capital structure or market conditions could result in changes to the credit-adjusted risk-free rate used to discount the liabilities, which could cause changes in future recorded liabilities, assets and expense.
- Amortization rates could change in the future based on the evaluation of new facts and circumstances relating to landfill capping design, post-closure monitoring requirements, or the inflation or discount rate.

On an annual basis, we update our estimates of future capping, closure and post-closure costs and of future disposal capacity for each landfill. Revisions in estimates of our costs or timing of expenditures are recognized immediately as increases or decreases to the capping, closure and post-closure liabilities and the corresponding retirement obligation assets. Changes in the assets result in changes to the amortization rates which are applied prospectively, except for fully incurred capping events and closed landfills, where the changes are recorded immediately in results of operations since the associated disposal capacity has already been consumed.

Permitted and probable disposal capacity. Disposal capacity is determined by the specifications detailed in the landfill permit. We classify this disposal capacity as permitted. We also include probable expansion disposal capacity in our remaining disposal capacity estimates, thus including additional disposal capacity being sought through means of a permit expansion. Probable expansion disposal capacity has not yet received final approval from the applicable regulatory agencies, but we have determined that certain critical criteria have been met and that the successful completion of the expansion is probable. We have developed six criteria that must be met before an expansion area is designated as probable expansion airspace. We believe that satisfying all of these criteria demonstrates a high likelihood that expansion airspace that is incorporated in our landfill costing will be permitted. However, because some of these criteria are judgmental, they may exclude expansion airspace that will eventually be permitted or include expansion airspace that will not be permitted. In either of these scenarios, our amortization, depletion and accretion expense could change significantly. Our internal criteria to classify disposal capacity as probable expansion airspace are as follows:

- We own the land associated with the expansion airspace or control it pursuant to an option agreement;
- We are committed to supporting the expansion project financially and with appropriate resources;
- There are no identified fatal flaws or impediments associated with the project, including political impediments;
- Progress is being made on the project;
- The expansion is attainable within a reasonable time frame; and
- We believe it is likely we will receive the expansion permit.

After successfully meeting these criteria, the disposal capacity that will result from the planned expansion is included in our remaining disposal capacity estimates. Additionally, for purposes of calculating landfill amortization and capping, closure and post-closure rates, we include the incremental costs to develop, construct, close and monitor the related probable expansion disposal capacity.

Residual risk:

- We may be unsuccessful in obtaining permits for probable expansion disposal capacity because of the failure to obtain the final local, state or federal permits or due to other unknown reasons. If we are unsuccessful in obtaining permits for probable expansion disposal capacity, or the disposal capacity for which we obtain approvals is less than what was estimated, both our estimated total costs and disposal capacity will be reduced, which generally increases the rates we charge for landfill amortization and capping, closure and post-closure accruals. An unexpected decrease in disposal capacity could also cause an asset impairment.

Environmental Liabilities

We are subject to an array of laws and regulations relating to the protection of the environment, and we remediate sites in the ordinary course of our business. Under current laws and regulations, we may be responsible for environmental remediation at sites that we either own or operate, including sites that we have acquired, or sites where we have (or a company that we have acquired has) delivered waste. Our environmental remediation liabilities primarily include costs associated with remediating groundwater, surface water and soil contamination, as well as controlling and containing methane gas migration and the related legal costs. To estimate our ultimate liability at these sites, we evaluate several factors, including the nature and extent of contamination at each identified site, the required remediation methods, timing of expenditures, the apportionment of responsibility among the potentially responsible parties and the financial viability of those parties. We accrue for costs associated with environmental remediation obligations when such costs are probable and reasonably estimable in accordance with accounting for loss contingencies. We periodically review the status of all environmental matters and update our estimates of the likelihood of and future expenditures for remediation as necessary. Changes in the liabilities resulting from these reviews are recognized currently in earnings in the period in which the adjustment is known. Adjustments to estimates are reasonably possible in the near term and may result in changes to recorded amounts. With the exception of those obligations assumed in the acquisition of Allied, environmental obligations are recorded on an undiscounted basis. Environmental obligations assumed in the acquisition of Allied, which were initially estimated on a discounted basis, are accreted to full value over time through charges to interest expense. Adjustments arising from changes in amounts and timing of estimated costs and settlements may result in increases or decreases in these obligations and are calculated on a discounted basis as they were initially estimated on a discounted basis. These adjustments are charged to operating income when they are known. We perform a comprehensive review of our environmental obligations annually and also review changes in facts and circumstances associated with these obligations at least quarterly. We have not reduced the liabilities we have recorded for recoveries from other potentially responsible parties or insurance companies.

Residual risks:

- We cannot determine with precision the ultimate amounts of our environmental remediation liabilities. Our estimates of these liabilities require assumptions about uncertain future events. Thus, our estimates could change substantially as additional information becomes available regarding the nature or extent of contamination, the required remediation methods, timing of expenditures, the final apportionment of responsibility among the potentially responsible parties identified, the financial viability of those parties, and the actions of governmental agencies or private parties with interests in the matter. The actual environmental costs may exceed our current and future accruals for these costs, and any adjustments could be material.
- Actual amounts could differ from the estimated liabilities as a result of changes in estimated future litigation costs to pursue the matter to ultimate resolution.
- An unanticipated environmental liability that arises could result in a material charge to our consolidated statement of income.

Insurance Reserves and Related Costs

Our insurance policies for workers' compensation, commercial general liability, commercial auto liability and environmental liability are high deductible, or retention programs. The deductibles, or retentions, range from \$3 million to \$7.5 million. The employee-related health benefits are also subject to a high deductible insurance policy. Accruals for deductibles or retentions are based on claims filed and actuarial estimates of claims development and claims incurred but not reported.

Residual risks:

- Incident rates, including frequency and severity, and other actuarial assumptions could change causing our current and future actuarially determined obligations to change, which would be reflected in our consolidated statement of income in the period in which such adjustment is known.
- Recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments would be reflected in the consolidated statements of income in the periods in which such adjustments are known.
- The settlement costs to discharge our obligations, including legal and health care costs, could increase or decrease causing current estimates of our insurance reserves to change.

Loss Contingencies

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. We determine whether to disclose material loss contingencies or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. We analyze our litigation and regulatory matters based on available information to assess the potential liabilities. Management develops its assessment based on an analysis of possible outcomes under various strategies. We record and disclose loss contingencies pursuant to the applicable accounting guidance for such matter.

We record losses related to contingencies in cost of operations or selling, general and administrative expenses, depending on the nature of the underlying transaction leading to the loss contingency.

Residual risks:

- Actual costs may vary from our estimates for a variety of reasons, including differing interpretations of laws, opinions on culpability and assessments of the amount of damages.
- Loss contingency assumptions involve judgments that are inherently subjective and generally involve matters that are by their nature complex and unpredictable. If a loss contingency results in an adverse judgment or is settled for a significant amount, it could have a material adverse effect on our consolidated financial position, results of operations and cash flows in the period in which such judgment or settlement occurs.
- New claims may be asserted that are not included in our loss contingencies.

Asset Impairment

Valuation methodology. We evaluate our long-lived assets (other than goodwill) for impairment whenever events or changes in circumstances indicate the carrying amount of the asset or asset group may not be recoverable based on projected cash flows anticipated to be generated from the ongoing operation of those assets or we intend to sell or otherwise dispose of the assets.

Residual risk:

- If events or changes in circumstances occur, including reductions in anticipated cash flows generated by our operations or determinations to divest assets, certain assets could be impaired, which would result in a non-cash charge to earnings.

Evaluation criteria. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Examples of such events could include a significant adverse change in the extent or manner in which we use a long-lived asset, a change in its physical condition, or new circumstances that could cause an expectation that it is more likely than not that we would sell or otherwise dispose of a long-lived asset significantly before the end of its previously estimated useful life.

Residual risk:

- Our most significant asset impairment exposure, other than goodwill (which is discussed below), relates to our landfills. A significant reduction in our estimated disposal capacity as a result of unanticipated events such as regulatory developments, revocation of an existing permit or denial of an expansion permit, or changes in our assumptions used to calculate disposal capacity, could trigger an impairment charge.

Recognition criteria. If such circumstances arise, we recognize impairment for the difference between the carrying amount and fair value of the asset if the net book value of the asset exceeds the sum of the estimated undiscounted cash flows expected to result from its use and eventual disposition. We generally use the present value of the expected cash flows from that asset to determine fair value.

Goodwill Recoverability

We have historically evaluated goodwill for impairment annually, or when an indicator of impairment exists. During 2015 we changed the date of our annual goodwill impairment assessment for our reporting units to October 1st. This voluntary change in the annual goodwill testing date is a change in accounting principle, which we believe is preferable as it better aligns the timing of the assessment with our planning and forecasting process and also provides additional time to complete our annual assessment in advance of our year-end reporting. This change in assessment date was applied prospectively and did not delay, accelerate or avoid a potential impairment charge.

We test goodwill for impairment using a two-step process. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. The first step compares the fair value of a reporting unit with its carrying amount, including goodwill.

During 2016, we managed and evaluated our operations through two field groups: Group 1 and Group 2. In determining fair value, we primarily use discounted future cash flows and operating results based on a comparative multiple of earnings or revenues.

Significant estimates used in our fair value calculation using discounted future cash flows include: (1) estimates of future revenue and expense growth by reporting unit, which we estimate to range from 3% to 5%; (2) future estimated effective tax rates, which we estimate to be 40%; (3) future estimated capital expenditures as well as future required investments in working capital; (4) estimated discount rates, which we estimate to range between 7% and 8%; and (5) the future terminal value of the reporting unit, which is based on its ability to exist into perpetuity. Significant estimates used in the fair value calculation using market value multiples include: (a) estimated future growth potential of the reporting unit; (b) estimated multiples of revenue or earnings a willing buyer is likely to pay; and (c) the estimated control premium a willing buyer is likely to pay.

In addition, we evaluate a reporting unit for impairment if events or circumstances change between annual tests, indicating a possible impairment. Examples of such events or circumstances include: (1) a significant adverse change in legal factors or in the business climate; (2) an adverse action or assessment by a regulator; (3) a more likely than not expectation that a reporting unit or a significant portion thereof will be sold; (4) continued or sustained losses at a reporting unit; (5) a significant decline in our market capitalization as compared to our book value; or (6) the testing for recoverability of a significant asset group within the reporting unit.

We assign assets and liabilities from our corporate operating segment to our three reporting units to the extent that such assets or liabilities relate to the cash flows of the reporting unit and would be included in determining the reporting unit's fair value.

In preparing our annual test for impairment as of October 1, 2016, we determined that our indicated fair value of total invested capital exceeded our total market capitalization. We believe one of the primary reconciling differences between the indicated fair value of total invested capital and our total market capitalization is due to a control premium. We believe the control premium represents the value a market participant could extract as savings and/or synergies by obtaining control.

As of October 1, 2016, we determined that the indicated fair value of our reporting units exceeded their carrying value by approximately 80% on average and, therefore, we noted no indicators of impairment at our reporting units.

Our operating segments, which also represent our reporting units, are comprised of several vertically integrated businesses. When an individual business within an integrated operating segment is divested, goodwill is allocated to that business based on its fair value relative to the fair value of its operating segment.

Residual risks:

- Future events could cause us to conclude that impairment indicators exist and that goodwill associated with acquired businesses is impaired.
- The valuation of identifiable goodwill requires significant estimates and judgment about future performance, cash flows and fair value. Our future results could be affected if these current estimates of future performance and fair value change. For example, a reduction in long-term growth assumptions could reduce the estimated fair value of the operating segments to below their carrying values, which could trigger an impairment charge. Similarly, an increase in our discount rate could trigger an impairment charge. Any resulting impairment charge could have a material adverse effect on our financial condition and results of operations.

Income Taxes

Our income tax expense, deferred taxes and liabilities for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to U.S. federal income taxes and to the income taxes of numerous states and Puerto Rico. Significant judgments and estimates are required in determining the combined income tax expense.

Deferred income taxes arise from temporary differences between the financial reporting and income tax bases of assets (other than non-deductible goodwill) and liabilities, which will result in taxable or deductible amounts in the future. Deferred tax

assets and liabilities are measured using the income tax rate in effect during the year in which the differences are expected to reverse.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making this determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses. In the event we determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we will make an adjustment to the valuation allowance which would reduce our provision for income taxes.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions. Regarding the accounting for uncertainty in income taxes recognized in the financial statements, we record unrecognized tax benefits as liabilities in accordance with ASC 740 when it is not more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. We recognize interest and penalties related to uncertain tax positions within the provision for income taxes in our consolidated statements of income. Accrued interest and penalties are included within other accrued liabilities, deferred income taxes and other long-term tax liabilities in our consolidated balance sheets. We adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

We consider the earnings from our Puerto Rican subsidiaries to be indefinitely invested outside the United States on the basis that the earnings from our Puerto Rican subsidiaries are reinvested in operating our Puerto Rican subsidiaries. We have not recorded a deferred tax liability related to the U.S. federal and state income taxes and Puerto Rican withholding taxes on approximately \$48 million of undistributed earnings from our Puerto Rican subsidiaries indefinitely invested outside the United States. If we decide to repatriate the Puerto Rican earnings, we would need to adjust our income tax provision in the period we determined that the earnings will no longer be indefinitely invested outside the United States.

Residual risks:

- Income tax assets and liabilities established in purchase accounting for acquisitions are based on assumptions that could differ from the ultimate outcome of the tax matters. Such adjustments would be charged or credited to earnings, unless they meet certain remeasurement criteria and are allowed to be adjusted to goodwill.
- Changes in the estimated realizability of deferred tax assets could result in adjustments to our provision for income taxes.
- Valuation allowances for deferred tax assets and the realizability of net operating loss carryforwards for tax purposes are based on our judgment. If our judgments and estimates concerning valuation allowances and the realizability of net operating loss carryforwards are incorrect, our provision for income taxes would change.
- We are regularly under examination or administrative review by various taxing authorities. The Internal Revenue Code, state tax laws and income tax regulations are a complex set of rules that we must interpret and apply. Positions taken in tax years under examination or subsequent years are subject to challenge. Accordingly, we may have exposure for additional tax liabilities arising from these audits if any positions taken by us or by companies we have acquired are disallowed by the taxing authorities.
- We adjust our liabilities for uncertain tax positions when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, their ultimate resolution may result in payments that are materially different from our current estimates of the tax liabilities. These differences will be reflected as increases or decreases to our provision for income taxes in the period in which they are determined.

Defined Benefit Pension Plans

We currently have one qualified defined benefit pension plan, the BFI Retirement Plan (the Plan). The Plan covers certain employees in the United States, including some employees subject to collective bargaining agreements. The benefits of all current plan participants are frozen.

Our pension contributions are made in accordance with funding standards established by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code, as amended by the Pension Protection Act of 2006.

The Plan's assets are invested as determined by our Employee Benefits Committee. As of December 31, 2016, the plan assets were invested in fixed income funds, equity funds and cash. The Employee Benefits Committee annually reviews and adjusts the plan's asset allocation as deemed necessary. As of December 31, 2016 and 2015, the Plan was overfunded by \$6.2 million and underfunded by \$5.4 million, respectively.

Residual risk:

- Changes in the plan's investment mix and performance of the equity and bond markets and fund managers could impact the amount of pension income or expense recorded, the funded status of the plan and the need for future cash contributions.

Assumptions. The benefit obligation and associated income or expense related to the Plan are determined based on assumptions concerning items such as discount rates, mortality rates, expected rates of return and average rates of compensation increases. Our assumptions are reviewed annually and adjusted as deemed necessary.

We determine the discount rate based on a model that matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the Plan measurement date. Where that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yield on the bonds is used to derive a discount rate for the liability. If the discount rate were to increase by 1%, our benefit obligation would decrease by approximately \$21 million. If the discount rate were to decrease by 1%, our benefit obligation would increase by approximately \$25 million.

In developing our expected rate of return assumption, we evaluate long-term expected and historical returns on the Plan assets, giving consideration to our asset mix and the anticipated duration of the Plan obligations. The average rate of compensation increase reflects our expectations of average pay increases over the periods benefits are earned. There are no participants in the Plan that continue to earn service benefits.

Residual risks:

- Our assumed discount rate is sensitive to changes in market-based interest rates. A decrease in the discount rate will increase our related benefit plan obligation.
- Our annual pension expense would be impacted if the actual return on plan assets were to vary from the expected return.

New Accounting Standards

For a description of new accounting standards that may affect us, see Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements in Item 8 of this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our major market risk exposure of our financial instruments is changing interest rates in the United States and fluctuations in LIBOR. We intend to manage interest rate risk through the use of a combination of fixed and floating rate debt. The carrying value of our variable rate debt approximates fair value because interest rates are variable and, accordingly, approximates current market rates for instruments with similar risk and maturities. The fair value of our debt is determined as of the balance sheet date and is subject to change. The table below provides information about certain of our market-sensitive financial instruments and constitutes a "forward-looking statement."

	Expected Maturity Date							Fair Value as of December 31, 2016
	2017	2018	2019	2020	2021	Thereafter	Total	
Fixed rate debt:								
Amount outstanding (in millions)	\$ 5.1	\$ 705.7	\$ 654.9	\$ 855.1	\$ 640.5	\$ 3,709.9	\$ 6,571.2	\$ 7,206.4
Average interest rates	7.2%	3.8%	5.5%	5.0%	5.5%	4.5%	4.7%	
Variable rate debt:								
Amount outstanding (in millions)	\$ —	\$ —	\$ 175.0	\$ 71.2	\$ 197.0	\$ 734.1	\$ 1,177.3	\$ 1,177.3
Average interest rates	—%	—%	0.2%	1.0%	0.6%	0.9%	0.8%	

The fixed and variable rate debt amounts above exclude the remaining non-cash discounts, premiums and adjustments to fair value totaling \$89.6 million. Additionally, during the second half of 2013, we entered into various interest rate swap agreements relative to our 4.750% fixed rate senior notes due in May 2023. The goal was to reduce overall borrowing costs and rebalance our debt portfolio's ratio of fixed to floating interest rates. These swap agreements, which were designated as fair value hedges, have a total notional value of \$300.0 million as of December 31, 2016. Our interest rate swap contracts have been authorized pursuant to our policies and procedures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives.

During 2016, we also entered into a number of interest rate lock agreements having an aggregate notional amount of \$525.0 million with fixed interest rates ranging from 1.900% to 2.280% to manage exposure to fluctuations in interest rates in anticipation of a planned future issuance of senior notes. Upon the expected issuance of senior notes, we will terminate the interest rate locks and settle with our counterparties.

As of December 31, 2016, we had \$1,177.3 million of floating rate debt and \$300.0 million of floating interest rate swap contracts. If interest rates increased or decreased by 100 basis points on our variable rate debt, annualized interest expense and net cash payments for interest would increase or decrease by approximately \$15 million. This analysis does not reflect the effect that interest rates would have on other items, such as new borrowings and the impact on the economy. See Note 9, *Debt*, of the notes to our consolidated financial statements in Item 8 of this Form 10-K for further information regarding how we manage interest rate risk.

Fuel Price Risk

Fuel costs represent a significant operating expense. When economically practical, we may enter into new fuel hedges, renew contracts, or engage in other strategies to mitigate market risk. Where appropriate, we have implemented a fuel recovery fee that is designed to recover our fuel costs. While we charge fuel recovery fees to a majority of our customers, we are unable to charge such fees to all customers.

At current consumption levels, we believe a twenty-cent per gallon change in the price of diesel fuel changes our fuel costs by approximately \$25 million per year. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, we believe a twenty-cent per gallon change in the price of diesel fuel changes our fuel recovery fee by approximately \$25 million per year.

Our operations also require the use of certain petrochemical-based products (such as liners at our landfills) whose costs may vary with the price of petrochemicals. An increase in the price of petrochemicals could increase the cost of those products, which would increase our operating and capital costs. We also are susceptible to increases in indirect fuel recovery fees from our vendors.

Our fuel costs were \$317.0 million in 2016, or 3.4% of revenue, compared to \$362.4 million in 2015, or 4.0% of revenue, and \$500.0 million in 2014, or 5.7% of revenue.

For additional discussion and detail of our fuel hedges, see Note 16, *Financial Instruments*, to our consolidated financial statements in Item 8 of this Form 10-K.

Commodities Prices

We market recycled products such as old corrugated containers and old newsprint from our recycling centers. Market demand for recycled commodities causes volatility in commodity prices. At current volumes and mix of materials, we believe a \$10 per

ton change in the price of recycled commodities will change annual revenue and operating income by approximately \$27 million and \$18 million, respectively.

Revenue from sales of these products in 2016, 2015 and 2014 was \$420.4 million, \$372.0 million and \$405.8 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

<u>Report of Independent Registered Public Accounting Firm</u>	<u>65</u>
<u>Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting</u>	<u>66</u>
<u>Consolidated Balance Sheets as of December 31, 2016 and 2015</u>	<u>67</u>
<u>Consolidated Statements of Income for Each of the Three Years in the Period Ended December 31, 2016</u>	<u>68</u>
<u>Consolidated Statements of Comprehensive Income for Each of the Three Years in the Period Ended December 31, 2016</u>	<u>69</u>
<u>Consolidated Statement of Stockholders' Equity for Each of the Three Years in the Period Ended December 31, 2016</u>	<u>70</u>
<u>Consolidated Statements of Cash Flows for Each of the Three Years in the Period Ended December 31, 2016</u>	<u>71</u>
<u>Notes to Consolidated Financial Statements</u>	<u>72</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Republic Services, Inc.:

We have audited the accompanying consolidated balance sheets of Republic Services, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of Republic Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Republic Services, Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Republic Services, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 16, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Phoenix, Arizona
February 16, 2017

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Board of Directors and Stockholders of Republic Services, Inc.:

We have audited Republic Services, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Republic Services, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Republic Services, Inc.'s Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Republic Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Republic Services, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2016 of Republic Services, Inc. and our report dated February 16, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Phoenix, Arizona
February 16, 2017

REPUBLIC SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)

	December 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 67.8	\$ 32.4
Accounts receivable, less allowance for doubtful accounts and other of \$44.0 and \$46.7, respectively	994.8	962.9
Prepaid expenses and other current assets	221.9	235.0
Total current assets	1,284.5	1,230.3
Restricted cash and marketable securities	90.5	100.3
Property and equipment, net	7,588.6	7,552.8
Goodwill	11,163.2	11,145.5
Other intangible assets, net	182.3	246.4
Other assets	320.5	260.6
Total assets	\$ 20,629.6	\$ 20,535.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 553.8	\$ 577.4
Notes payable and current maturities of long-term debt	5.8	5.5
Deferred revenue	312.9	313.9
Accrued landfill and environmental costs, current portion	142.7	149.8
Accrued interest	71.8	71.6
Other accrued liabilities	725.0	716.6
Total current liabilities	1,812.0	1,834.8
Long-term debt, net of current maturities	7,653.1	7,527.4
Accrued landfill and environmental costs, net of current portion	1,684.8	1,677.9
Deferred income taxes and other long-term tax liabilities, net	1,210.2	1,131.8
Insurance reserves, net of current portion	274.6	278.1
Other long-term liabilities	301.2	309.3
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share; 50 shares authorized; none issued	—	—
Common stock, par value \$0.01 per share; 750 shares authorized; 348.2 and 346.0 issued including shares held in treasury, respectively	3.5	3.5
Additional paid-in capital	4,764.5	4,677.7
Retained earnings	3,324.0	3,138.3
Treasury stock, at cost (8.8 and 0.4 shares, respectively)	(414.9)	(14.9)
Accumulated other comprehensive income (loss), net of tax	14.2	(30.5)
Total Republic Services, Inc. stockholders' equity	7,691.3	7,774.1
Noncontrolling interests in consolidated subsidiary	2.4	2.5
Total stockholders' equity	7,693.7	7,776.6
Total liabilities and stockholders' equity	\$ 20,629.6	\$ 20,535.9

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share data)

	Years Ended December 31,		
	2016	2015	2014
Revenue	\$ 9,387.7	\$ 9,115.0	\$ 8,803.3
Expenses:			
Cost of operations	5,764.0	5,518.6	5,643.1
Depreciation, amortization and depletion	991.1	970.6	906.9
Accretion	79.1	79.4	78.0
Selling, general and administrative	969.8	983.1	918.9
Withdrawal costs - multiemployer pension funds	5.6	4.5	1.5
(Gain) loss on disposition of assets and impairments, net	(0.1)	—	20.0
Restructuring charges	40.7	—	1.8
Operating income	1,537.5	1,558.8	1,233.1
Interest expense	(371.3)	(364.9)	(348.7)
Loss on extinguishment of debt	(196.2)	—	(1.4)
Interest income	0.9	0.8	0.6
Loss from unconsolidated equity method investment	(6.1)	—	—
Other income, net	1.1	1.2	1.7
Income before income taxes	965.9	1,195.9	885.3
Provision for income taxes	352.7	445.5	337.4
Net income	613.2	750.4	547.9
Net income attributable to noncontrolling interests in consolidated subsidiary	(0.6)	(0.5)	(0.3)
Net income attributable to Republic Services, Inc.	\$ 612.6	\$ 749.9	\$ 547.6
Basic earnings per share attributable to Republic Services, Inc. stockholders:			
Basic earnings per share	\$ 1.79	\$ 2.14	\$ 1.54
Weighted average common shares outstanding	343.0	350.0	356.7
Diluted earnings per share attributable to Republic Services, Inc. stockholders:			
Diluted earnings per share	\$ 1.78	\$ 2.13	\$ 1.53
Weighted average common and common equivalent shares outstanding	344.4	351.4	358.1
Cash dividends per common share	\$ 1.24	\$ 1.16	\$ 1.08

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Years Ended December 31,		
	2016	2015	2014
Net income	\$ 613.2	\$ 750.4	\$ 547.9
Other comprehensive income (loss), net of tax			
Hedging activity:			
Settlements	(20.6)	(16.4)	0.3
Realized loss reclassified into earnings	26.5	18.7	1.2
Unrealized gain (loss)	32.4	(2.0)	(24.1)
Pension activity:			
Change in funded status of pension plan obligations	6.4	(1.9)	(9.3)
Other comprehensive income (loss), net of tax	44.7	(1.6)	(31.9)
Comprehensive income	657.9	748.8	516.0
Comprehensive income attributable to noncontrolling interests in consolidated subsidiary	(0.6)	(0.5)	(0.3)
Comprehensive income attributable to Republic Services, Inc.	\$ 657.3	\$ 748.3	\$ 515.7

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in millions)

Republic Services, Inc. Stockholders' Equity									
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive (Loss) Income, Net of Tax	Noncontrolling Interests In Consolidated Subsidiary	Total
	Shares	Amount			Shares	Amount			
Balance as of December 31, 2013	411.0	\$ 4.1	\$ 6,764.9	\$ 2,632.7	(50.6)	\$(1,501.2)	\$ 3.0	\$ 2.6	\$ 7,906.1
Net income	—	—	—	547.6	—	—	—	0.3	547.9
Change in the value of derivative instruments, net of tax of \$15.1	—	—	—	—	—	—	(22.6)	—	(22.6)
Employee benefit plan liability adjustments, net of tax of \$6.3	—	—	—	—	—	—	(9.3)	—	(9.3)
Cash dividends declared	—	—	—	(383.6)	—	—	—	—	(383.6)
Issuances of common stock	3.4	—	92.9	—	—	—	—	—	92.9
Stock-based compensation	—	—	19.1	(1.7)	—	—	—	—	17.4
Purchase of common stock for treasury	—	—	—	—	(11.1)	(400.6)	—	—	(400.6)
Distributions paid	—	—	—	—	—	—	—	(0.4)	(0.4)
Balance as of December 31, 2014	414.4	4.1	6,876.9	2,795.0	(61.7)	(1,901.8)	(28.9)	2.5	7,747.8
Net income	—	—	—	749.9	—	—	—	0.5	750.4
Change in the value of derivative instruments, net of tax of \$0.6	—	—	—	—	—	—	0.3	—	0.3
Employee benefit plan liability adjustments, net of tax of \$1.2	—	—	—	—	—	—	(1.9)	—	(1.9)
Cash dividends declared	—	—	—	(404.3)	—	—	—	—	(404.3)
Issuances of common stock	2.8	—	74.3	—	—	—	—	—	74.3
Stock-based compensation	—	—	21.2	(2.3)	—	—	—	—	18.9
Purchase of common stock for treasury	—	—	—	—	(9.9)	(408.4)	—	—	(408.4)
Shares returned to unissued status	(71.2)	(0.6)	(2,294.7)	—	71.2	2,295.3	—	—	—
Distributions paid	—	—	—	—	—	—	—	(0.5)	(0.5)
Balance as of December 31, 2015	346.0	3.5	4,677.7	3,138.3	(0.4)	(14.9)	(30.5)	2.5	7,776.6
Net income	—	—	—	612.6	—	—	—	0.6	613.2
Change in the value of derivative instruments, net of tax of \$22.4	—	—	—	—	—	—	38.3	—	38.3
Employee benefit plan liability adjustments, net of tax of \$4.1	—	—	—	—	—	—	6.4	—	6.4
Cash dividends declared	—	—	—	(423.8)	—	—	—	—	(423.8)
Issuances of common stock	2.2	—	60.5	—	—	—	—	—	60.5
Stock-based compensation	—	—	26.3	(3.1)	—	—	—	—	23.2
Purchase of common stock for treasury	—	—	—	—	(8.4)	(400.0)	—	—	(400.0)
Shares returned to unissued status	—	—	—	—	—	—	—	—	—
Distributions paid	—	—	—	—	—	—	—	(0.7)	(0.7)
Balance as of December 31, 2016	348.2	\$ 3.5	\$ 4,764.5	\$ 3,324.0	(8.8)	\$(414.9)	\$ 14.2	\$ 2.4	\$ 7,693.7

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,		
	2016	2015	2014
Cash provided by operating activities:			
Net income	\$ 613.2	\$ 750.4	\$ 547.9
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation, amortization, depletion and accretion	1,070.2	1,050.0	984.9
Non-cash interest expense	53.4	47.1	44.8
Restructuring related charges	40.7	—	1.8
Stock-based compensation	23.2	18.9	17.4
Deferred tax provision (benefit)	47.2	116.7	(9.0)
Provision for doubtful accounts, net of adjustments	20.4	22.7	22.6
Loss on extinguishment of debt	196.2	—	1.4
Gain on disposition of assets, net and asset impairments	(4.6)	(1.6)	(14.7)
Withdrawal liability - multiemployer pension funds	5.6	4.5	—
Environmental adjustments	2.0	(1.6)	233.2
Loss from unconsolidated equity method investment	6.1	—	—
Excess income tax benefit from stock-based compensation activity and other non-cash items	(20.6)	(10.7)	(4.9)
Change in assets and liabilities, net of effects from business acquisitions and divestitures:			
Accounts receivable	(52.3)	(15.7)	(54.3)
Prepaid expenses and other assets	(1.1)	(8.7)	(41.3)
Accounts payable	(9.8)	35.6	3.3
Restructuring expenditures	(32.5)	—	(1.3)
Capping, closure and post-closure expenditures	(77.4)	(88.4)	(54.6)
Remediation expenditures	(66.8)	(80.0)	(99.4)
Withdrawal expenditures - multiemployer pension funds	—	(153.5)	(15.9)
Other liabilities	34.7	(6.0)	(32.1)
Cash provided by operating activities	1,847.8	1,679.7	1,529.8
Cash used in investing activities:			
Purchases of property and equipment	(927.8)	(945.6)	(862.5)
Proceeds from sales of property and equipment	9.8	21.2	35.7
Cash used in business acquisitions and investments, net of cash acquired	(62.4)	(572.7)	(195.7)
Cash proceeds from business divestitures, net of cash divested	15.0	—	—
Change in restricted cash and marketable securities	5.2	15.3	70.8
Other	(1.0)	(1.0)	(8.1)
Cash used in investing activities	(961.2)	(1,482.8)	(959.8)
Cash used in financing activities:			
Proceeds from notes payable and long-term debt	3,911.4	918.4	1,383.3
Proceeds from issuance of senior notes, net of discount	498.9	497.9	—
Payments of notes payable and long-term debt	(4,307.1)	(915.7)	(1,398.4)
Premiums paid on extinguishment of debt	(176.9)	—	—
Fees paid to retire and issue senior notes and retire certain hedging relationships	(9.5)	(3.2)	(4.0)
Issuances of common stock	49.7	65.9	88.6
Excess income tax benefit from stock-based compensation activity	10.8	8.5	4.3
Purchases of common stock for treasury	(403.8)	(404.7)	(400.6)
Cash dividends paid	(418.9)	(399.3)	(378.6)
Distributions paid to noncontrolling interests in consolidated subsidiary	(0.7)	(0.5)	(0.4)
Other	(5.1)	(7.0)	(2.3)
Cash used in financing activities	(851.2)	(239.7)	(708.1)
Increase (decrease) in cash and cash equivalents	35.4	(42.8)	(138.1)
Cash and cash equivalents at beginning of year	32.4	75.2	213.3
Cash and cash equivalents at end of year	\$ 67.8	\$ 32.4	\$ 75.2

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Republic Services, Inc., a Delaware corporation, and its consolidated subsidiaries (also referred to collectively as Republic, the Company, we, us, or our), is the second largest provider of non-hazardous solid waste collection, transfer, recycling, disposal and energy services in the United States, as measured by revenue. During 2016, we managed and evaluated our operations through two field groups, Group 1 and Group 2, that we have identified as our reportable segments.

The consolidated financial statements include the accounts of Republic and its wholly owned and majority owned subsidiaries in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We account for investments in entities in which we do not have a controlling financial interest under either the equity method or cost method of accounting, as appropriate. All material intercompany accounts and transactions have been eliminated in consolidation.

For comparative purposes, certain prior year amounts have been reclassified to conform to the current year presentation. All dollar amounts in tabular presentations are in millions, except per share amounts and unless otherwise noted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's Estimates and Assumptions

In preparing our financial statements, we make numerous estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. We must make these estimates and assumptions because certain information we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. In preparing our financial statements, the more critical and subjective areas that deal with the greatest amount of uncertainty relate to our accounting for our long-lived assets, including recoverability, landfill development costs, and final capping, closure and post-closure costs; our valuation allowances for accounts receivable and deferred tax assets; our liabilities for potential litigation, claims and assessments; our liabilities for environmental remediation, multiemployer pension plans, employee benefit plans, deferred taxes, uncertain tax positions, and insurance reserves; and our estimates of the fair values of assets acquired and liabilities assumed in any acquisition. Each of these items is discussed in more detail elsewhere in these Notes to Consolidated Financial Statements. Our actual results may differ significantly from our estimates.

Cash and Cash Equivalents

We consider liquid investments with a maturity at the date of acquisition of three months or less to be cash equivalents.

We may have net book credit balances in our primary disbursement accounts at the end of a reporting period. We classify such credit balances as accounts payable in our consolidated balance sheets as checks presented for payment to these accounts are not payable by our banks under overdraft arrangements, and, therefore, do not represent short-term borrowings. As of December 31, 2016 and 2015, there were net book credit balances of \$67.9 million and \$84.4 million, respectively, in our primary disbursement accounts that were classified as accounts payable on our consolidated balance sheets.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, trade accounts receivable and derivative instruments. We place our cash and cash equivalents with high quality financial institutions. Such balances may be in excess of FDIC insured limits. To manage the related credit exposure, we continually monitor the credit worthiness of the financial institutions where we have deposits. Concentrations of credit risk with respect to trade accounts receivable are limited due to the wide variety of customers and markets in which we provide services, as well as the dispersion of our operations across many geographic areas. We provide services to small-container commercial, large-container industrial, municipal and residential customers in the United States and Puerto Rico. We perform ongoing credit evaluations of our customers, but generally do not require collateral to support customer receivables. We establish an allowance for doubtful accounts based on various factors including the credit risk of specific customers, age of receivables outstanding, historical trends, economic conditions and other information.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Accounts Receivable, Net

Accounts receivable represent receivables from customers for collection, transfer, recycling, disposal, energy services and other services. Our receivables are recorded when billed or when the related revenue is earned, if earlier, and represent claims against third parties that will be settled in cash. The carrying value of our receivables, net of the allowance for doubtful accounts and customer credits, represents their estimated net realizable value. Provisions for doubtful accounts are evaluated on a monthly basis and are recorded based on our historical collection experience, the age of the receivables, specific customer information and economic conditions. We also review outstanding balances on an account-specific basis. In general, reserves are provided for accounts receivable in excess of 90 days outstanding. Past due receivable balances are written-off when our collection efforts have been unsuccessful in collecting amounts due.

The following table reflects the activity in our allowance for doubtful accounts for the years ended December 31:

	2016	2015	2014
Balance at beginning of year	\$ 46.7	\$ 38.9	\$ 38.3
Additions charged to expense	20.4	22.7	22.6
Accounts written-off	(23.1)	(14.9)	(22.0)
Balance at end of year	<u>\$ 44.0</u>	<u>\$ 46.7</u>	<u>\$ 38.9</u>

Restricted Cash and Marketable Securities

As of December 31, 2016, we had \$90.5 million of restricted cash and marketable securities of which \$62.6 million supports our insurance programs for workers' compensation, commercial general liability, and commercial auto liability. Additionally, we obtain funds through the issuance of tax-exempt bonds for the purpose of financing qualifying expenditures at our landfills, transfer stations, collection and recycling centers. The funds are deposited directly into trust accounts by the bonding authorities at the time of issuance. As the use of these funds is contractually restricted, and we do not have the ability to use these funds for general operating purposes, they are classified as restricted cash and marketable securities in our consolidated balance sheets.

In the normal course of business, we may be required to provide financial assurance to governmental agencies and a variety of other entities in connection with municipal residential collection contracts, closure or post-closure of landfills, environmental remediation, environmental permits, and business licenses and permits as a financial guarantee of our performance. At several of our landfills, we satisfy financial assurance requirements by depositing cash into restricted trust funds or escrow accounts.

Property and Equipment

We record property and equipment at cost. Expenditures for major additions and improvements to facilities are capitalized, while maintenance and repairs are charged to expense as incurred. When property is retired or otherwise disposed, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of income.

We revise the estimated useful lives of property and equipment acquired through business acquisitions to conform with our policies. We depreciate assets over their estimated useful lives using the straight-line method. We assume no salvage value for our depreciable property and equipment. The estimated useful lives of our property and equipment are as follows:

Buildings and improvements	7 - 40 years
Vehicles	5 - 12 years
Landfill equipment	5 - 7 years
Other equipment	3 - 20 years
Furniture and fixtures	10 years

Landfill development costs also are included in property and equipment. Landfill development costs include direct costs incurred to obtain landfill permits and direct costs incurred to acquire, construct and develop sites, as well as final capping, closure and post-closure assets. These costs are amortized or depleted based on consumed airspace. All indirect landfill development costs are expensed as incurred. For additional information, see Note 8, *Landfill and Environmental Costs*.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Capitalized Interest

We capitalize interest on landfill cell construction and other construction or development projects if they meet the following criteria:

- Total construction costs are \$50,000 or greater;
- The construction phase is one month or longer; and
- The assets have a useful life of one year or longer.

Interest is capitalized on qualified assets while they undergo activities to ready them for their intended use. Capitalization of interest ceases once an asset is placed into service or if construction activity is suspended for more than a brief period of time. Our interest capitalization rate is based on our weighted average cost of indebtedness. Interest capitalized was \$6.2 million, \$6.8 million and \$6.4 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, restricted cash and marketable securities, fuel, commodity and interest rate hedges, long-term debt, and assets in our defined benefit pension plan. Accounting standards include disclosure requirements around fair values used for certain financial instruments and establish a fair value hierarchy. The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

See Note 11, *Employee Benefit Plans*, and Note 16, *Financial Instruments*, for fair value disclosures related to our defined benefit pension plan investments and financial instruments, respectively.

Investments Other Than Derivatives

Investments other than derivatives primarily include money market funds, common stock, mutual funds, real estate investment trusts, U.S. government and agency securities, municipal and corporate bonds, and foreign government bonds. In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to our Level 1 investments, such as money market funds, common stock and certain mutual funds. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then we use quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2 and consist primarily of corporate bonds, foreign government bonds, real estate investment trusts and certain agency securities.

Derivative Financial Instruments

We use derivative financial instruments to manage our risk associated with changing interest rates and changing prices for commodities we frequently purchase or sell by creating offsetting market exposures. We use interest rate swap agreements to manage risk associated with fluctuations in interest rates. We have entered into multiple agreements designated as cash flow hedges to mitigate some of our exposure to changes in diesel fuel prices and prices of certain recycling commodities.

All derivatives are measured at fair value and recognized in the balance sheet as assets or liabilities, as appropriate. For derivatives designated as cash flow hedges, changes in fair value of the effective portions of derivative instruments are reported in stockholders' equity as components of other comprehensive income until the forecasted transaction occurs or is not probable of occurring. When the forecasted transaction occurs or is not probable of occurring, the realized net gain or loss is then recognized in the consolidated statements of income. Changes in fair value of the ineffective portions of derivative instruments are recognized currently in earnings.

The fair values of our diesel fuel and recycling commodity hedges are determined using standard valuation models with assumptions about prices and other relevant information based on those observed in the underlying markets (Level 2 in the fair

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

value hierarchy). The estimated fair values of derivatives used to hedge risks fluctuate over time and should be viewed in relation to the underlying hedged transactions.

Landfill and Environmental Costs***Life Cycle Accounting***

We use life-cycle accounting and the units-of-consumption method to recognize certain landfill costs over the life of the site. In life cycle accounting, all current and future capitalized costs to acquire and construct a site are calculated, and charged to expense based on the consumption of cubic yards of available airspace.

Costs and airspace estimates are developed at least annually by engineers. We use these estimates to adjust the rates we use to deplete capitalized costs. Changes in these estimates primarily relate to changes in available airspace, inflation and applicable regulations. Changes in available airspace include, but are not limited to, changes due to the addition of airspace lying in probable expansion areas, airspace consumed and changes in engineering estimates.

Probable Expansion Airspace

We classify landfill disposal capacity as either permitted (having received the final permit from the applicable regulatory agency) or as probable expansion airspace. Before airspace included in an expansion area is determined to be probable expansion airspace and, therefore, is included in our calculation of total available disposal capacity, all of the following criteria must be met:

- We own the land associated with the expansion airspace or control it pursuant to an option agreement;
- We are committed to supporting the expansion project financially and with appropriate resources;
- There are no identified fatal flaws or impediments associated with the project, including political impediments;
- Progress is being made on the project;
- The expansion is attainable within a reasonable time frame; and
- We believe it is likely the expansion permit will be received.

Upon meeting our expansion criteria, the rates used at each applicable landfill to expense costs to acquire, construct, cap, close and maintain a site during the post-closure period are adjusted to include both the probable expansion airspace and the additional costs to be capitalized or accrued associated with that expansion airspace.

We have identified three steps that landfills generally follow to obtain expansion permits. These steps are as follows:

- Obtaining approval from local authorities;
- Submitting a permit application to state authorities; and
- Obtaining permit approval from state authorities.

We continually monitor our progress toward obtaining permits for each of our sites with probable airspace. If we determine that a landfill expansion area no longer meets our criteria, the probable expansion airspace is removed from the landfill's total available capacity and the rates used at the landfill to deplete costs to acquire, construct, cap, close and maintain a site during the post-closure period are adjusted accordingly. In addition, any amounts capitalized for the probable expansion airspace are charged to expense in the period in which it is determined that the criteria are no longer met.

Capitalized Landfill Costs

Capitalized landfill costs include expenditures for land, permitting, cell construction and environmental structures. Capitalized permitting and cell construction costs are limited to direct costs relating to these activities, including legal, engineering and construction costs associated with excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection and monitoring systems, installation of groundwater monitoring wells and other costs associated with the development of the site. Interest is capitalized on landfill construction projects while the assets are undergoing activities to ready them for their intended use. Capitalized landfill costs also include final capping, closure and post-closure assets and are depleted as airspace is consumed using the units-of-consumption method.

Costs related to acquiring land, excluding the estimated residual value of unpermitted, non-buffer land, and costs related to permitting and cell construction are depleted as airspace is consumed using the units-of-consumption method.

Capitalized landfill costs also may include an allocation of purchase price paid for landfills. For landfills purchased as part of a group of assets, the purchase price assigned to the landfill is determined based on the estimated fair value of the landfill. If the landfill meets our expansion criteria, the purchase price is further allocated between permitted airspace and expansion airspace

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

based on the respective ratios to total available airspace. Landfill purchase price is amortized using the units-of-consumption method over the total available airspace, including probable expansion airspace, where appropriate.

Final Capping, Closure and Post-Closure Costs***Final capping***

We have future obligations for final capping, closure and post-closure costs with respect to the landfills we own or operate as set forth in applicable landfill permits. The permit requirements are based on the Subtitle C and Subtitle D regulations of the Resource Conservation and Recovery Act, as implemented and applied on a state-by-state basis. We define final capping as activities required to permanently cover a portion of a landfill that has been completely filled with waste. Final capping typically includes installing flexible membrane and geosynthetic clay liners, drainage and compact soil layers, and topsoil, and is constructed over an area of the landfill where total airspace capacity has been consumed and waste disposal operations have ceased. These final capping activities occur in phases as needed throughout the operating life of a landfill as specific areas are filled to capacity and the final elevation for that specific area is reached in accordance with the provisions of the operating permit. We consider final capping events to be discrete activities that are recognized as asset retirement obligations separately from other closure and post-closure obligations. As a result, we use a separate rate per ton for recognizing the principal amount of the liability and related asset associated with each capping event. We amortize the asset recorded pursuant to this approach as waste volume related to the capacity covered by the capping event is placed into the landfill based on the consumption of cubic yards of available airspace.

Closure and post-closure

Closure and post-closure activities occur after the entire landfill ceases to accept waste and closes. These activities involve methane gas control, leachate management and groundwater monitoring, surface water monitoring and control, and other operational and maintenance activities that occur after the site ceases to accept waste. Obligations associated with monitoring and controlling methane gas migration and emissions are set forth in applicable landfill permits and these requirements are based on the provisions of the Clean Air Act. The post-closure period generally runs for 30 years after final site closure for municipal solid waste landfills and a shorter period for construction and demolition landfills and inert landfills. We recognize asset retirement obligations and the related amortization expense for closure and post-closure (excluding obligations for final capping) using the units-of-consumption method over the total remaining capacity of the landfill, including probable expansion airspace.

Estimated future expenditures

Estimates of future expenditures for final capping, closure and post-closure are developed at least annually by engineers. Management reviews these estimates and our operating and accounting personnel use them to adjust the rates used to capitalize and amortize these costs. These estimates involve projections of costs that will be incurred during the remaining life of the landfill for final capping activities, after the landfill ceases operations and during the legally required post-closure monitoring period. As of December 31, 2016, we had post-closure responsibility for 124 closed landfills.

Fair value measurements

In general, we engage third parties to perform most of our final capping, closure and post-closure activities. Accordingly, the fair value of these activities is based on quoted and actual prices paid for similar work. We also perform some of our final capping, closure and post-closure activities using internal resources. Where we expect internal resources to be used to fulfill an asset retirement obligation, we add a profit margin to the estimated cost of such services to better reflect their fair value. If we perform these services internally, the added profit margin is recognized as a component of operating income in the period the obligation is settled.

Our estimates of costs to discharge asset retirement obligations for landfills are developed in today's dollars. These costs are inflated each year to reflect a normal escalation of prices up to the year they are expected to be paid. We use a 1.8% inflation rate, which is based on the ten-year historical moving average increase of the U.S. Consumer Price Index, and is the rate used by most waste industry participants.

These estimated costs are then discounted to their present values using a credit-adjusted, risk-free interest rate. The credit-adjusted, risk-free interest rate we used for liability recognition was 3.75% and 4.75% for the years ended December 31, 2016 and 2015, respectively, which was based on the estimated all-in yield we would have needed to offer to sell thirty-year debt in the public market. However, as part of the initial application of purchase accounting, our capping, closure and post-closure obligations acquired from Allied Waste Industries, Inc. (Allied) were recorded at their fair values as of the acquisition date, and were discounted using a rate of 9.75% due to market conditions at the time of the acquisition.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Changes in assets retirement obligations

A liability for an asset retirement obligation is recognized in the period in which it is incurred and is initially measured at fair value. The offset to the liability is capitalized as part of the carrying amount of the related long-lived asset. Changes in the liabilities due to revisions to estimated future cash flows are recognized by increasing or decreasing the liabilities with the offsets adjusting the carrying amounts of the related long-lived assets, and may also require immediate adjustments to amortization expense in the consolidated statement of income. Upward revisions in the amount of undiscounted estimated cash flows used to record a liability are discounted using the credit-adjusted, risk-free interest rate in effect at the time of the change. Downward revisions in the amount of undiscounted estimated cash flows used to record a liability are discounted using the credit-adjusted, risk-free rate that existed when the original liability was recognized.

Changes in asset retirement obligations due to the passage of time are measured by recognizing accretion expense in a manner that results in a constant effective interest rate being applied to the average carrying amount of the liability. The effective interest rate used to calculate accretion expense is our credit-adjusted, risk-free interest rate in effect at the time the liabilities were recorded.

We review our calculations with respect to landfill asset retirement obligations at least annually. If there is a significant change in the facts and circumstances related to a landfill during the year, we will review our calculations for the landfill as soon as practical after the change has occurred.

Landfill operating expenses

Costs associated with daily maintenance activities and environmental compliance during the operating life of the landfill are expensed as incurred. These costs include, among other things, leachate treatment and disposal, methane gas and groundwater monitoring and systems maintenance, interim cap maintenance, costs associated with the application of daily cover materials, and the legal and administrative costs of ongoing environmental compliance.

Environmental Liabilities

We are subject to an array of laws and regulations relating to the protection of the environment, and we remediate sites in the ordinary course of our business. Under current laws and regulations, we may be responsible for environmental remediation at sites that we either own or operate, including sites that we have acquired, or sites where we have (or a company that we have acquired has) delivered waste. Our environmental remediation liabilities primarily include costs associated with remediating groundwater, surface water and soil contamination, as well as controlling and containing methane gas migration and the related legal costs. To estimate our ultimate liability at these sites, we evaluate several factors, including the nature and extent of contamination at each identified site, the required remediation methods, timing of expenditures, the apportionment of responsibility among the potentially responsible parties and the financial viability of those parties. We accrue for costs associated with environmental remediation obligations when such costs are probable and reasonably estimable in accordance with accounting for loss contingencies. We periodically review the status of all environmental matters and update our estimates of the likelihood of and future expenditures for remediation as necessary. Changes in the liabilities resulting from these reviews are recognized currently in earnings in the period in which the adjustment is known. Adjustments to estimates are reasonably possible in the near term and may result in changes to recorded amounts. With the exception of those obligations assumed in the acquisition of Allied, environmental obligations are recorded on an undiscounted basis. Environmental obligations assumed in the acquisition of Allied, which were initially estimated on a discounted basis, are accreted to full value over time through charges to interest expense. Adjustments arising from changes in amounts and timing of estimated costs and settlements may result in increases or decreases in these obligations and are calculated on a discounted basis as they were initially estimated on a discounted basis. These adjustments are charged to operating income when they are known. We perform a comprehensive review of our environmental obligations annually and also review changes in facts and circumstances associated with these obligations at least quarterly. We have not reduced the liabilities we have recorded for recoveries from other potentially responsible parties or insurance companies.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Business Combinations

We acquire businesses in the waste industry, including non-hazardous waste collection, transfer, recycling, disposal and energy services operations, as part of our growth strategy. Businesses are included in the consolidated financial statements from the date of acquisition.

We recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition-date fair values. We measure and recognize goodwill as of the acquisition date as the excess of: (1) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of our previously held equity interest in the acquiree (if any), over (2) the fair value of assets acquired and liabilities assumed. If information about facts and circumstances existing as of the acquisition date is incomplete by the end of the reporting period in which a business combination occurs, we report provisional amounts for the items for which the accounting is incomplete. The measurement or allocation period ends once we receive the information we are seeking; however, this period will generally not exceed one year from the acquisition date. Any material adjustments recognized during the measurement period will be reflected retrospectively in the consolidated financial statements of the subsequent period. We recognize third-party transaction related costs as expense currently in the period in which they are incurred.

Goodwill and Other Intangible Assets

We have historically evaluated goodwill for impairment annually as of December 31, or when an indicator of impairment exists. During 2015 we changed the date of our annual goodwill impairment assessment for our reporting units to October 1st. This voluntary change in the annual goodwill testing date is a change in accounting principle, which we believe is preferable as it better aligns the timing of the assessment with our planning and forecasting process and also provides additional time to complete our annual assessment in advance of our year-end reporting. This change in assessment date was applied prospectively and did not delay, accelerate or avoid a potential impairment charge.

In January 2016, we realigned our field support functions by combining our three regions into two field groups, consolidating our areas and streamlining select operational support roles at our Phoenix headquarters. Following our restructuring, our senior management now evaluates, oversees and manages the financial performance of our operations through two field groups, referred to as Group 1 and Group 2. We determined that our 2016 reportable segments are Group 1 and Group 2 and that our 2016 reporting units are our reportable segments. We allocated goodwill to the new reporting units and considered the implications of our restructuring on our reporting units used to measure for goodwill impairment, and we noted no indicators of goodwill impairment.

We test goodwill for impairment using a two-step process. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. The first step compares the fair value of a reporting unit with its carrying amount, including goodwill.

During 2016, we managed and evaluated our operations through the two noted field groups: Group 1 and Group 2. In determining fair value, we primarily use discounted future cash flows and operating results based on a comparative multiple of earnings or revenues.

Significant estimates used in our fair value calculation using discounted future cash flows include: (1) estimates of future revenue and expense growth by reporting unit, which we estimate to range from 3% to 5% annually; (2) future estimated effective tax rates, which we estimate to be 40%; (3) future estimated capital expenditures and future required investments in working capital; (4) estimated discount rates, which we estimate to range between 7% and 8%; and (5) the future terminal value of the reporting unit, which is based on its ability to exist into perpetuity. Significant estimates used in the fair value calculation utilizing market value multiples include: (a) estimated future growth potential of the reporting unit; (b) estimated multiples of revenue or earnings a willing buyer is likely to pay; and (c) the estimated control premium a willing buyer is likely to pay.

In addition, we evaluate a reporting unit for impairment if events or circumstances change between annual tests, indicating a possible impairment. Examples of such events or circumstances include: (1) a significant adverse change in legal factors or in the business climate; (2) an adverse action or assessment by a regulator; (3) a more likely than not expectation that a reporting unit or a significant portion thereof will be sold; (4) continued or sustained losses at a reporting unit; (5) a significant decline in our market capitalization as compared to our book value; or (6) the testing for recoverability of a significant asset group within the reporting unit.

We assign assets and liabilities from our corporate operating segment to our two reporting units to the extent that such assets or liabilities relate to the cash flows of the reporting unit and would be included in determining the reporting unit's fair value.

In preparing our annual test for impairment as of October 1, 2016, we determined that our indicated fair value of total invested capital exceeded our total market capitalization. We believe one of the primary reconciling differences between the indicated

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

fair value of total invested capital and our total market capitalization is due to a control premium. We believe the control premium represents the value a market participant could extract as savings or synergies by obtaining control.

As of October 1, 2016, we determined that the indicated fair value of our reporting units exceeded their carrying value by approximately 80% on average and, therefore, we noted no indicators of impairment at our reporting units.

Our operating segments, which also represent our reporting units, are comprised of several vertically integrated businesses. When an individual business within an integrated operating segment is divested, goodwill is allocated to that business based on its fair value relative to the fair value of its operating segment.

Other intangible assets include values assigned to customer relationships, franchise agreements, other municipal agreements, non-compete agreements and trade names and are amortized generally on a straight-line basis over periods ranging from 1 to 20 years.

Asset Impairments

We continually consider whether events or changes in circumstances have occurred that may warrant revision of the estimated useful lives of our long-lived assets (other than goodwill) or whether the remaining balances of those assets should be evaluated for possible impairment. Long-lived assets include, for example, capitalized landfill costs, other property and equipment, and identifiable intangible assets. Events or changes in circumstances that may indicate that an asset may be impaired include the following:

- A significant decrease in the market price of an asset or asset group;
- A significant adverse change in the extent or manner in which an asset or asset group is being used or in its physical condition;
- A significant adverse change in legal factors or in the business climate that could affect the value of an asset or asset group, including an adverse action or assessment by a regulator;
- An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset;
- A current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group;
- A current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life; or
- An impairment of goodwill at a reporting unit.

There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion. For example, a regulator may initially deny a landfill expansion permit application though the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

If indicators of impairment exist, the asset or asset group is reviewed to determine whether its recoverability is impaired. We assess the recoverability of the asset or asset group by comparing its carrying value to an estimate (or estimates) of its undiscounted future cash flows over its remaining life. If the estimated undiscounted cash flows are not sufficient to recover the carrying value of the asset or asset group, we measure an impairment loss as the amount by which the carrying amount of the asset exceeds its fair value. The loss is recorded in the consolidated statement of income in the period in which such impairment is identified. Estimating future cash flows requires significant judgment, and our projections of future cash flows and remaining useful lives may vary materially from actual results.

Insurance Reserves

Our insurance programs for workers' compensation, commercial general and auto liability, environmental and remediation liability, and employee-related health care benefits are subject to high deductible insurance policies. Accruals for insurance reserves are based on claims filed and estimates of claims incurred but not reported. We consider our past claims experience, including both frequency and settlement amount of claims, in determining these estimates. It is possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in the consolidated statements of income in the periods in which such adjustments are known. In general, our insurance reserves are recorded on an undiscounted basis; however, the insurance liabilities we acquired in the

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Allied acquisition have been recorded at estimated fair value, and therefore have been discounted to present value based on our estimate of the timing of the related cash flows.

Costs Associated with Exit Activities

We record costs associated with exit activities such as employee termination benefits that represent a one-time benefit when management approves and commits to a plan of termination, and communicates the termination arrangement to the employees, or over the future service period, if any. Other costs associated with exit activities may include contract termination costs, including costs related to leased facilities to be abandoned or subleased, and facility and employee relocation costs.

Contingent Liabilities

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. In general, we determine whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. We assess our potential liability relating to litigation and regulatory matters based on information available to us. Management develops its assessment based on an analysis of possible outcomes under various strategies. We accrue for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, we disclose the potential range of the loss, if estimable. Contingent liabilities recorded in purchase accounting are recorded at their fair values. These fair values may be different from the values we would have otherwise recorded, had the contingent liability not been assumed as part of an acquisition of a business.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income is a component of stockholders' equity and includes the effective portion of the net changes in fair value of our cash flow hedges that consist of prices for diesel fuel and recycled commodities, net of tax, settlement and amortization of our interest rate locks and certain adjustments to liabilities associated with our employee defined benefit pension plan liabilities, net of tax.

Revenue Recognition

We generally provide services under contracts with municipalities or individual customers. Municipal and small-container commercial contracts are generally long-term and often have renewal options. Advance billings are recorded as deferred revenue, and revenue is recognized over the period services are provided.

We recognize revenue when all four of the following criteria are met:

- Persuasive evidence of an arrangement exists such as a service agreement with a municipality, a hauling customer or a disposal customer;
- Services have been performed such as the collection and hauling of waste or the disposal of waste at a disposal facility we own or operate;
- The price of the services provided to the customer is fixed or determinable; and
- Collectibility is reasonably assured.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we record deferred income taxes to reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases using enacted tax rates that we expect to be in effect when the taxes are actually paid or recovered. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making these determinations, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, tax planning strategies, projected future taxable income and recent financial operating results. The weight given to the positive and negative evidence is commensurate with the extent such evidence can be objectively verified. If we determine that we would be able to realize a deferred income tax asset in the future in excess of its net recorded amount, we would make an adjustment to the valuation allowance, which would reduce the provision for income taxes.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We record uncertain tax positions in accordance with ASC 740. A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized.

We recognize interest and penalties related to uncertain tax positions in the provision for income taxes in the accompanying consolidated statements of income. Accrued interest and penalties are included in other accrued liabilities, deferred income taxes and other long-term tax liabilities in the consolidated balance sheets.

We use the flow-through method to account for investment tax credits earned on eligible development expenditures. Under this method, the investment tax credits are recognized as a reduction to income tax expense in the year they are earned.

Defined Benefit Pension Plan

We currently have one qualified defined benefit pension plan, the BFI Retirement Plan (the Plan). The Plan covers certain current and former employees of Allied in the United States, including some employees subject to collective bargaining agreements. The Plan's benefit formula is based on a percentage of compensation as defined in the Plan document. However, the benefits of all current plan participants are frozen.

Our pension contributions are made in accordance with funding standards established by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code, as amended by the Pension Protection Act of 2006. The Plan's assets have been invested as determined by our Employee Benefits Committee. The Employee Benefits Committee reviews and adjusts the Plan's asset allocation as deemed necessary.

The benefit obligation and associated income or expense related to the Plan are determined using annually established assumptions for discount rates, expected rates of return, mortality rates and average rates for compensation increases. We determine the discount rate based on a model that matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the pension plan measurement date. When that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yields on the bonds are used to derive a discount rate for the liability. In developing our expected rate of return assumption, we evaluate long-term expected and historical actual returns on the Plan assets, giving consideration to the asset mix and the anticipated duration of our Plan obligations. The average rate of compensation increase reflects our expectations of average pay increases over the period benefits are earned. Our assumptions are reviewed annually and adjusted as deemed necessary.

Equity-Based Compensation Plans

We recognize equity-based compensation expense on the estimated grant-date fair value of stock options and restricted stock units issued as compensation to employees over the requisite service periods for each separately vesting portion of the award, or to the employee's retirement-eligible date, if earlier.

The fair value of each option on the date of grant is estimated using a lattice binomial option-pricing model based on certain valuation assumptions. Expected volatility is based on the weighted average of the most recent one year volatility and a historical rolling average volatility of our stock over the expected life of the option. The risk-free interest rates are based on the published U.S. Treasury yield curve in effect at the time of the grant for instruments with a similar life. The dividend yield reflects our dividend yield at the date of grant. The expected life represents the period that the stock options are expected to be outstanding, taking into consideration the contractual terms of the options and our employees' historical exercise and post-vesting employment termination behavior, weighted to reflect the job level demographic profile of the employees receiving the option grants. The estimated forfeiture rate used to record compensation expense is based on historical forfeitures and is adjusted periodically based on actual results.

Compensation expense associated with our performance shares that vest based on future performance targets is measured using the fair value of our common stock at the grant date for the stock-settled, equity classified awards, and the fair value of our common stock at the end of each reporting period for the cash-settled, liability classified awards. Compensation expense is recognized ratably over the performance period based on our estimated achievement of the established performance criteria. Compensation expense is only recognized for those awards that we expect to vest, which we estimate based on an assessment of the probability that the performance criteria will be achieved.

Cash flows resulting from tax benefits related to tax deductions in excess of those recorded for compensation expense, resulting from the exercise of stock options and the vesting of restricted stock units, are classified as cash flows from financing activities. All other tax benefits related to stock options have been presented as a component of cash flows from operating activities.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Stock Repurchases

Share repurchases under our share repurchase authorization may be made through open market purchases or privately negotiated transactions at the current market prices. From time-to-time, we return treasury shares acquired through share repurchases to the status of authorized but unissued. Our accounting policy is to deduct the par value from common stock and to reflect any excess of cost over par value as a deduction from additional paid-in capital.

Leases

We lease property and equipment in the ordinary course of our business. Our most significant lease obligations are for property and equipment specific to our industry, including real property operated as a landfill or transfer station and operating equipment. Our leases have varying terms. Some may include renewal or purchase options, escalation clauses, restrictions, penalties or other obligations that we consider in determining minimum lease payments. Leases are classified as either operating leases or capital leases, as appropriate.

Operating Leases

Many of our leases are operating leases. This classification generally can be attributed to either (1) relatively low fixed minimum lease payments (including, for example, real property lease payments that are not fixed and vary based on the volume of waste we receive or process), or (2) minimum lease terms that are much shorter than the assets' economic useful lives. We expect that, in the normal course of business, our operating leases will be renewed, replaced by other leases, or replaced with fixed asset expenditures. We record rental expense over the lease term as it becomes payable.

Capital Leases

We capitalize assets acquired under capital leases at the inception of each lease and amortize them to depreciation expense over the lesser of the useful life of the asset or the lease term on either a straight-line or a units-of-consumption basis, depending on the asset leased. We record the present value of the related lease payments as a debt obligation. Our capital lease liability relates primarily to certain long-term landfill operating agreements that require minimum lease payments with offsetting capital lease assets recorded as part of the landfill development costs.

Related Party Transactions

It is our policy that transactions with related parties must be on terms that, on the whole, are no less favorable than those that would be available from unaffiliated parties.

New Accounting Pronouncements***Revenue Recognition***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, which created Topic 606, Revenue from Contracts with Customers, and Subtopic 340-40, Other Assets and Deferred Costs - Contracts with Customers. The new standard requires the use of a five step methodology to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires enhanced disclosures regarding revenue recognition. Due to the complexity of the new standard, the FASB subsequently issued several amendments intended to clarify ASU 2014-09. In July 2015, the FASB voted to amend the guidance by approving a one-year deferral of the effective date. As such, Republic will adopt the standard beginning January 1, 2018. As we progress to adopt the standard we continually monitor clarifying interpretations.

The new standard must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. We currently plan to adopt the standard using the modified retrospective approach and recognize a cumulative effect adjustment to Retained Earnings as of the date of adoption. Under ASU 2014-09, we will record revenue when control is transferred to the customer, generally at the time we provide waste collection services. We have begun to assess our 2016 operating results under ASU 2014-09 for our residential, small-container commercial, and large-container industrial collection businesses, and we do not anticipate a significant change to the pattern or timing of revenue recognition as a result of adopting the new standard. We are currently evaluating the effect of adopting this guidance on our transfer, landfill, recycling and energy services lines of business, and we expect our 2016 operating results to remain significantly unchanged. In addition, we are assessing the effect this guidance may have on the recognition of costs we incur to obtain and fulfill our contracts, certain of which we currently expense as incurred.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This guidance requires lessees to recognize lease assets and liabilities for most leases classified as operating leases under previous U.S. GAAP. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. We are currently assessing the potential effect this guidance may have on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. This guidance requires that excess tax benefits and tax deficiencies be recognized as income tax benefit or expense in the consolidated statement of earnings. Previously, these amounts were recognized directly to shareholders' equity to the extent of previous excess tax benefits or windfalls. In the consolidated statement of cash flows, the excess tax benefit from equity-based compensation, previously classified as a financing activity, is now classified as an operating activity. The standard is effective for fiscal years beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted for financial statements that have not been previously issued, however, Republic will adopt the standard beginning January 1, 2017.

Had we adopted ASU 2016-09 as of January 1, 2016, our tax provision would have decreased by approximately \$10.8 million for the year ended December 31, 2016. As this section of the ASU permits only prospective adoption, there would have been no effect on our 2015 or 2014 Consolidated Financial Statements. The sections of the ASU that relate to the Consolidated Statement of Cash Flows will also be adopted prospectively. Had we adopted as of January 1, 2016 our cash provided by operating activities in our Consolidated Statement of Cash Flows would have increased by \$10.8 million for the year ended December 31, 2016 with a corresponding decrease in cash provided by financing activities for the same period. The other aspects of the ASU will not have a material effect on our results of operations, financial condition or cash flows.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments. This ASU provides guidance on debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The ASU will be applied using a retrospective transition method to each period presented. We are currently assessing the potential effect this guidance may have on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) - Restricted Cash. This guidance clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those years. The ASU will be applied using a retrospective transition method to each period presented. We are currently assessing the potential effect this guidance may have on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805) - Clarifying the Definition of Business. This guidance assists entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new guidance provides a screen that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. If the screen is not met, the entity then evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those years. The ASU will be applied prospectively to any transactions occurring within the period of adoption. Early adoption is permitted, including for interim or annual periods in which the financial statements have not been issued or made available for issuance. We are currently assessing the potential effect this guidance may have on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment. Under this guidance, entities should perform their annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. Entities should recognize an impairment charge for the

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, entities should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The guidance is effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those years. The ASU will be applied prospectively. Early adoption is permitted for interim and annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently assessing the potential effect this guidance may have on our consolidated financial statements.

3. BUSINESS ACQUISITIONS, INVESTMENTS AND RESTRUCTURING CHARGES

We acquired various waste businesses during the years ended December 31, 2016 and 2015. The purchase price paid for these acquisitions and the allocations of the purchase price follow:

	2016	2015
Purchase price:		
Cash used in acquisitions, net of cash acquired	\$ 41.6	\$ 572.7
Contingent consideration	—	70.6
Holdbacks	3.7	5.1
Fair value, future minimum lease payments	2.0	1.5
Total	\$ 47.3	\$ 649.9
Allocated as follows:		
Accounts receivable	0.9	39.2
Landfill airspace	—	173.1
Property and equipment	18.1	158.4
Other assets	0.1	1.8
Accounts payable	—	(7.1)
Environmental remediation liabilities	(0.1)	(5.3)
Closure and post-closure liabilities	(0.2)	(27.0)
Other liabilities	(1.1)	(10.3)
Fair value of tangible assets acquired and liabilities assumed	17.7	322.8
Excess purchase price to be allocated	\$ 29.6	\$ 327.1
Excess purchase price to be allocated as follows:		
Other intangible assets	\$ 6.9	\$ 14.8
Goodwill	22.7	312.3
Total allocated	\$ 29.6	\$ 327.1

The purchase price allocations are preliminary and are based on information existing at the acquisition dates. Accordingly, the purchase price allocations are subject to change. Substantially all of the goodwill and intangible assets recorded for these acquisitions are deductible for tax purposes. These acquisitions are not material to the Company's results of operations, individually or in the aggregate. As a result, no pro forma financial information is provided.

In April 2015, we entered into a waste management contract with the County of Sonoma, California (Sonoma). Under the agreement, Sonoma grants us the exclusive right to use and operate the county's waste management facilities. We will operate and manage the Sonoma County Landfill for the remaining life of the site, which we estimate to be approximately 27 years. We also have assumed all closure and post-closure obligations for the site. In addition to the landfill, we will operate five transfer stations and a gas-to-energy plant. By entering this agreement, we have effectively obtained control of the business through contract. In exchange, we have agreed to pay a contingent concession fee per ton of waste disposed at the landfill. The potential undiscounted amount of all future contingent payments that we could be required to make under the agreement is estimated to be between approximately \$88 million and \$177 million. For the fair value of the contingent consideration, see Note 16, *Financial Instruments*, to our consolidated financial statements.

In February 2015, we acquired all of the equity interests of Tervita, LLC (Tervita) in exchange for a cash payment of \$476.6 million. Tervita provides waste services to a diverse customer base serving oil and natural gas producers and operates three types of waste management and disposal facilities: treatment, recovery and disposal facilities, engineered landfills and salt water disposal injection wells. We allocated \$109.3 million of the purchase price to property and equipment, \$85.5 million to

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

landfill airspace, and \$7.2 million to intangible assets, and \$21.0 million to net working capital. We also assumed \$6.9 million of closure and post-closure obligations and \$7.6 million of environmental remediation and other liabilities. Approximately \$268 million of the remaining purchase price was allocated to goodwill.

Investments

In December 2016, we acquired a noncontrolling equity interest in a limited liability company that qualifies for a federal investment tax credit under Section 48 of the Internal Revenue Code. In exchange for our noncontrolling interest, we made a one-time capital contribution of \$20.8 million, which was recorded to other long-term assets in our consolidated balance sheet. During 2016, we reduced the carrying value of this investment by \$6.1 million as a result of tax credits allocated to us, cash distributions, and our share of income and loss pursuant to the terms of the limited liability company agreement. For further discussion of the income tax benefits, see Note 10, *Income Taxes*.

Restructuring Charges

In January 2016, we realigned our field support functions by combining our three regions into two field groups, consolidating our areas and streamlining select operational support roles at our Phoenix headquarters. These changes included reducing administrative staffing levels, relocating office space and closing certain office locations. Additionally, in the second quarter, we began the redesign of our back-office functions as well as the consolidation of over 100 customer service locations into three Customer Resource Centers. The savings realized from these restructuring efforts will be reinvested in our customer-focused programs and initiatives. We expect our consolidation efforts to continue through 2017.

During 2016, we incurred \$40.7 million of restructuring charges that consisted of severance and other employee termination benefits, employee relocation benefits, and the closure of offices with lease agreements with non-cancelable terms. We paid \$32.5 million related to these restructuring efforts. We expect to incur additional charges of approximately \$15 million over the next year related to our field realignment, the consolidation of our customer service locations, and the redesign of our back-office functions. Substantially all of these restructuring charges will be recorded in our corporate segment.

4. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment, net as of December 31 follows:

	2016	2015
Land	\$ 430.2	\$ 425.4
Non-depletable landfill land	166.8	165.6
Landfill development costs	6,386.7	6,078.1
Vehicles and equipment	6,551.8	6,211.8
Buildings and improvements	1,160.1	1,098.6
Construction-in-progress - landfill	221.2	191.6
Construction-in-progress - other	35.7	25.5
	<u>\$ 14,952.5</u>	<u>\$ 14,196.6</u>
Less: accumulated depreciation, depletion and amortization		
Landfill development costs	\$ (3,016.5)	\$ (2,723.0)
Vehicles and equipment	(3,931.4)	(3,555.0)
Buildings and improvements	(416.0)	(365.8)
	<u>(7,363.9)</u>	<u>(6,643.8)</u>
Property and equipment, net	<u>\$ 7,588.6</u>	<u>\$ 7,552.8</u>

Depreciation, amortization and depletion of property and equipment was \$919.8 million, \$898.7 million and \$838.5 million for the years ended December 31, 2016, 2015 and 2014, respectively.

5. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

In January 2016, we realigned our field support functions by combining our three regions into two field groups, consolidating our areas and streamlining select operational support roles at our Phoenix headquarters. Following our restructuring, our senior management now evaluates, oversees and manages the financial performance of our operations through two field groups, referred to as Group 1 and Group 2.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Goodwill

A summary of the activity and balances in goodwill accounts by reporting segment follows:

	Balance as of December 31, 2015	Acquisitions	Divestitures	Adjustments to Acquisitions	Balance as of December 31, 2016
Group 1	\$ 5,248.1	\$ 10.2	\$ —	\$ (0.1)	\$ 5,258.2
Group 2	5,897.4	12.5	(5.8)	0.9	5,905.0
Total	<u>\$ 11,145.5</u>	<u>\$ 22.7</u>	<u>\$ (5.8)</u>	<u>\$ 0.8</u>	<u>\$ 11,163.2</u>

	Balance as of December 31, 2014	Acquisitions	Divestitures	Adjustments to Acquisitions	Balance as of December 31, 2015
Group 1	\$ 5,235.4	\$ 9.7	\$ —	\$ 3.0	\$ 5,248.1
Group 2	5,595.5	302.6	—	(0.7)	5,897.4
Total	<u>\$ 10,830.9</u>	<u>\$ 312.3</u>	<u>\$ —</u>	<u>\$ 2.3</u>	<u>\$ 11,145.5</u>

Adjustments to acquisitions during the years ended December 31, 2016 and 2015 primarily related to working capital and deferred taxes, which were recorded to goodwill in purchase accounting.

Other intangible assets, net, include values assigned to customer relationships, franchise agreements, other municipal agreements, non-compete agreements and trade names, and are amortized over periods ranging from 1 to 20 years. A summary of the activity and balances by intangible asset type follows:

	Gross Intangible Assets			Balance as of December 31, 2016	Accumulated Amortization			Balance as of December 31, 2016	Other Intangible Assets, Net as of December 31, 2016
	Balance as of December 31, 2015	Acquisitions	Divestitures		Balance as of December 31, 2015	Additions Charged to Expense	Divestitures		
Customer relationships, franchise and other municipal agreements	\$ 651.6	\$ 4.2	\$ (5.0)	\$ 650.8	\$ (431.0)	\$ (62.4)	\$ 0.9	\$ (492.5)	\$ 158.3
Non-compete agreements	30.8	1.3	—	32.1	(22.1)	(3.2)	—	(25.3)	6.8
Other intangible assets	65.6	1.4	—	67.0	(48.5)	(1.3)	—	(49.8)	17.2
Total	<u>\$ 748.0</u>	<u>\$ 6.9</u>	<u>\$ (5.0)</u>	<u>\$ 749.9</u>	<u>\$ (501.6)</u>	<u>\$ (66.9)</u>	<u>\$ 0.9</u>	<u>\$ (567.6)</u>	<u>\$ 182.3</u>

	Gross Intangible Assets			Balance as of December 31, 2015	Accumulated Amortization			Balance as of December 31, 2015	Other Intangible Assets, Net as of December 31, 2015
	Balance as of December 31, 2014	Acquisitions	Divestitures		Balance as of December 31, 2014	Additions Charged to Expense	Divestitures		
Customer relationships, franchise and other municipal agreements	\$ 641.2	\$ 10.4	\$ —	\$ 651.6	\$ (369.1)	\$ (61.9)	—	\$ (431.0)	\$ 220.6
Non-compete agreements	26.8	4.0	—	30.8	(18.2)	(3.9)	—	(22.1)	8.7
Other intangible assets	65.2	0.4	—	65.6	(47.0)	(1.5)	—	(48.5)	17.1
Total	<u>\$ 733.2</u>	<u>\$ 14.8</u>	<u>\$ —</u>	<u>\$ 748.0</u>	<u>\$ (434.3)</u>	<u>\$ (67.3)</u>	<u>\$ —</u>	<u>\$ (501.6)</u>	<u>\$ 246.4</u>

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Based on the amortizable intangible assets recorded in the consolidated balance sheet as of December 31, 2016, amortization expense for each of the next five years is estimated as follows:

2017	\$	65.0
2018		52.5
2019		9.8
2020		7.5
2021		6.4

6. OTHER ASSETS

Prepaid Expenses and Other Current Assets

A summary of prepaid expenses and other current assets as of December 31 follows:

	2016	2015
Inventories	\$ 44.0	\$ 38.8
Prepaid expenses	74.5	66.1
Other non-trade receivables	31.4	34.6
Reinsurance receivable	15.0	12.5
Income tax receivable	51.5	78.5
Other current assets	5.5	4.5
Total	<u>\$ 221.9</u>	<u>\$ 235.0</u>

Other Assets

A summary of other assets as of December 31 follows:

	2016	2015
Deferred compensation plan	87.9	90.5
Amounts recoverable for capping, closure and post-closure obligations	27.7	25.9
Reinsurance receivable	69.7	44.0
Interest rate swaps and locks	32.4	16.5
Investments	24.8	10.1
Other	78.0	73.6
Total	<u>\$ 320.5</u>	<u>\$ 260.6</u>

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. OTHER LIABILITIES

Other Accrued Liabilities

A summary of other accrued liabilities as of December 31 follows:

	2016	2015
Accrued payroll and benefits	\$ 195.4	\$ 187.8
Accrued fees and taxes	131.2	126.5
Insurance reserves, current portion	143.9	127.7
Ceded insurance reserves, current portion	15.0	12.5
Accrued dividends	108.6	103.7
Current tax liabilities	1.4	0.5
Commodity and fuel hedge liabilities	5.9	41.0
Accrued professional fees and legal settlement reserves	49.2	44.2
Other	74.4	72.7
Total	<u>\$ 725.0</u>	<u>\$ 716.6</u>

Other Long-Term Liabilities

A summary of other long-term liabilities as of December 31 follows:

	2016	2015
Deferred compensation plan	\$ 88.3	\$ 83.3
Pension and other post-retirement liabilities	6.7	12.1
Legal settlement reserves	1.7	24.7
Ceded insurance reserves	69.7	44.0
Withdrawal liability - multiemployer pension funds	11.7	6.1
Contingent consideration and acquisition holdbacks	66.0	78.0
Other	57.1	61.1
Total	<u>\$ 301.2</u>	<u>\$ 309.3</u>

Insurance Reserves

Our liabilities for unpaid and incurred but not reported claims as of December 31, 2016 and 2015 (which include claims for workers' compensation, commercial general and auto liability, and employee-related health care benefits) were \$418.5 million and \$405.8 million, respectively, under our risk management program and are included in other accrued liabilities and insurance reserves, net of current portion, in our consolidated balance sheets. While the ultimate amount of claims incurred depends on future developments, we believe the recorded reserves are adequate to cover the future payment of claims; however, it is possible that these recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in our consolidated statements of income in the periods in which such adjustments are known.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the activity in our insurance reserves for the years ended December 31:

	2016	2015	2014
Balance at beginning of year	\$ 405.8	\$ 416.6	\$ 431.5
Additions charged to expense	410.3	360.4	354.8
Payments	(400.5)	(373.1)	(372.2)
Accretion expense	1.5	1.9	2.5
Premium written for third party risk assumed	23.4	—	—
Reclassified to ceded insurance reserves	(22.0)	—	—
Balance at end of year	418.5	405.8	416.6
Less: current portion	(143.9)	(127.7)	(118.6)
Long-term portion	\$ 274.6	\$ 278.1	\$ 298.0

8. LANDFILL AND ENVIRONMENTAL COSTS

As of December 31, 2016, we owned or operated 192 active landfills with total available disposal capacity of approximately 5.0 billion in-place cubic yards. Additionally, we had post-closure responsibility for 124 closed landfills.

A summary of our accrued landfill and environmental liabilities as of December 31 follows:

	2016	2015
Landfill final capping, closure and post-closure liabilities	\$ 1,224.6	\$ 1,181.6
Environmental remediation	602.9	646.1
Total accrued landfill and environmental costs	1,827.5	1,827.7
Less: current portion	(142.7)	(149.8)
Long-term portion	\$ 1,684.8	\$ 1,677.9

Final Capping, Closure and Post-Closure Costs

The following table summarizes the activity in our asset retirement obligation liabilities, which includes liabilities for final capping, closure and post-closure, for the years ended December 31:

	2016	2015	2014
Asset retirement obligation liabilities, beginning of year	\$ 1,181.6	\$ 1,144.3	\$ 1,091.3
Non-cash additions	41.0	39.4	38.6
Acquisitions and other adjustments	0.8	27.1	3.8
Asset retirement obligation adjustments	(0.5)	(20.2)	(12.8)
Payments	(77.4)	(88.4)	(54.6)
Accretion expense	79.1	79.4	78.0
Asset retirement obligation liabilities, end of year	1,224.6	1,181.6	1,144.3
Less: current portion	(64.8)	(87.4)	(87.9)
Long-term portion	\$ 1,159.8	\$ 1,094.2	\$ 1,056.4

We review our landfill asset retirement obligations at least annually. As a result, we recorded a net decrease in amortization expense of \$6.5 million, \$0.7 million and \$13.3 million for 2016, 2015 and 2014, respectively, primarily related to changes in estimates and assumptions concerning the anticipated waste flow, cost and timing of future final capping, closure and post-closure activities.

The fair value of assets that are legally restricted for purposes of settling final capping, closure and post-closure obligations was approximately \$27.9 million as of December 31, 2016 and is included in restricted cash and marketable securities in our consolidated balance sheet.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The expected future payments for final capping, closure and post-closure as of December 31, 2016 follows:

2017	\$ 64.8
2018	95.0
2019	89.8
2020	78.1
2021	75.0
Thereafter	5,833.1
	<u>\$ 6,235.8</u>

The estimated remaining final capping, closure and post-closure expenditures presented above are not inflated and not discounted and reflect the total estimated future payments for liabilities which include those incurred and recorded as of December 31, 2016 as well as liabilities yet to be incurred over the remaining life of our landfills.

Environmental Remediation Liabilities

We accrue for remediation costs when they become probable and can be reasonably estimated. There can sometimes be a range of reasonable estimates of the costs associated with remediation of a site. In these cases, we use the amount within the range that constitutes our best estimate. If no amount within the range appears to be a better estimate than any other, we use the amount that is at the low end of such range. It is reasonably possible that we will need to adjust the liabilities recorded for remediation to reflect the effects of new or additional information, to the extent such information impacts the costs, timing or duration of the required actions. If we used the reasonably possible high ends of our ranges, our aggregate potential remediation liability as of December 31, 2016 would be approximately \$377 million higher than the amounts recorded. Future changes in our estimates of the cost, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

The following table summarizes the activity in our environmental remediation liabilities for the years ended December 31:

	2016	2015	2014
Environmental remediation liabilities, beginning of year	\$ 646.1	\$ 697.5	\$ 551.7
Net additions charged to expense	(1.6)	(1.6)	219.1
Payments	(66.8)	(80.0)	(99.4)
Accretion expense (non-cash interest expense)	23.4	24.9	25.3
Acquisitions and other	1.8	5.3	0.8
Environmental remediation liabilities, end of year	602.9	646.1	697.5
Less: current portion	(77.9)	(62.4)	(76.4)
Long-term portion	<u>\$ 525.0</u>	<u>\$ 583.7</u>	<u>\$ 621.1</u>

The expected undiscounted future payments for remediation costs as of December 31, 2016 follows:

2017	\$ 77.9
2018	74.9
2019	65.9
2020	63.7
2021	46.3
Thereafter	493.0
	<u>\$ 821.7</u>

It is reasonably possible that we will need to adjust our liabilities to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following is a discussion of certain of our significant remediation matters:

Bridgeton Landfill. During the year ended December 31, 2016, we paid \$23.0 million related to management and monitoring of the remediation area for our closed Bridgeton Landfill in Missouri. We continue to work with state and federal regulatory agencies on our remediation efforts. From time to time, this may require us to modify our future operating timeline and procedures, which could result in changes to our expected liability. As of December 31, 2016, the remediation liability recorded for this site is \$197.2 million, of which \$26.4 million is expected to be paid during 2017. We believe the remaining reasonably possible high end of our range would be approximately \$156 million higher than the amount recorded as of December 31, 2016.

During 2015, we collected an insurance recovery of \$50.0 million related to our Bridgeton Landfill. As such, we recorded a reduction of remediation expenses included in our cost of operations during the year ended December 31, 2015.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

9. DEBT

The carrying value of our notes payable, capital leases and long-term debt as of December 31, 2016 and 2015 is listed in the following table, and is adjusted for the fair value of interest rate swaps, unamortized discounts, deferred issuance costs and the unamortized portion of adjustments to fair value recorded in purchase accounting. Original issue discounts and adjustments to fair value recorded in purchase accounting are amortized to interest expense over the term of the applicable instrument using the effective interest method.

Maturity	Interest Rate	2016			2015		
		Principal	Adjustments	Carrying Value	Principal	Adjustments	Carrying Value
Credit facilities:							
Uncommitted Credit Facility	Variable	\$ —	\$ —	\$ —	\$ 19.0	\$ —	\$ 19.0
Puerto Rico Uncommitted Facility	Variable	—	—	—	—	—	—
June 2019	Variable	140.0	—	140.0	—	—	—
May 2021	Variable	70.0	—	70.0	—	—	—
Senior notes:							
May 2018	3.800	700.0	(1.2)	698.8	700.0	(2.0)	698.0
September 2019	5.500	650.0	(3.3)	646.7	650.0	(4.4)	645.6
March 2020	5.000	850.0	(2.6)	847.4	850.0	(3.4)	846.6
November 2021	5.250	600.0	(1.9)	598.1	600.0	(2.3)	597.7
June 2022	3.550	850.0	(5.6)	844.4	850.0	(6.5)	843.5
May 2023	4.750	550.0	3.5	553.5	550.0	9.4	559.4
March 2025	3.200	500.0	(5.4)	494.6	500.0	(6.0)	494.0
June 2026	2.900	500.0	(5.5)	494.5	—	—	—
March 2035	6.086	181.9	(15.4)	166.5	275.7	(23.9)	251.8
March 2040	6.200	399.9	(3.9)	396.0	650.0	(6.6)	643.4
May 2041	5.700	385.7	(5.6)	380.1	600.0	(8.9)	591.1
Debentures:							
May 2021	9.250	35.3	(1.1)	34.2	35.3	(1.4)	33.9
September 2035	7.400	148.1	(35.2)	112.9	165.2	(39.9)	125.3
Tax-exempt:							
2019 - 2044	0.750 - 5.625	1,079.1	(6.4)	1,072.7	1,079.1	(7.0)	1,072.1
Capital leases:							
2017 - 2046	3.980 - 12.203	108.5	—	108.5	111.5	—	111.5
Total Debt		<u>\$ 7,748.5</u>	<u>\$ (89.6)</u>	7,658.9	<u>\$ 7,635.8</u>	<u>\$ (102.9)</u>	7,532.9
Less: current portion				(5.8)			(5.5)
Long-term portion				<u>\$ 7,653.1</u>			<u>\$ 7,527.4</u>

Loss on Extinguishment of Debt and Other Related Costs

During 2016, we incurred a loss on the early extinguishment of debt and other related costs. We paid a cash premium of \$148.1 million, early tender consideration of \$28.7 million and \$1.6 million of legal and other fees. We also incurred a non-cash charge related to the proportional share of unamortized discounts and deferred issuance costs of \$17.8 million. The unamortized proportional share of certain cash flow hedges reclassified to earnings as non-cash interest expense was \$7.2 million.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the charges incurred during the year ended December 31, 2016:

	Loss on Extinguishment of Debt				
	Principal Repaid	Cash Paid in Loss on Extinguishment of Debt	Non-cash Loss on Extinguishment of Debt	Total Loss on Extinguishment of Debt	Non-cash Interest Expense
\$275.7 million 6.09% senior notes due March 2035	\$ 93.8	\$ 26.1	\$ 8.0	\$ 34.1	\$ (1.1)
\$165.2 million 7.40% debentures due September 2035	17.2	7.3	4.1	11.4	—
\$650.0 million 6.20% senior notes due March 2040	250.1	85.3	2.6	87.9	1.0
\$600.0 million 5.70% senior notes due May 2041	214.3	59.7	3.1	62.8	7.3
Total		\$ 178.4	\$ 17.8	\$ 196.2	\$ 7.2

Credit Facilities

In May 2016, we entered into a \$1.0 billion unsecured revolving credit facility (the Replacement Credit Facility), which replaced our \$1.0 billion credit facility maturing in May 2017. The Replacement Credit Facility matures in May 2021 and includes a feature that allows us to increase availability, at our option, by an aggregate amount up to \$500.0 million through increased commitments from existing lenders or the addition of new lenders. At our option, borrowings under the Replacement Credit Facility bear interest at a Base Rate, or a Eurodollar Rate, plus an applicable margin based on our Debt Ratings (all as defined in the agreements).

Contemporaneous with the execution of the Replacement Credit Facility, we entered into Amendment No. 1 to our existing \$1.25 billion unsecured credit facility (the Existing Credit Facility and, together with the Replacement Credit Facility, the Credit Facilities), to conform certain terms of the Existing Credit Facility with those of the Replacement Credit Facility. Amendment No. 1 does not extend the maturity date of the Existing Credit Facility, which matures in June 2019. The Existing Credit Facility also maintains the feature that allows us to increase availability, at our option, by an aggregate amount of up to \$500.0 million through increased commitments from existing lenders or the addition of new lenders.

Our Credit Facilities are subject to facility fees based on applicable rates defined in the credit facility agreements and the aggregate commitments, regardless of usage. Availability under our Credit Facilities totaled \$1,543.1 million and \$1,727.7 million as of December 31, 2016 and 2015, respectively, and can be used for working capital, capital expenditures, acquisitions, letters of credit and other general corporate purposes. The credit agreements require us to comply with financial and other covenants. We may pay dividends and repurchase common stock if we are in compliance with these covenants. As of December 31, 2016, we had \$210.0 million of borrowings under our Credit Facilities and no borrowings as of December 31, 2015. We had \$478.4 million and \$503.3 million of letters of credit outstanding under our Credit Facilities, as of December 31, 2016 and 2015, respectively.

During 2016, we amended our existing unsecured credit facility agreement (the Uncommitted Credit Facility), to increase the size to \$135.0 million, with all other terms remaining unchanged. Our Uncommitted Credit Facility bears interest at LIBOR, plus an applicable margin and is subject to facility fees defined in the agreement, regardless of usage. We can use borrowings under the Uncommitted Credit Facility for working capital and other general corporate purposes. The agreement governing our Uncommitted Credit Facility requires us to comply with covenants. The Uncommitted Credit Facility may be terminated by either party at any time. As of December 31, 2016, we had no borrowings and as of December 31, 2015, we had \$19.0 million of borrowings under our Uncommitted Credit Facility.

In January 2015, we entered into a \$20.0 million uncommitted credit facility agreement (the Puerto Rico Uncommitted Facility) that matured in January 2016.

Senior Notes and Debentures

During 2016, we priced cash tender offers to purchase up to \$575.4 million combined aggregate principal amount of the 6.20% Notes due March 2040, 5.70% Notes due May 2041, 7.40% Debentures due September 2035 and 6.09% Notes due March 2035 (collectively "Existing Notes"), subject to priority levels and the other terms and conditions set forth in the Offer to Purchase. During 2016, we priced an offering of \$500.0 million of 2.90% senior notes due 2026 (the 2.90% Notes). The sale of the

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2.90% Notes closed on July 5, 2016. We used the net proceeds of the offering, together with borrowing under our credit facilities, to purchase \$575.4 million of the combined aggregate principal amount of the Existing Notes tendered as well as premium due of \$148.1 million and early tender consideration of \$28.7 million.

During 2015, we issued \$500.0 million of 3.20% notes due 2025 (the 3.20% Notes). We used the net proceeds from the 3.20% Notes to refinance debt incurred in connection with our acquisition of all of the equity interests of Tervita during 2015.

Our senior notes are general senior unsecured obligations. Interest is payable semi-annually. These senior notes have a make-whole provision that is exercisable at any time prior to the respective maturity dates per the debt table above at a stated redemption price.

Tax-Exempt Financings

As of December 31, 2016 and 2015, we had \$1,072.7 million and \$1,072.1 million, respectively, of fixed and variable rate tax-exempt financings outstanding with maturities ranging from 2019 to 2044. Approximately 90% of our tax-exempt financings are remarketed quarterly by remarketing agents to effectively maintain a variable yield. The holders of the bonds can put them back to the remarketing agents at the end of each interest period. To date, the remarketing agents have been able to remarket our variable rate unsecured tax-exempt bonds. These bonds have been classified as long-term because of our ability and intent to refinance them using availability under our Credit Facilities, if necessary.

Capital Leases

We had capital lease liabilities of \$108.5 million and \$111.5 million as of December 31, 2016 and 2015, respectively, with maturities ranging from 2017 to 2046.

Future Maturities of Debt

Aggregate principal maturities of notes payable, capital leases and other long-term debt as of December 31, 2016 follow:

2017	\$ 5.1
2018	705.7
2019	829.9
2020	926.3
2021	837.5
Thereafter	4,444.0
	<u>\$ 7,748.5</u>

Interest Expense and Interest Paid

Interest paid was \$330.2 million, \$327.6 million and \$320.2 million for the years ended December 31, 2016, 2015 and 2014, respectively. The components of interest expense follow:

	2016	2015	2014
Interest expense on debt and capital lease obligations	\$ 324.1	\$ 324.6	\$ 310.3
Accretion of debt discounts	7.6	7.4	6.6
Accretion of remediation liabilities and other	45.8	39.7	38.2
Less: capitalized interest	(6.2)	(6.8)	(6.4)
Total interest expense	<u>\$ 371.3</u>	<u>\$ 364.9</u>	<u>\$ 348.7</u>

Interest Rate Swap and Lock Agreements

Our ability to obtain financing through the capital markets is a key component of our financial strategy. Historically, we have managed risk associated with executing this strategy, particularly as it relates to fluctuations in interest rates, by using a combination of fixed and floating rate debt. From time to time, we also have entered into interest rate swap and lock agreements to manage risks associated with interest rates, either to effectively convert specific fixed rate debt to a floating rate (fair value hedges), or to lock interest rates in anticipation of future debt issuances (cash flow hedges).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair Value Hedges

During the second half of 2013, we entered into various interest rate swap agreements relative to our 4.750% fixed rate senior notes due in May 2023. The goal was to reduce overall borrowing costs and rebalance our debt portfolio's ratio of fixed to floating interest rates. As of December 31, 2016, these swap agreements have a total notional value of \$300.0 million and mature in May 2023, which is identical to the maturity of the hedged senior notes. We pay interest at floating rates based on changes in LIBOR and receive interest at a fixed rate of 4.750%. These transactions were designated as fair value hedges because the swaps hedge against the changes in fair value of the fixed rate senior notes resulting from changes in interest rates.

As of December 31, 2016 and 2015, the interest rate swap agreements are reflected at their fair value of \$12.1 million and \$16.5 million, respectively, and are included in other assets in our consolidated balance sheets. To the extent they are effective, these interest rate swap agreements are included as an adjustment to long-term debt in our consolidated balance sheets. We recognized net interest income of \$6.3 million, \$7.5 million and \$7.7 million, respectively, during 2016, 2015 and 2014 related to net swap settlements for these interest rate swap agreements, which is included as an offset to interest expense in our consolidated statements of income.

For the years ended December 31, 2016, 2015 and 2014, we recognized a (gain) loss of \$(6.3) million, \$0.8 million and \$12.6 million, respectively, on the change in fair value of the hedged senior notes attributable to changes in the benchmark interest rate, with an offsetting loss (gain) of \$4.4 million, \$(2.3) million and \$(14.1) million, respectively, on the related interest rate swaps. The difference of these fair value changes represents hedge ineffectiveness, which is recorded directly in earnings as other income, net.

Cash Flow Hedges

During 2016, we entered into a number of interest rate lock agreements having an aggregate notional amount of \$525.0 million with fixed interest rates ranging from 1.900% to 2.280% to manage exposure to fluctuations in interest rates in anticipation of a planned future issuance of senior notes. Upon the expected issuance of the senior notes, we will terminate the interest rate locks and settle with our counterparties. These transactions were accounted for as cash flow hedges. The fair value of our interest rate locks as of December 31, 2016 was determined using standard valuation models with assumptions about interest rates being based on those observed in underlying markets (Level 2 in the fair value hierarchy). The aggregate fair value of the outstanding interest rate locks as of December 31, 2016 was \$20.2 million and was recorded in other long-term assets in our consolidated balance sheet. As of December 31, 2016, the effective portion of the interest rate locks recorded as a component of accumulated other comprehensive income (loss), net of tax, was \$12.2 million.

During 2015, we entered into a number of interest rate lock agreements having an aggregate notional amount of \$200.0 million with fixed interest rates ranging from 2.155% to 2.270% to manage exposure to fluctuations in interest rates in anticipation of the planned issuance of the 3.20% Notes. Upon issuance of the 3.20% Notes, we terminated the interest rate locks and received \$1.2 million from the counterparties. This transaction was accounted for as a cash flow hedge.

As of December 31, 2016 and 2015, the effective portion of our previously terminated interest rate locks, recorded as a component of accumulated other comprehensive loss, net of tax, was \$13.4 million and \$19.4 million as of December 31, 2016 and 2015, respectively. The effective portion of the interest rate locks is amortized as an adjustment to interest expense over the life of the issued debt using the effective interest method. We expect to amortize \$1.6 million of net interest expense over the next twelve months as a yield adjustment of our senior notes.

The effective portion of the interest rate locks amortized as a net increase to interest expense during the years ended December 31, 2016, 2015 and 2014 was \$9.8 million, \$2.5 million and \$2.7 million, respectively.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

10. INCOME TAXES

The components of the provision for income taxes for the years ended December 31 follow:

	2016	2015	2014
Current:			
Federal	\$ 299.5	\$ 337.6	\$ 328.1
State	34.6	38.4	39.7
Deferred:			
Federal	44.9	91.5	(13.3)
State	2.3	25.2	7.5
State deferred benefit - change in valuation allowance	(1.4)	(10.5)	(3.2)
Uncertain tax positions and interest, and other	(27.2)	(36.7)	(21.4)
Provision for income taxes	\$ 352.7	\$ 445.5	\$ 337.4

The reconciliations of the statutory federal income tax rate to our effective tax rate for the years ended December 31 follow:

	2016	2015	2014
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	3.1	4.3	3.0
Change in valuation allowance	(0.1)	(0.9)	(0.4)
Non-deductible expenses	0.9	0.6	0.9
Uncertain tax position taxes and interest	(0.1)	(1.5)	(0.4)
Investment tax credits	(1.1)	—	—
Other, net	(1.2)	(0.2)	—
Effective income tax rate	36.5%	37.3%	38.1%

Our 2016 tax provision was reduced by approximately \$13 million due to the resolution of various state and federal tax matters as well as the realization of tax credits and lower state rates due to changes in estimates.

In addition, during 2016 we acquired a noncontrolling interest in a limited liability company that qualifies for a federal investment tax credit under Section 48 of the Internal Revenue Code. Our 2016 tax provision was reduced by approximately \$10 million mostly due to a federal tax credit related to this investment, which was recognized currently and not deferred. We account for this investment using the equity method of accounting and recognize our share of income or loss and other reductions in the value of our investment in "Loss from unconsolidated equity method investment" within our Consolidated Statements of Income.

Our 2015 tax provision was reduced by approximately \$17 million due to the resolution of outstanding tax matters in various states and Puerto Rico. Our 2014 tax provision was reduced by approximately \$5 million due to the realization of tax credits and lower state rates due to changes in estimates.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of the net deferred income tax asset and liability as of December 31 follow:

	2016	2015
Deferred tax liabilities relating to:		
Differences between book and tax basis of property and equipment	\$ (1,058.7)	\$ (1,050.9)
Difference between book and tax basis of intangible assets	(711.6)	(713.4)
Basis difference due to redemption of partnership interests	(130.1)	(128.9)
Total liabilities	\$ (1,900.4)	\$ (1,893.2)
Deferred tax assets relating to:		
Environmental reserves	\$ 449.2	\$ 461.7
Accruals not currently deductible	177.8	210.8
Net operating loss carryforwards	103.3	103.5
Difference between book and tax basis of other assets	44.5	71.3
Other	17.4	14.8
Total assets	792.2	862.1
Valuation allowance	(62.3)	(63.7)
Net deferred tax asset	729.9	798.4
Net deferred tax liabilities	\$ (1,170.5)	\$ (1,094.8)

Changes in the deferred tax valuation allowance for the years ended December 31 follow:

	2016	2015	2014
Valuation allowance, beginning of year	\$ 63.7	\$ 73.9	\$ 76.9
Additions charged to provision for income taxes	0.3	0.3	0.2
Deferred tax assets realized or written-off	(1.4)	(10.5)	(3.2)
Other, net	(0.3)	—	—
Valuation allowance, end of year	\$ 62.3	\$ 63.7	\$ 73.9

We have deferred tax assets related to state net operating loss carryforwards. We provide a partial valuation allowance due to uncertainty surrounding the future utilization of these carryforwards in the taxing jurisdictions where the loss carryforwards exist. When determining the need for a valuation allowance, we consider all positive and negative evidence, including recent financial results, scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies. The weight given to the positive and negative evidence is commensurate with the extent such evidence can be objectively verified. We adjust the valuation allowance in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

During 2015, we completed a tax restructuring between two of our subsidiaries that possess the majority of our state loss carryforwards. This resulted in a reduction to the valuation allowance of \$10.2 million. This reduction was offset by a corresponding decrease to our deferred tax asset related to those same state loss carryforwards.

Substantially all of our valuation allowance is associated with state loss carryforwards. The realization of our deferred tax asset for state loss carryforwards ultimately depends upon the existence of sufficient taxable income in the appropriate state taxing jurisdictions in future periods. We continue to regularly monitor both positive and negative evidence in determining the ongoing need for a valuation allowance.

We have deferred tax assets related to state net operating loss carryforwards with an estimated tax effect of \$100.5 million available as of December 31, 2016. These state net operating loss carryforwards expire at various times between 2017 and 2036. We believe that it is more likely than not that the benefit from some of our state net operating loss carryforwards will not be realized due to limitations on these loss carryforwards in certain states. In recognition of this risk, as of December 31, 2016, we have provided a valuation allowance of \$59.8 million. Also as of December 31, 2016, we have provided a valuation allowance of \$2.5 million for certain other deferred tax assets.

Deferred income taxes have not been provided on the undistributed earnings of our Puerto Rican subsidiaries of approximately \$48 million as of December 31, 2016 as such earnings are considered to be permanently reinvested. This amount would

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

become taxable upon a repatriation of assets or a sale or liquidation of the subsidiaries. If such an event were to occur, we would incur approximately \$17 million of federal income taxes.

We made income tax payments (net of refunds received) of approximately \$265 million, \$321 million and \$382 million for 2016, 2015 and 2014, respectively.

Income taxes paid in 2016 and 2015 reflect the favorable tax depreciation provisions of the Protecting Americans from Tax Hikes Act signed into law in December 2015. This legislation extends bonus depreciation for property placed in service through 2019. Bonus depreciation deductions for assets placed in service in 2015 to 2017 is 50% of the capitalized value and later decreases to 40% in 2018 and 30% in 2019.

Income taxes paid in 2014 reflect the favorable tax depreciation provisions of the Tax Increase Protection Act of 2014, signed into law in December 2014. This legislation extended 50% bonus depreciation for property placed in service during 2014.

We are subject to income tax in the United States and Puerto Rico, as well as income tax in multiple state jurisdictions. Our compliance with income tax rules and regulations is periodically audited by tax authorities. These authorities may challenge the positions taken in our tax filings. Thus, to provide for certain potential tax exposures, we maintain liabilities for uncertain tax positions for our estimate of the final outcome of the examinations. Our federal statute of limitations is closed for all years prior to 2013. We are currently under state examination or administrative review in various jurisdictions for tax years 2003 to 2015.

The following table summarizes the activity in our gross unrecognized tax benefits for the years ended December 31:

	2016	2015	2014
Balance at beginning of year	\$ 47.0	\$ 70.1	\$ 72.0
Additions based on tax positions related to current year	—	0.2	0.8
Additions for tax positions of prior years	0.1	1.4	5.0
Reductions for tax positions of prior years	(0.7)	(10.2)	(6.0)
Reductions for tax positions resulting from lapse of statute of limitations	(0.3)	(0.6)	(0.2)
Settlements	—	(13.9)	(1.5)
Balance at end of year	\$ 46.1	\$ 47.0	\$ 70.1

During 2016, we resolved tax matters in various states which reduced our gross unrecognized tax benefits by \$1.0 million.

During 2015, we settled tax matters in various states and Puerto Rico which reduced our gross unrecognized tax benefits by \$13.9 million.

During 2014, we settled tax matters in various jurisdictions and reduced our gross unrecognized tax benefits by \$1.5 million.

Included in our gross unrecognized tax benefits as of December 31, 2016 and 2015 are \$30.0 million and \$30.5 million, respectively, of unrecognized tax benefits (net of the federal benefit on state matters) that, if recognized, would affect our effective income tax rate in future periods.

We recognize interest and penalties as incurred within the provision for income taxes in our consolidated statements of income. Related to the unrecognized tax benefits previously noted, we recorded interest expense of approximately \$1.0 million during 2016 and, in total as of December 31, 2016, have recognized a liability for penalties of \$0.5 million and interest of \$11.6 million.

During 2015, we recorded interest expense of approximately \$1.2 million and, in total as of December 31, 2015, had recognized a liability for penalties of \$0.5 million and interest of \$10.3 million. During 2014, we accrued interest of approximately \$1.5 million and, in total as of December 31, 2014, had recognized a liability for penalties of \$0.5 million and interest of \$18.7 million.

Gross unrecognized benefits that we expect to settle in the following twelve months are in the range of \$0 to \$10 million; however, it is reasonably possible that the amount of unrecognized tax benefits may either increase or decrease in the next twelve months.

We are currently under examination or administrative review by state and local taxing authorities for various tax years. These state audits are ongoing.

We believe the recorded liabilities for uncertain tax positions are adequate. However, a significant assessment against us in excess of the liabilities recorded could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

11. EMPLOYEE BENEFIT PLANS

Stock-Based Compensation

In February 2007, our board of directors approved the 2007 Stock Incentive Plan (the 2007 Plan), and in May 2007 our shareholders ratified the 2007 Plan. In March 2011, our board of directors approved the Amended and Restated 2007 Stock Incentive Plan (the Amended and Restated 2007 SIP), and in May 2011 our shareholders ratified the Amended and Restated 2007 SIP. In March 2013, our board of directors approved the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (the Republic Amended and Restated 2007 SIP), and in May 2013 our shareholders ratified the Republic Amended and Restated 2007 SIP (the 2007 Plan, the Amended and Restated 2007 SIP, and the Republic Amended and Restated 2007 SIP are collectively referred to in this Form 10-K as the Amended and Restated 2007 Stock Incentive Plan). We currently have approximately 14.9 million shares of common stock reserved for future grants under the Amended and Restated 2007 Stock Incentive Plan.

Options granted under the Amended and Restated 2007 Stock Incentive Plan are non-qualified and are granted at a price equal to the fair market value of our common stock at the date of grant. Generally, options granted have a term of seven to ten years from the date of grant, and vest in increments of 25% per year over a period of four years beginning on the first anniversary date of the grant. Options granted to non-employee directors have a term of ten years and are fully vested at the grant date.

In December 2008, the board of directors amended and restated the Republic Services, Inc. 2006 Incentive Stock Plan (formerly known as the Allied Waste Industries, Inc. 2006 Incentive Stock Plan) (the 2006 Plan). Allied's shareholders approved the 2006 Plan in May 2006. The 2006 Plan was amended and restated in December 2008 to reflect Republic as the new sponsor of the 2006 Plan, to reflect that any references to shares of common stock are to shares of common stock of Republic, and to adjust outstanding awards and the number of shares available under the 2006 Plan to reflect the Allied acquisition. The 2006 Plan, as amended and restated, provided for the grant of non-qualified stock options, incentive stock options, shares of restricted stock, shares of phantom stock, stock bonuses, restricted stock units, stock appreciation rights, performance awards, dividend equivalents, cash awards, or other stock-based awards. Awards granted under the 2006 Plan prior to December 5, 2008 became fully vested and nonforfeitable upon the closing of the Allied acquisition. No further awards will be made under the 2006 Plan.

Stock Options

We use a lattice binomial option-pricing model to value our stock option grants. We recognize compensation expense on a straight-line basis over the requisite service period for each separately vesting portion of the award, or to the employee's retirement eligible date, if earlier. Expected volatility is based on the weighted average of the most recent one year volatility and a historical rolling average volatility of our stock over the expected life of the option. The risk-free interest rate is based on Federal Reserve rates in effect for bonds with maturity dates equal to the expected term of the option. We use historical data to estimate future option exercises, forfeitures (at 3.0%) and expected life of the options. When appropriate, separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. We did not grant stock options during the years ended December 31, 2016 and 2015. The weighted-average estimated fair value of stock options granted during the year ended December 31, 2014 was \$5.74 per option, which was calculated using the following weighted-average assumptions:

	2014
Expected volatility	27.5%
Risk-free interest rate	1.4%
Dividend yield	3.2%
Expected life (in years)	4.6
Contractual life (in years)	7.0

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes stock option activity for the years ended December 31, 2016, 2015 and 2014:

	Number of Shares (in millions)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 31, 2013	10.5	\$ 28.91		
Granted	0.5	33.76		
Exercised	(3.0)	27.98		\$ 24.5
Forfeited or expired	(0.4)	31.02		
Outstanding as of December 31, 2014	7.6	29.49		
Granted	—	—		
Exercised	(2.4)	28.14		\$ 31.2
Forfeited or expired	(0.2)	30.39		
Outstanding as of December 31, 2015	5.0	30.08		
Granted	—	—		
Exercised	(1.7)	29.45		\$ 33.0
Forfeited or expired	(0.1)	31.46		
Outstanding as of December 31, 2016	3.2	\$ 30.35	2.4	\$ 85.2
Exercisable as of December 31, 2016	2.5	\$ 29.97	2.2	\$ 69.0

Compensation Expense

During the years ended December 31, 2016, 2015 and 2014, compensation expense for stock options was \$0.6 million, \$2.5 million and \$6.3 million, respectively.

As of December 31, 2016, total unrecognized compensation expense related to outstanding stock options was \$0.1 million, which will be recognized over a weighted average period of 0.5 years. The total fair value of stock options that vested in 2016, 2015 and 2014 was \$5.7 million, \$9.0 million and \$12.5 million, respectively.

We classified excess tax benefits of \$10.8 million, \$8.5 million and \$4.3 million as cash flows from financing activities for 2016, 2015 and 2014, respectively. All other tax benefits related to stock options have been presented as a component of cash flows from operating activities.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Restricted Stock Units

The following table summarizes restricted stock unit (RSU) activity for the years ended December 31, 2016, 2015 and 2014:

	Number of RSUs (in thousands)	Weighted- Average Grant Date Fair Value per Share	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Unissued as of December 31, 2013	997.0	\$ 28.48		
Granted	784.9	33.38		
Vested and issued	(258.4)	28.07		
Forfeited	(67.3)	33.14		
Unissued as of December 31, 2014	1,456.2	24.07		
Granted	722.5	39.12		
Vested and issued	(405.1)	30.56		
Forfeited	(46.3)	36.44		
Unissued as of December 31, 2015	1,727.3	34.15		
Granted	640.4	45.01		
Vested and issued	(370.6)	30.03		
Forfeited	(173.3)	38.77		
Unissued as of December 31, 2016	1,823.8	\$ 37.49	0.9	\$ 104.0
Vested and unissued as of December 31, 2016	628.2	\$ 31.25		

During 2016, we awarded our non-employee directors 49,823 RSUs, which vested immediately. During 2016, we awarded 543,664 RSUs to executives and employees that vest in four equal annual installments beginning on the anniversary date of the original grant or cliff vest after four years. In addition, 46,881 RSUs were earned as dividend equivalents. The RSUs do not carry any voting or dividend rights, except the right to receive additional RSUs in lieu of dividends.

During 2015, we awarded our non-employee directors 75,000 RSUs, which vested immediately. During 2015, we awarded 599,356 RSUs to executives and employees that vest in four equal annual installments beginning on the anniversary date of the original grant or cliff vest after four years. In addition, 48,163 RSUs were earned as dividend equivalents.

During 2014, we awarded our non-employee directors 86,425 RSUs, which vested immediately. During 2014, we awarded 657,476 RSUs to executives that vest in four equal annual installments beginning on the anniversary date of the original grant. In addition, 41,032 RSUs were earned as dividend equivalents.

Compensation Expense

The fair value of RSUs is based on the closing market price on the date of the grant. The compensation expense related to RSUs is amortized ratably over the vesting period, or to the employee's retirement eligible date, if earlier.

During 2016, 2015 and 2014, compensation expense related to RSUs totaled \$17.4 million, \$15.6 million and \$11.1 million, respectively. As of December 31, 2016, total unrecognized compensation expense related to outstanding RSUs was \$32.2 million, which will be recognized over a weighted average period of 2.6 years.

Performance Shares

During the years ended December 31, 2016 and 2015, we awarded 168,786 and 140,443 performance shares (PSUs) to our named executive officers, respectively. These awards are performance-based as the number of shares ultimately earned depends on performance against pre-determined targets for return on invested capital (ROIC), cash flow value creation (CFVC), and total shareholder return relative to the S&P 500 index (RTSR). The PSUs are payable 50% in shares of common stock and 50% in cash after the end of a three-year performance period, when our financial performance for the entire performance period is reported, typically in February of the succeeding year. At the end of the performance period, the number of PSUs awarded can range from 0% to 150% of the targeted amount, depending on the performance against the pre-determined targets.

During the year ended December 31, 2016, we awarded 221,958 PSUs to our employees other than our named executive officers. The PSUs are payable 100% in shares of common stock after the end of a three-year performance period, when our

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

financial performance for the entire performance period is reported, typically in February of the succeeding year. At the end of the performance period, the number of PSUs awarded can range from 0% to 150% of the targeted amount, depending on the performance against the pre-determined targets.

The following table summarizes PSU activity for the year ended December 31, 2016:

	Number of PSUs (in thousands)	Weighted Average Grant Date Fair Value per Share
Outstanding as of December 31, 2014	—	\$ —
Granted	143.4	38.69
Vested and issued	—	—
Forfeited	—	—
Outstanding as of December 31, 2015	143.4	\$ 38.69
Granted	401.2	46.27
Vested and issued	—	—
Forfeited	(39.8)	43.60
Outstanding as of December 31, 2016	504.8	\$ 44.40

During 2016, 10,454 PSUs accumulated as dividend equivalents and are included in the table above as granted. The PSUs do not carry any voting or dividend rights, except the right to accumulate additional PSUs in lieu of dividends.

Compensation Expense

For the stock-settled portion of the award that vests based on future ROIC and CFVC performance, compensation expense is measured using the fair value of our common stock at the grant date. For the cash-settled portion of the award that vests based on future ROIC and CFVC performance, compensation expense is recorded based on the fair value of our common stock at the end of each reporting period. Compensation expense is recognized ratably over the performance period based on our estimated achievement of the established performance criteria. Compensation expense is only recognized for the portion of the award that we expect to vest, which we estimate based on an assessment of the probability that the performance criteria will be achieved.

For the stock-settled portion of the award that vests based on RTSR, the grant date fair value is based on a Monte Carlo valuation and compensation expense is recognized on a straight-line basis over the vesting period. For the cash-settled portion of the award that vests based on RTSR, compensation expense also incorporates the fair value of our PSUs at the end of each reporting period. Compensation expense is recognized for the RTSR portion of the award whether or not the market conditions are achieved.

During 2016 and 2015, compensation expense related to PSUs totaled \$8.6 million and \$1.8 million, respectively. As of December 31, 2016, total unrecognized compensation expense related to outstanding PSUs was \$14.3 million, which will be recognized over a weighted average period of 1.7 years.

Defined Benefit Pension Plan

We currently have one qualified defined benefit pension plan, the BFI Retirement Plan (the Plan). The Plan covers certain employees in the United States, including some employees subject to collective bargaining agreements.

The Plan benefits are frozen. Interest credits continue to be earned by participants in the Plan, and participants whose collective bargaining agreements provide for additional benefit accruals under the Plan continue to receive those credits in accordance with the terms of their bargaining agreements. The Plan was converted from a traditional defined benefit plan to a cash balance plan in 1993.

Prior to the conversion to the cash balance design, benefits payable as a single life annuity under the Plan were based on the participant's highest five years of earnings out of the last ten years of service. Upon conversion to the cash balance plan, the existing accrued benefits were converted to a lump-sum value using the actuarial assumptions in effect at the time. Participants' cash balance accounts are increased until retirement by certain benefit and interest credits under the terms of their bargaining agreements. Participants may elect early retirement with the attainment of age 55 and completion of ten years of credited service at reduced benefits. Participants with 35 years of service may retire at age 62 without any reduction in benefits.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Our pension contributions are made in accordance with funding standards established by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code, as amended by the Pension Protection Act enacted in 2006 (the PPA). No contributions were made in 2016 or 2015.

We must separately recognize the overfunded or underfunded status of the Plan as an asset or liability. The funded status represents the difference between the projected benefit obligation (PBO) and the fair value of the Plan assets. The PBO is the present value of benefits earned to date by Plan participants, including the effect of assumed future salary increases, if any. The PBO is equal to the accumulated benefit obligation (ABO) as the plan is frozen, and the present value of liabilities are not affected by future salary increases. We use a measurement date that coincides with our year end of December 31.

The following table presents the ABO and reconciliations of the changes in the PBO, the Plan assets and the accounting funded status of our defined benefit pension plan for the years ended December 31:

	Defined Benefit Pension Plan	
	2016	2015
Accumulated benefit obligation	\$ 239.1	\$ 251.6
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 251.6	\$ 276.8
Interest cost	10.1	9.9
Actuarial (gain) loss	(4.9)	(17.1)
Benefits paid	(17.7)	(18.0)
Projected benefit obligation at end of year	\$ 239.1	\$ 251.6
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 246.2	\$ 272.6
Actual return on plan assets	18.3	(5.5)
Estimated expenses	(1.5)	(2.9)
Benefits paid	(17.7)	(18.0)
Fair value of plan assets at end of year	\$ 245.3	\$ 246.2
Over (under) funded status	\$ 6.2	\$ (5.4)
Amounts recognized in the statement of financial position consist of:		
Noncurrent assets (liabilities)	\$ 6.2	\$ (5.4)
Net amount recognized	\$ 6.2	\$ (5.4)
Weighted average assumptions used to determine benefit obligations:		
Discount rate	4.07%	4.19%
Rate of compensation increase	N/A	N/A

The amounts included in accumulated other comprehensive loss on the consolidated balance sheets that have not yet been recognized as components of net periodic benefit cost as of December 31, 2016 and 2015 were \$27.3 million and \$16.9 million, respectively.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of the net periodic benefit cost for the years ended December 31 are summarized below:

	2016	2015	2014
Components of net periodic benefit cost:			
Service cost	\$ 1.5	\$ 2.9	\$ 2.8
Interest cost	10.1	9.9	11.3
Expected return on plan assets	(13.0)	(14.7)	(16.4)
Recognized net actuarial gain	—	—	(1.0)
Amortization of prior service cost	0.1	0.1	0.1
Settlement income	—	—	—
Net periodic benefit cost	\$ (1.3)	\$ (1.8)	\$ (3.2)
Weighted average assumptions used to determine net periodic benefit cost:			
Discount rate	4.19%	3.70%	4.50%
Expected return on plan assets	5.56%	5.64%	6.35%
Rate of compensation increase	N/A	N/A	N/A

We determine the discount rate used in the measurement of our obligations based on a model that matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the Plan measurement date. When that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yields on the bonds are used to derive a discount rate for the liability. The term of our obligation, based on the expected retirement dates of our workforce, is approximately eight years.

In developing our expected rate of return assumption, we have evaluated the actual historical performance and long-term return projections of the Plan assets, which give consideration to the asset mix and the anticipated timing of the Plan outflows. We employ a total return investment approach whereby a mix of equity and fixed income investments are used to maximize the long-term return of Plan assets for what we consider a prudent level of risk. The intent of this strategy is to minimize Plan expenses by outperforming Plan liabilities over the long run. Risk tolerance is established through careful consideration of Plan liabilities, Plan funded status and our financial condition. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks as well as growth, value, and small and large capitalizations. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset and liability studies, and quarterly investment portfolio reviews.

The following table summarizes our target asset allocation for 2016 and actual asset allocation as of December 31, 2016 and 2015 for our Plan:

	Target Asset Allocation	2016 Actual Asset Allocation	2015 Actual Asset Allocation
Debt securities	72%	72%	72%
Equity securities	28	28	28
Total	100%	100%	100%

For 2017, the investment strategy for pension plan assets is to maintain a broadly diversified portfolio designed to achieve our target of an average long-term rate of return of 5.56%. While we believe we can achieve a long-term average return of 5.56%, we cannot be certain that the portfolio will perform to our expectations. Assets are strategically allocated among debt and equity portfolios to achieve a diversification level that reduces fluctuations in investment returns. Asset allocation target ranges and strategies are reviewed periodically with the assistance of an independent external consulting firm.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The pension assets are measured at fair value. The following table summarizes, by level, within the fair value hierarchy, the investments of the Plan at fair value as of December 31, 2016 and 2015:

	Total as of December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 5.0	\$ 5.0	\$ —	\$ —
Mutual funds	240.3	—	240.3	—
Total assets	\$ 245.3	\$ 5.0	\$ 240.3	\$ —

	Total as of December 31, 2015	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 2.9	\$ 2.9	\$ —	\$ —
Mutual funds	242.7	—	242.7	—
Limited partnerships	0.6	—	—	0.6
Total assets	\$ 246.2	\$ 2.9	\$ 242.7	\$ 0.6

Estimated future benefit payments for the next ten years under the Plan follow:

2017	\$ 19.3
2018	18.6
2019	18.1
2020	17.4
2021	17.7
2022 through 2026	80.8

Collective Bargaining Agreements

As of December 31, 2016, approximately 27% of our workforce was represented by various labor unions, and approximately 8% of our workforce was covered by collective bargaining agreements (CBAs) that are set to expire during 2017.

Multiemployer Pension Plans

We contribute to 26 multiemployer pension plans under CBAs covering union-represented employees. As of December 31, 2016, approximately 20% of our total current employees were participants in such multiemployer plans. These plans generally provide retirement benefits to participants based on their service to contributing employers. We do not administer these plans. In general, these plans are managed by a board of trustees with the unions appointing certain trustees and other contributing employers of the plan appointing certain members. We generally are not represented on the board of trustees.

Based on the information available to us, we believe that some of the multiemployer plans to which we contribute are either “critical” or “endangered” as those terms are defined in the Pension Protection Act (PPA). The PPA requires underfunded pension plans to improve their funding ratios within prescribed intervals based on the level of their underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, we cannot determine the amount of assessments we may be subject to, if any. Accordingly, we cannot presently determine the effect that the PPA may have on our consolidated financial position, results of operations or cash flows.

Furthermore, under current law regarding multiemployer benefit plans, a plan’s termination, our voluntary withdrawal (which we consider from time to time), or the mass withdrawal of all contributing employers from any under-funded multiemployer pension plan would require us to make payments to the plan for our proportionate share of the multiemployer plan’s unfunded vested liabilities. It is possible that there may be a mass withdrawal of employers contributing to these plans or plans may

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

terminate in the near future. We could have adjustments to our estimates for these matters in the near term that could have a material effect on our consolidated financial position, results of operations and cash flows.

Republic's participation in individually significant multiemployer pension plans for the year ended December 31, 2016 is outlined in the table below. Only with respect to multiemployer pension plans, we considered contributions in excess of \$2.0 million in any period disclosed to be individually significant. The most recent PPA zone status available in 2016 and 2015 is for the plans' year ended September 30 or December 31, 2015 and 2014, respectively. The status is based on information that Republic received from the plans and is certified by the plans' actuary. Among other factors, plans in the "critical" red zone are generally less than 65% funded, plans in the "endangered" yellow zone are less than 80% funded, and plans in the "safe" green zone are at least 80% funded. The last column lists the expiration dates of the CBAs to which the plans are subject. There have been no significant changes that affect the comparability of the 2016, 2015 and 2014 contributions.

Legal Plan Name	EIN	Pension Protection Act Zone Status		Funding Improvement or Rehabilitation Plan Status Pending / Implemented	Republic Contributions to Plan			Surcharge Imposed	Expiration Dates of CBAs
		2015	2014		2016	2015	2014		
Local 731 Private Scavengers and Garage Attendants Pension Trust Fund	36-6513567	Safe	Safe	Implemented	9.3	10.2	9.2	No	Various dates through 1/31/19
Western Conference of Teamsters Pension Plan	91-6145047	Safe	Safe	No	36.3	33.4	30.8	No	Various dates through 9/30/21
New England Teamsters & Trucking Industry Pension	04-6372430	Critical	Critical	Implemented	2.8	2.4	1.8	No	6/30/2020
Midwest Operating Engineers Pension Fund	36-6140097	Endangered	Endangered	Implemented	2.0	2.0	1.9	No	Various dates through 11/30/17
Individually significant plans					50.4	48.0	43.7		
All other plans	N/A	N/A	N/A	N/A	9.3	8.9	8.1	N/A	
Total					<u>\$ 59.7</u>	<u>\$ 56.9</u>	<u>\$ 51.8</u>		

We are listed in the Form 5500 for Local 731 Private Scavengers and Garage Attendants Pension Trust Fund as providing more than 5% of the total contributions. At the date these financial statements were issued, Forms 5500 were not available for the plan years ended in 2016.

Central States, Southeast and Southwest Areas Pension Fund

Before September 30, 2013, we had CBAs with local bargaining units of the Teamsters under which we contributed to the Central States, Southeast and Southwest Areas Pension Fund (the Fund). These CBAs were under negotiation during 2012 and 2013. As part of our CBA negotiations, we partially withdrew from participation in the Fund in 2012 and completely withdrew from the Fund in 2013. Accordingly, we were required to make payments to the Fund for our allocated share of its unfunded vested liabilities.

In December 2015 we settled outstanding liabilities with respect to the withdrawal events and paid \$139.0 million to the Fund. The settlement of the withdrawal liability was based on negotiations and discussions between Republic and the Fund. As of December 31, 2016, the settlement has been paid and we have no remaining liability for our withdrawal from the Fund.

Defined Contribution Plan

We maintain the Republic Services 401(k) Plan (401(k) Plan), which is a defined contribution plan covering all eligible employees. Under the 401(k) Plan, participants may direct us to defer a portion of their compensation to the 401(k) Plan, subject to Internal Revenue Code limitations. We provide for an employer matching contribution equal to 100% of the first 3% of eligible compensation and 50% of the next 2% of eligible compensation contributed by each employee, which is funded in cash. All contributions vest immediately.

Total expense recorded for matching 401(k) contributions in 2016, 2015 and 2014 was \$40.9 million, \$37.3 million and \$32.1 million, respectively.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred Compensation Plan

We provide eligible Republic employees, officers and directors with the opportunity to voluntarily defer base salary, bonus payments, long-term incentive awards and other compensation, as applicable, on a pre-tax basis through the Republic Services, Inc. Deferred Compensation Plan (the DCP). The DCP is a nonqualified deferred compensation plan that conforms to Section 409A of the Internal Revenue Code. Eligible participants can defer up to 80% of base salary and up to 100% of bonus, long-term compensation and directors' fees. Under the DCP, some participants also are eligible for matching contributions. The matching contribution under the DCP is equal to the lesser of 2% of the participant's compensation over established 401(k) limits or 50% of the amount the participant has deferred. The DCP participants have no ownership or security interest in any of the amounts deferred or the measurement funds under the DCP. The right of each participant in the DCP is solely that of a general, unsecured creditor of Republic with respect to his or her own interest under the DCP. Deferred amounts may be subject to forfeiture and are deemed invested among investment funds offered under the DCP, as directed by each participant. Payments of deferred amounts are payable following separation from service or at a date or dates elected by the participant when the deferral is elected. Payments of deferred amounts are made in either a lump sum or in annual installments over a period not exceeding 15 years.

Republic invested in corporate-owned life insurance policies to satisfy future obligations under the DCP. These corporate-owned life insurance policies are held in a Rabbi Trust and are recorded at the amount that can be realized under insurance contracts at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. The aggregate cash surrender value of these life insurance policies was \$87.9 million and \$90.5 million as of December 31, 2016 and 2015, respectively, and is classified in other assets in our consolidated balance sheets. The DCP liability was \$88.3 million and \$83.3 million as of December 31, 2016 and 2015, respectively, and is classified in other long-term liabilities in our consolidated balance sheets.

Employee Stock Purchase Plan

Republic employees are eligible to participate in an employee stock purchase plan. The plan allows participants to purchase our common stock for 95% of its quoted market price on the last day of each calendar quarter. For the years ended December 31, 2016, 2015 and 2014, issuances under this plan totaled 130,085 shares, 141,055 shares and 139,941 shares, respectively. As of December 31, 2016, shares reserved for issuance to employees under this plan totaled 0.5 million and Republic held employee contributions of approximately \$1.5 million for the purchase of common stock.

12. STOCK REPURCHASES AND DIVIDENDS**Stock Repurchases**

Stock repurchase activity during the years ended December 31, 2016 and 2015 follows (in millions except per share amounts):

	2016	2015
Number of shares repurchased	8.4	9.8
Amount paid	\$ 403.8	\$ 404.7
Weighted average cost per share	\$ 48.56	\$ 41.39

As of December 31, 2016, there were no repurchased shares pending settlement.

In October 2015, our board of directors added \$900.0 million to the existing share repurchase authorization, which now extends through December 31, 2017. Share repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. While the board of directors has approved the program, the timing of any purchases, the prices and the number of shares of common stock to be purchased will be determined by our management, at its discretion, and will depend upon market conditions and other factors. The share repurchase program may be extended, suspended or discontinued at any time. As of December 31, 2016, the October 2015 repurchase program had remaining authorized purchase capacity of \$451.7 million.

In December 2015, our board of directors changed the status of 71,272,964 treasury shares to authorized and unissued. In doing so, the number of our issued shares was reduced by the stated amount. Our accounting policy is to deduct the par value from common stock and to reflect the excess of cost over par value as a deduction from additional paid-in capital. The change in unissued shares resulted in a reduction of \$2,295.3 million in treasury stock, \$0.6 million in common stock, and \$2,294.7 million in additional paid-in capital. There was no effect on our total stockholders' equity position as a result of the change.

Dividends

In October 2016, our board of directors approved a quarterly dividend of \$0.32 per share. Cash dividends declared were \$423.8 million, \$404.3 million and \$383.6 million for the years ended December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016, we recorded a quarterly dividend payable of \$108.6 million to shareholders of record at the close of business on January 3, 2017.

13. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income attributable to Republic Services, Inc. by the weighted average number of common shares (including vested but unissued RSUs) outstanding during the period. Diluted earnings per share is based on the combined weighted average number of common shares and common share equivalents outstanding, which include, where appropriate, the assumed exercise of employee stock options, unvested RSUs and unvested PSUs at the expected attainment levels. We use the treasury stock method in computing diluted earnings per share.

Earnings per share for the years ended December 31, 2016, 2015, and 2014 are calculated as follows (in thousands, except per share amounts):

	2016	2015	2014
Basic earnings per share:			
Net income attributable to Republic Services, Inc.	\$ 612,588	\$ 749,906	\$ 547,600
Weighted average common shares outstanding	343,024	349,984	356,673
Basic earnings per share	\$ 1.79	\$ 2.14	\$ 1.54
Diluted earnings per share:			
Net income attributable to Republic Services, Inc.	\$ 612,588	\$ 749,906	\$ 547,600
Weighted average common shares outstanding	343,024	349,984	356,673
Effect of dilutive securities:			
Options to purchase common stock	1,076	1,255	1,350
Unvested RSU awards	190	137	84
Unvested PSU awards	100	12	—
Weighted average common and common equivalent shares outstanding	344,390	351,388	358,107
Diluted earnings per share	\$ 1.78	\$ 2.13	\$ 1.53
Antidilutive securities not included in the diluted earnings per share calculations:			
Options to purchase common stock	—	9	274

14. SEGMENT REPORTING

In January 2016, we realigned our field support functions by combining our three regions into two field groups, consolidating our areas and streamlining select operational support roles at our Phoenix headquarters. Following our restructuring, our senior management now evaluates, oversees and manages the financial performance of our operations through two field groups, referred to as Group 1 and Group 2. Group 1 primarily consists of geographic areas located in the western and portions of the mid-western United States, and Group 2 primarily consists of geographic areas located in Texas, the southeastern and portions of the mid-western United States, and the eastern seaboard of the United States.

We manage and evaluate our operations through the two field groups, Group 1 and Group 2. These two groups are presented below as our reportable segments, which provide integrated waste management services consisting of non-hazardous solid waste collection, transfer, recycling, disposal and energy services.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Summarized financial information concerning our reportable segments for the years ended December 31, 2016, 2015 and 2014 follows:

	Gross Revenue	Intercompany Revenue	Net Revenue	Depreciation, Amortization, Depletion and Accretion	Operating Income (Loss)	Capital Expenditures	Total Assets
2016:							
Group 1	\$ 5,222.9	\$ (1,037.6)	\$ 4,185.3	\$ 414.4	\$ 895.5	\$ 446.0	\$ 9,163.3
Group 2	5,930.0	(916.5)	5,013.5	538.7	1,026.9	346.4	9,901.3
Corporate entities	202.5	(13.6)	188.9	117.1	(384.9)	135.4	1,565.0
Total	<u>\$11,355.4</u>	<u>\$ (1,967.7)</u>	<u>\$ 9,387.7</u>	<u>\$ 1,070.2</u>	<u>\$ 1,537.5</u>	<u>\$ 927.8</u>	<u>\$ 20,629.6</u>
2015:							
Group 1	\$ 5,032.3	\$ (1,006.4)	\$ 4,025.9	\$ 398.9	\$ 857.2	\$ 430.7	\$ 9,183.7
Group 2	5,803.4	(878.9)	4,924.5	542.6	953.5	352.2	9,909.0
Corporate entities	177.8	(13.2)	164.6	108.5	(251.9)	162.7	1,443.2
Total	<u>\$11,013.5</u>	<u>\$ (1,898.5)</u>	<u>\$ 9,115.0</u>	<u>\$ 1,050.0</u>	<u>\$ 1,558.8</u>	<u>\$ 945.6</u>	<u>\$ 20,535.9</u>
2014:							
Group 1	\$ 4,795.0	\$ (959.1)	\$ 3,835.9	\$ 368.9	\$ 826.0	\$ 475.2	\$ 9,237.8
Group 2	5,638.5	(849.3)	4,789.2	507.3	938.6	329.7	9,504.2
Corporate entities	192.8	(14.6)	178.2	108.7	(531.5)	57.6	1,310.4
Total	<u>\$10,626.3</u>	<u>\$ (1,823.0)</u>	<u>\$ 8,803.3</u>	<u>\$ 984.9</u>	<u>\$ 1,233.1</u>	<u>\$ 862.5</u>	<u>\$ 20,052.4</u>

Intercompany revenue reflects transactions within and between segments that generally are made on a basis intended to reflect the market value of such services. Capital expenditures for corporate entities primarily include vehicle inventory acquired but not yet assigned to operating locations and facilities. Corporate functions include legal, tax, treasury, information technology, risk management, human resources, closed landfills and other administrative functions. During 2016 and 2014, we completed various refinancing transactions that resulted in cash paid for premiums and professional fees to repurchase outstanding debt, as well as non-cash charges for unamortized debt discounts and deferred issuance costs. See Note 9, *Debt*. During the years ended December 31, 2015 and 2014, environmental remediation charges and recoveries were incurred at our closed Bridgeton Landfill in Missouri. During 2014, we recorded charges related to our withdrawal from the Central States, Southeast and Southwest Areas Pension Fund and reached a settlement during 2015.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table reflects our revenue by service line for the years ended December 31 (in millions of dollars and as a percentage of revenue):

	2016		2015		2014	
Collection:						
Residential	\$ 2,239.7	23.9%	\$ 2,242.3	24.6%	\$ 2,193.6	24.9%
Small-container commercial	2,877.5	30.7	2,799.9	30.7	2,723.3	30.9
Large-container industrial	1,975.8	21.0	1,890.2	20.7	1,784.0	20.3
Other	38.2	0.4	39.8	0.4	37.2	0.4
Total collection	7,131.2	76.0	6,972.2	76.4	6,738.1	76.5
Transfer	1,157.6		1,112.7		1,062.6	
Less: intercompany	(694.1)		(682.3)		(654.4)	
Transfer, net	463.5	4.9	430.4	4.7	408.2	4.6
Landfill	2,083.6		2,036.4		1,975.8	
Less: intercompany	(962.4)		(951.9)		(928.1)	
Landfill, net	1,121.2	11.9	1,084.5	11.9	1,047.7	11.9
Energy services	76.4	0.8	95.8	1.1	38.7	0.5
Other:						
Sale of recycled commodities	420.4	4.5	372.0	4.1	405.8	4.6
Other non-core	175.0	1.9	160.1	1.8	164.8	1.9
Total other	595.4	6.4	532.1	5.9	570.6	6.5
Total revenue	\$ 9,387.7	100.0%	\$ 9,115.0	100.0%	\$ 8,803.3	100.0%

Other non-core revenue consists primarily of revenue from National Accounts, which represents the portion of revenue generated from nationwide contracts in markets outside our operating areas where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

15. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT

A summary of changes in accumulated other comprehensive loss (income), net of tax, by component, for the years ended December 31, 2016, 2015 and 2014 follows:

	Cash Flow Hedges	Defined Benefit Pension Plan	Total
Balance as of December 31, 2013	\$ 19.3	\$ (22.3)	\$ (3.0)
Other comprehensive loss before reclassifications	23.8	9.3	33.1
Amounts reclassified from accumulated other comprehensive income	(1.2)	—	(1.2)
Net current-period other comprehensive loss	22.6	9.3	31.9
Balance as of December 31, 2014	41.9	(13.0)	28.9
Other comprehensive loss before reclassifications	18.4	1.9	20.3
Amounts reclassified from accumulated other comprehensive loss	(18.7)	—	(18.7)
Net current-period other comprehensive loss (income)	(0.3)	1.9	1.6
Balance as of December 31, 2015	41.6	(11.1)	30.5
Other comprehensive income before reclassifications	(11.8)	(6.4)	(18.2)
Amounts reclassified from accumulated other comprehensive income	(26.5)	—	(26.5)
Net current-period other comprehensive income	(38.3)	(6.4)	(44.7)
Balance as of December 31, 2016	\$ 3.3	\$ (17.5)	\$ (14.2)

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A summary of reclassifications out of accumulated other comprehensive loss (income) for the years ended December 31, 2016, 2015 and 2014 follows:

Details about Accumulated Other Comprehensive Loss (Income) Components	2016	2015	2014	Affected Line Item in the Statement Where Net Income is Presented
	Amount Reclassified from Accumulated Other Comprehensive Loss (Income)			
Gain (loss) on cash flow hedges:				
Fuel hedges	\$ (34.1)	\$ (28.5)	\$ 0.7	Cost of operations
Interest rate contracts	(9.8)	(2.5)	(2.7)	Interest expense
	(43.9)	(31.0)	(2.0)	Total before tax
	17.4	12.3	0.8	Tax benefit (expense)
	(26.5)	(18.7)	(1.2)	Net of tax
Total loss reclassified into earnings	\$ (26.5)	\$ (18.7)	\$ (1.2)	

16. FINANCIAL INSTRUMENTS

Fuel Hedges

We have entered into multiple swap agreements designated as cash flow hedges to mitigate some of our exposure related to changes in diesel fuel prices. These swaps qualified for, and were designated as, effective hedges of changes in the prices of forecasted diesel fuel purchases (fuel hedges).

The following table summarizes our outstanding fuel hedges as of December 31, 2016:

Year	Gallons Hedged	Weighted Average Contract Price per Gallon
2017	12,000,000	\$2.92
2018	3,000,000	2.61

If the national U.S. on-highway average price for a gallon of diesel fuel as published by the Department of Energy exceeds the contract price per gallon, we receive the difference between the average price and the contract price (multiplied by the notional gallons) from the counterparty. If the average price is less than the contract price per gallon, we pay the difference to the counterparty.

The fair values of our fuel hedges are determined using standard option valuation models with assumptions about commodity prices based on those observed in underlying markets (Level 2 in the fair value hierarchy). The aggregate fair values of our outstanding fuel hedges as of December 31, 2016 and 2015 were current liabilities of \$2.7 million and \$37.8 million, respectively, and have been recorded in other accrued liabilities in our consolidated balance sheets. The ineffective portions of the changes in fair values resulted in a gain of \$0.8 million for the year ended December 31, 2016, and a loss of \$0.4 million and \$0.5 million for the years ended December 31, 2015 and 2014, respectively, and have been recorded in other income, net in our consolidated statements of income.

Total gain (loss) recognized in other comprehensive income (loss) for fuel hedges (the effective portion) was \$20.7 million, \$(2.0) million and \$(24.2) million, for the years ended December 31, 2016, 2015 and 2014, respectively. We classify cash inflows and outflows from our fuel hedges within operating activities in the unaudited consolidated statements of cash flows.

Recycling Commodity Hedges

Revenue from the sale of recycled commodities is primarily from sales of old corrugated containers and old newsprint. From time to time we use derivative instruments such as swaps and costless collars designated as cash flow hedges to manage our exposure to changes in prices of these commodities. During 2016, we entered into multiple agreements related to the forecasted OCC sales. The agreements qualified for, and were designated as, effective hedges of changes in the prices of certain forecasted recycling commodity sales (commodity hedges).

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We entered into costless collar agreements on forecasted sales of OCC. The agreements involve combining a purchased put option giving us the right to sell OCC at an established floor strike price with a written call option obligating us to deliver OCC at an established cap strike price. The puts and calls have the same settlement dates, are net settled in cash on such dates and have the same terms to expiration. The contemporaneous combination of options resulted in no net premium for us and represents costless collars. Under these agreements, we will make or receive no payments as long as the settlement price is between the floor price and cap price; however, if the settlement price is above the cap, we will pay the counterparty an amount equal to the excess of the settlement price over the cap times the monthly volumes hedged. If the settlement price is below the floor, the counterparty will pay us the deficit of the settlement price below the floor times the monthly volumes hedged. The objective of these agreements is to reduce variability of cash flows for forecasted sales of OCC between two designated strike prices.

The following table summarizes our outstanding costless collar hedges for OCC as of December 31, 2016:

Year	Tons Hedged	Weighted Average Floor Strike Price per Ton	Weighted Average Cap Strike Price per Ton
2017	120,000	\$81.50	\$120.00
2018	120,000	81.50	120.00

Costless collar hedges are recorded in our consolidated balance sheets at fair value. Fair values of costless collars are determined using standard option valuation models with assumptions about commodity prices based upon forward commodity price curves in underlying markets (Level 2 in the fair value hierarchy). We had no outstanding recycling commodity hedges as of December 31, 2015.

The aggregated fair values of the outstanding recycling commodity hedges as of December 31, 2016 were current liabilities of \$0.8 million, and have been recorded in other accrued liabilities in our consolidated balance sheets. No amounts were recognized in other income, net in our consolidated statements of income for the ineffective portion of the changes in fair values during the years ended December 31, 2016, 2015 and 2014.

Total loss recognized in other comprehensive income for recycling commodity hedges (the effective portion) was \$(0.5) million for the year ended December 31, 2016. No amount was recognized in other comprehensive income for 2015. Total gain recognized in other comprehensive income for recycling commodity hedges (the effective portion) was \$0.1 million for the year ended December 31, 2014.

Fair Value Measurements

In measuring fair values of assets and liabilities, we use valuation techniques that maximize the use of observable inputs (Level 1) and minimize the use of unobservable inputs (Level 3). We also use market data or assumptions that we believe market participants would use in pricing an asset or liability, including assumptions about risk when appropriate.

The carrying value for certain of our financial instruments, including cash, accounts receivable, accounts payable and certain other accrued liabilities, approximates fair value because of their short-term nature.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of December 31, 2016 and 2015, our assets and liabilities that are measured at fair value on a recurring basis include the following:

	December 31, 2016				
	Carrying Amount	Total	Fair Value		
			Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Money market mutual funds	\$ 23.8	\$ 23.8	\$ 23.8	\$ —	\$ —
Bonds - restricted cash and marketable securities and other assets	57.6	57.6	—	57.6	—
Interest rate swaps - other assets	12.1	12.1	—	12.1	—
Total assets	<u>\$ 93.5</u>	<u>\$ 93.5</u>	<u>\$ 23.8</u>	<u>\$ 69.7</u>	<u>\$ —</u>
Liabilities:					
Fuel hedges - other accrued liabilities	\$ 2.7	\$ 2.7	\$ —	\$ 2.7	\$ —
Commodity hedges - other accrued liabilities	0.8	0.8	—	0.8	—
Contingent consideration - other long-term liabilities	68.9	\$ 68.9	\$ —	\$ —	\$ 68.9
Total liabilities	<u>\$ 72.4</u>	<u>\$ 72.4</u>	<u>\$ —</u>	<u>\$ 3.5</u>	<u>\$ 68.9</u>

	December 31, 2015				
	Carrying Amount	Total	Fair Value		
			Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Money market mutual funds	\$ 43.0	\$ 43.0	\$ 43.0	\$ —	\$ —
Bonds - restricted cash and marketable securities and other assets	56.3	56.3	—	56.3	—
Interest rate swaps - other assets	16.5	16.5	—	16.5	—
Total assets	<u>\$ 115.8</u>	<u>\$ 115.8</u>	<u>\$ 43.0</u>	<u>\$ 72.8</u>	<u>\$ —</u>
Liabilities:					
Fuel hedges - other accrued liabilities	\$ 37.8	\$ 37.8	\$ —	\$ 37.8	\$ —
Contingent consideration - other long-term liabilities	69.6	69.6	—	—	69.6
Total liabilities	<u>\$ 107.4</u>	<u>\$ 107.4</u>	<u>\$ —</u>	<u>\$ 37.8</u>	<u>\$ 69.6</u>

Total Debt

As of December 31, 2016, the carrying value of our total debt was \$7.7 billion and the fair value of our total debt was \$8.3 billion. As of December 31, 2015, the carrying value of our total debt was \$7.5 billion and the fair value of our total debt was \$8.2 billion. The estimated fair value of our fixed rate senior notes and debentures is based on quoted market prices. The fair value of our remaining notes payable, tax-exempt financings and borrowings under our credit facilities approximates the carrying value because the interest rates are variable. The fair value estimates are based on Level 2 inputs of the fair value hierarchy as of December 31, 2016 and 2015. See Note 9, *Debt*, for further information related to our debt.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Contingent Consideration

In April 2015, we entered into a waste management contract with the County of Sonoma, California to operate the county's waste management facilities. See Note 3, *Business Acquisitions*, for further information related to our acquisition. As of December 31, 2016, the Sonoma contingent consideration represents the fair value of \$68.9 million payable to the County of Sonoma based on the achievement of future annual tonnage targets through the expected remaining capacity of the landfill, which we estimate to be approximately 27 years. The potential undiscounted amount of all future contingent payments that we could be required to make under the waste management contract is estimated to be between approximately \$88 million and \$177 million. During 2016, the activity in the contingent consideration liability included accretion, which was offset by concession payments made in the ordinary course of business. There were no changes to the estimate of fair value.

The fair value of the contingent consideration was determined using probability assessments of the expected future consideration payments over the remaining useful life of the landfill, and applying a discount rate of 4.0%. The future consideration payments are based on significant inputs that are not observable in the market. Key assumptions include volume of annual tons disposed at the landfill, price paid per annual ton, and the discount rate that represent the best estimates of management, which are subject to remeasurement at each reporting date. The contingent consideration liability is classified within Level 3 of the fair value hierarchy.

17. COMMITMENTS AND CONTINGENCIES**Legal Proceedings**

We are subject to extensive and evolving laws and regulations and have implemented safeguards to respond to regulatory requirements. In the normal course of our business, we become involved in legal proceedings. Some may result in fines, penalties or judgments against us, which may impact earnings and cash flows for a particular period. Although we cannot predict the ultimate outcome of any legal matter with certainty, we do not believe the outcome of any of our pending legal proceedings will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

As used herein, the term *legal proceedings* refers to litigation and similar claims against us and our subsidiaries, excluding: (1) ordinary course accidents, general commercial liability and workers' compensation claims, which are covered by insurance programs, subject to customary deductibles, and which, together with insured employee health care costs, are discussed in Note 7, *Other Liabilities*; and (2) environmental remediation liabilities, which are discussed in Note 8, *Landfill and Environmental Costs*.

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately \$48 million relating to our outstanding legal proceedings as of December 31, 2016. As of the end of each applicable reporting period, we review each of our legal proceedings and, where it is probable that a liability has been incurred, we accrue for all probable and reasonably estimable losses. Where we can reasonably estimate a range of losses we may incur regarding such a matter, we record an accrual for the amount within the range that constitutes our best estimate. If we can reasonably estimate a range but no amount within the range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we had used the high ends of such ranges, our aggregate potential liability would be approximately \$45 million higher than the amount recorded as of December 31, 2016.

Lease Commitments

We and our subsidiaries lease real property, equipment and software under various operating leases with remaining terms from one month to 30 years. Rent expense during the years ended December 31, 2016, 2015 and 2014 was \$56.8 million, \$53.6 million and \$49.1 million, respectively.

Future minimum lease obligations under non-cancelable operating leases with initial terms in excess of one year as of December 31, 2016 are as follows:

2017	\$	34.7
2018		32.2
2019		29.6
2020		27.3
2021		25.1
Thereafter		85.5
	\$	234.4

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Unconditional Purchase Commitments

Royalties

We have entered into agreements to pay royalties to prior landowners, lessors or host communities, based on, among other things, revenue received and waste tonnage disposed at specified landfills. These royalties are generally payable quarterly and amounts incurred, but not paid, are accrued in our consolidated balance sheets. Royalties are accrued as revenue is received or tonnage is disposed of, as applicable, in the landfills.

Disposal Agreements

We have several agreements that require us to dispose of a minimum number of tons at third-party disposal facilities. Under these put-or-pay agreements, we must pay for agreed-upon minimum volumes regardless of the actual number of tons placed at the facilities.

Our unconditional purchase commitments have varying expiration dates, with some extending through the remaining life of the respective landfill. Future minimum payments under unconditional purchase commitments, consisting primarily of (1) disposal related agreements, which include fixed or minimum royalty payments, host agreements, and take-or-pay and put-or-pay agreements, and (2) other obligations including committed capital expenditures and consulting service agreements as of December 31, 2016 are as follows:

2017	\$ 224.0
2018	73.1
2019	57.1
2020	35.3
2021	24.3
Thereafter	348.2
	<u>\$ 762.0</u>

Restricted Cash and Other Financial Guarantees

We must provide financial assurance to governmental agencies and a variety of other entities under applicable environmental regulations relating to our landfill operations for capping, closure and post-closure costs, and our performance under certain collection, landfill and transfer station contracts. We satisfy our financial assurance requirements by providing surety bonds, letters of credit, insurance policies or trust deposits. The amount of the financial assurance requirements for capping, closure and post-closure costs is determined by applicable state environmental regulations, which vary by state. The financial assurance requirements for capping, closure and post-closure costs can either be for costs associated with a portion of the landfill or the entire landfill. Generally, states will require a third-party engineering specialist to determine the estimated capping, closure and post-closure costs that are used to determine the required amount of financial assurance for a landfill. The amount of financial assurance required can, and generally will, differ from the obligation determined and recorded under U.S. GAAP. The amount of the financial assurance requirements related to contract performance varies by contract. Additionally, we are required to provide financial assurance for our insurance program and collateral for certain performance obligations.

We had the following financial instruments and collateral in place to secure our financial assurances as of December 31:

	2016	2015
Letters of credit	\$ 503.4	\$ 548.1
Surety bonds	3,109.3	3,055.8

The outstanding letters of credit used \$478.4 million and \$503.3 million as of December 31, 2016 and 2015, respectively, of availability under our Credit Facilities. Surety bonds subject to expiration will expire on various dates through 2024.

These financial instruments are issued in the normal course of business and are not debt. Because we currently have no liability for this financial assurance, it is not reflected in our consolidated balance sheets. However, we have recorded capping, closure and post-closure obligations and insurance reserves as they are incurred.

Our restricted cash and marketable securities include, among other things, restricted cash and marketable securities held for capital expenditures under certain debt facilities, restricted cash pursuant to a holdback arrangement, restricted cash and marketable securities pledged to regulatory agencies and governmental entities as financial guarantees of our performance

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

related to our final capping, closure and post-closure obligations at our landfills, and restricted cash and marketable securities related to our insurance obligations.

The following table summarizes our restricted cash and marketable securities as of December 31:

	2016	2015
Financing proceeds	\$ —	\$ 2.1
Holdback escrow	—	16.8
Capping, closure and post-closure obligations	27.9	27.3
Insurance	62.6	54.1
Total restricted cash and marketable securities	\$ 90.5	\$ 100.3

We own a 19.9% interest in a company that, among other activities, issues financial surety bonds to secure capping, closure and post-closure obligations for companies operating in the solid waste industry. We account for this investment under the cost method of accounting. There have been no identified events or changes in circumstances that may have a significant adverse effect on the recoverability of this investment. This investee company and the parent company of the investee had written surety bonds for us relating primarily to our landfill operations for capping, closure and post-closure, of which \$1,225.5 million were outstanding as of December 31, 2016. Our reimbursement obligations under these bonds are secured by an indemnity agreement with the investee and letters of credit. There were no letters of credit outstanding as of December 31, 2016 and 2015 associated with these reimbursement obligations.

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than operating leases and the financial assurances discussed above, which are not classified as debt. We have no transactions or obligations with related parties that are not disclosed, consolidated into or reflected in our reported financial position or results of operations. We have not guaranteed any third-party debt.

Guarantees

We enter into contracts in the normal course of business that include indemnification clauses. Indemnifications relating to known liabilities are recorded in the consolidated financial statements based on our best estimate of required future payments. Certain of these indemnifications relate to contingent events or occurrences, such as the imposition of additional taxes due to a change in the tax law or adverse interpretation of the tax law, and indemnifications made in divestiture agreements where we indemnify the buyer for liabilities that relate to our activities prior to the divestiture and that may become known in the future. We do not believe that these contingent obligations will have a material effect on our consolidated financial position, results of operations or cash flows.

We have entered into agreements with property owners to guarantee the value of property that is adjacent to certain of our landfills. These agreements have varying terms. We do not believe that these contingent obligations will have a material effect on our consolidated financial position, results of operations or cash flows.

Other Matters

Our business activities are conducted in the context of a developing and changing statutory and regulatory framework. Governmental regulation of the waste management industry requires us to obtain and retain numerous governmental permits to conduct various aspects of our operations. These permits are subject to revocation, modification or denial. The costs and other capital expenditures that may be required to obtain or retain the applicable permits or comply with applicable regulations could be significant. Any revocation, modification or denial of permits could have a material adverse effect on us.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

18. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

The following table summarizes our unaudited consolidated quarterly results of operations as reported for 2016 and 2015:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2016:				
Revenue	\$ 2,248.6	\$ 2,350.7	\$ 2,409.3	\$ 2,379.1
Operating income	345.5	382.1	417.9	392.0
Net income	156.9	181.0	85.7	189.6
Net income attributable to Republic Services, Inc.	156.7	180.8	85.6	189.5
Diluted earnings per common share ⁽¹⁾	0.45	0.52	0.25	0.55
2015:				
Revenue	\$ 2,169.4	\$ 2,311.4	\$ 2,344.0	\$ 2,290.2
Operating income	372.8	389.2	442.9	353.9
Net income	172.5	190.3	215.2	172.4
Net income attributable to Republic Services, Inc. ⁽¹⁾	172.4	190.3	215.0	172.3
Diluted earnings per common share	0.49	0.54	0.61	0.49

(1) Line items in these rows do not total to amounts reported in the consolidated statements of income due to rounding.

During the third quarter of 2016, we incurred a loss on the early extinguishment of debt and other related costs of \$203.4 million. See Note 9, *Debt*, for a summary of these charges. During the first quarter of 2016, we recorded charges of \$5.6 million for withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico.

During the fourth quarter of 2015, we recorded charges of \$4.1 million for withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico, as well as \$0.4 million of related legal charges. During the third quarter of 2015, we recorded a reduction to remediation expenses of \$50.0 million related to an insurance recovery at our closed Bridgeton Landfill.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

REPORT OF MANAGEMENT ON REPUBLIC SERVICES, INC.'S INTERNAL CONTROL OVER FINANCIAL REPORTING

We, as members of management of Republic Services, Inc., are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control systems and procedures may not prevent or detect misstatements. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

We, under the supervision of and with the participation of our management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2016, based on criteria for effective internal control over financial reporting described in "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that we maintained effective internal control over financial reporting as of December 31, 2016, based on the specified criteria.

Our internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e), and 15d-15(e)) as of the end of the period covered by this Annual Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report.

Changes in Internal Control Over Financial Reporting

Based on an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, there has been no change in our internal control over financial reporting during the period covered by this Form 10-K identified in connection with that evaluation, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to the material appearing under the headings “Proposal 1 - Election of Directors,” “Biographical Information Regarding Directors/Nominees and Executive Officers,” “Board of Directors and Corporate Governance Matters,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Executive Officers” in the Proxy Statement for the 2017 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the material appearing under the headings “Executive Compensation” and “Director Compensation” in the Proxy Statement for the 2017 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated by reference to the material appearing under the headings “Security Ownership of Five Percent Shareholders” and “Security Ownership of the Board of Directors and Management” in the Proxy Statement for the 2017 Annual Meeting of Shareholders.

The following table sets forth certain information regarding equity compensation plans as of December 31, 2016 (number of securities in millions):

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (b)	Weighted Average Exercise Price of Outstanding Options and Rights (c)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column) (d)
Equity compensation plans approved by security holders (a)	5.5	\$ 30.56	30.9
Equity compensation plans not approved by security holders	—	—	—
Total	5.5	\$ 30.56	30.9

- (a) Includes our 2006 Plan, Amended and Restated 2007 Stock Incentive Plan and our 2009 Employee Stock Purchase Plan (ESPP).
- (b) Includes 3.2 million stock options, 1.8 million shares underlying restricted stock units, 0.5 million shares underlying performance shares, and less than 0.1 million shares underlying purchase rights that accrue under the ESPP.
- (c) Excludes restricted stock units and performance shares as these awards do not have exercise prices.
- (d) The shares remaining available for future issuances include 14.9 million shares under our Amended and Restated 2007 Stock Incentive Plan and 0.5 million shares under our ESPP.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference to the material appearing under the heading “Board of Directors and Corporate Governance Matters” in the Proxy Statement for the 2017 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is incorporated by reference to the material appearing under the heading “Audit and Related Fees” in the Proxy Statement for the 2017 Annual Meeting of Shareholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements

Our consolidated financial statements are set forth under Item 8 of this Form 10-K.

2. Financial Statement Schedules

All schedules are omitted as the required information is not applicable or the information is presented in the consolidated financial statements and notes thereto in Item 8 of this Form 10-K.

3. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Commission, as indicated in the description of each, File No. 1-14267 in the case of Republic and File No. 1-14705 and No. 0-19285 in the case of Allied.

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Republic Services, Inc. (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-8, Registration No. 333-81801, filed with the Commission on June 29, 1999).
3.3	Amended and Restated Bylaws of Republic Services, Inc. (incorporated by reference to Exhibit 3.3 of the Company's Current Report on Form 8-K dated May 6, 2016).
4.1	Republic Services, Inc. Common Stock Certificate (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8, Registration No. 333-81801, filed with the Commission on June 29, 1999).
4.2	Second Supplemental Indenture, dated as of March 21, 2005, to the Indenture dated as of August 15, 2001, by and between Republic Services, Inc. and The Bank of New York, as trustee, including the form of 6.086% Note due March 15, 2035 (incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005).
4.3	Indenture, dated as of September 8, 2009, by and between Republic Services, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated September 9, 2009).
4.4	First Supplemental Indenture, dated as of September 8, 2009, to the Indenture dated as of September 8, 2009, by and among Republic Services, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, including the form of 5.500% Notes due 2019 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated September 9, 2009).
4.5	Second Supplemental Indenture, dated as of May 9, 2011, to the Indenture dated as of September 8, 2009, by and among Republic Services, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, including the form of 3.800% Notes due 2018 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated May 9, 2011).
4.6	Third Supplemental Indenture, dated as of May 9, 2011, to the Indenture dated as of September 8, 2009, by and among Republic Services, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, including the form of 4.750% Notes due 2023 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated May 9, 2011).
4.7	Fourth Supplemental Indenture, dated as of May 9, 2011, to the Indenture dated as of September 8, 2009, by and among Republic Services, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, including the form of 5.700% Notes due 2041 (incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K dated May 9, 2011).
4.8	Indenture, dated as of November 25, 2009, by and between Republic Services, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated November 25, 2009).

<u>Exhibit Number</u>	<u>Description</u>
4.9	First Supplemental Indenture, dated as of November 25, 2009, to the Indenture dated as of November 25, 2009, by and among Republic Services, Inc., the guarantors named therein and U.S. Bank National Association, as trustee, including the form of 5.25% Notes due 2021 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated November 25, 2009).
4.10	Second Supplemental Indenture, dated as of March 4, 2010, to the Indenture dated as of November 25, 2009, by and among Republic Services, Inc., the guarantors named therein and U.S. Bank National Association, as trustee, including the form of 5.00% Notes due 2020 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated March 4, 2010).
4.11	Third Supplemental Indenture, dated as of March 4, 2010, to the Indenture dated as of November 25, 2009, by and among Republic Services, Inc., the guarantors named therein and U.S. Bank National Association, as trustee, including the form of 6.20% Notes due 2040 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated March 4, 2010).
4.12	Indenture, dated as of May 21, 2012, by and between Republic Services, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated May 21, 2012).
4.13	First Supplemental Indenture, dated as of May 21, 2012, to the Indenture dated as of May 21, 2012, by and between Republic Services, Inc. and Wells Fargo Bank, National Association, including the form of 3.55% Notes due 2022 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated May 21, 2012).
4.14	Restated Indenture, dated as of September 1, 1991, by and between Browning-Ferris Industries, Inc. and First City, Texas-Houston, National Association, as trustee (incorporated by reference to Exhibit 4.22 of Allied's Registration Statement on Form S-4/A (No. 333-61744)).
4.15	First Supplemental Indenture, dated as of July 30, 1999, to the Restated Indenture dated as of September 1, 1991, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., Browning-Ferris Industries, Inc. and Chase Bank of Texas, National Association, as trustee (incorporated by reference to Exhibit 4.23 of Allied's Registration Statement on Form S-4/A (No. 333-61744)).
4.16	First [sic] Supplemental Indenture, dated as of December 31, 2004, to the Restated Indenture dated as of September 1, 1991, by and among Browning-Ferris Industries, Inc., BBCO, Inc. and JP Morgan Chase Bank, National Association as trustee (incorporated by reference to Exhibit 4.33 of Allied's Annual Report on Form 10-K for the year ended December 31, 2004).
4.17	Third Supplemental Indenture, dated as of December 5, 2008, to the Restated Indenture dated as of September 1, 1991, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., Browning-Ferris Industries, LLC (successor to Browning-Ferris Industries, Inc.), BBCO, Inc., Republic Services, Inc., the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated December 10, 2008).
4.18	Credit Agreement, dated as of June 30, 2014, by and among Republic Services, Inc., as Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the other lenders party thereto (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated July 2, 2014).
4.19	The Company is a party to other agreements for unregistered long-term debt securities, which do not exceed 10% of the Company's total assets. The Company agrees to furnish a copy of such agreements to the Commission upon request.
4.20	Fourth Supplemental Indenture, dated as of March 11, 2015, to the Indenture, dated as of November 25, 2009, between Republic Services, Inc. and U.S. Bank National Association, as trustee, including the form of 3.20% Notes due 2025 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated March 11, 2015).
4.21	Fifth Supplemental Indenture, dated as of July 5, 2016, to the Indenture, dated as of November 25, 2009, between Republic Services, Inc. and U.S. Bank National Association, as trustee, including the form of 2.900% Notes due 2026 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated July 5, 2016).
4.22	Second Amended and Restated Credit Agreement, dated as of May 2, 2016, by and among Republic Services, Inc., as Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the other lenders party thereto (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated May 3, 2016).
4.23	Amendment No. 1 to Credit Agreement, dated as of May 2, 2016, by and among Republic Services, Inc., as Borrower, Bank of America, N.A., as Administrative Agent, and each of the lenders party thereto (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated May 3, 2016).

<u>Exhibit Number</u>	<u>Description</u>
4.24	Form of Browning-Ferris Industries, Inc. 7.4% Debentures due 2035 (incorporated by reference to Exhibit 4 of Browning-Ferris Industries, Inc.'s Current Report on Form 8-K dated September 15, 1995).
10.1+	Republic Services, Inc. 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007).
10.2+	Amendment to the Republic Services, Inc. 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.3+	Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan effective May 12, 2011 (incorporated by reference to Appendix A of the Company's Proxy Statement on Schedule 14A filed on April 1, 2011).
10.4+	Form of Stock Option Agreement under the Republic Services, Inc. 2007 Stock Incentive Plan (for awards prior to October 28, 2011) (incorporated by reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.5+	Form of Non-NEO Stock Option Agreement under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after October 28, 2011) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
10.6+	Form of NEO Stock Option Agreement under the Republic Services, Inc. 2007 Amended and Restated Stock Incentive Plan (for awards on or after October 28, 2011) (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
10.7+	Form of Non-NEO Restricted Stock Agreement under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after October 28, 2011) (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
10.8+	Form of NEO Restricted Stock Agreement under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after October 28, 2011) (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
10.9+	Form of Employee Restricted Stock Unit Agreement under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after December 27, 2011) (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated December 27, 2011).
10.10+	Form of Non-Employee Director Restricted Stock Unit Agreement (annual vesting) under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after December 27, 2011) (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated December 27, 2011).
10.11+	Form of Non-Employee Director Restricted Stock Unit Agreement (3 year vesting) under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after December 27, 2011) (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K dated December 27, 2011).
10.12+	Republic Services, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2010 (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8, Registration No. 333-170174, filed with the Commission on October 27, 2010).
10.13+	Amendment No. 1 to Republic Services, Inc. Deferred Compensation Plan, effective January 6, 2011 (incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.14+	Republic Services, Inc. Amended and Restated Executive Incentive Plan, effective February 4, 2014 (incorporated by reference to Appendix A of the Company's Proxy Statement on Schedule 14A filed on March 26, 2014).
10.15+	Employment Agreement, effective as of October 29, 2013, by and between Republic Services, Inc. and Donald W. Slager (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013).
10.16+	Amended and Restated Employment Agreement, effective December 8, 2008, by and between Jeffrey A. Hughes and Republic Services, Inc. (incorporated by reference to Exhibit 10.61 of the Company's Annual Report on Form 10-K for the year ended December 31, 2012).
10.17+	Allied Waste Industries, Inc. 2006 Incentive Stock Plan (incorporated by reference to Exhibit 10.2 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2006).
10.18+	First Amendment to the Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.1 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).

<u>Exhibit Number</u>	<u>Description</u>
10.19+	Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.2 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).
10.20+	First Amendment, dated as of December 5, 2006, to the Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.47 of Allied's Annual Report on Form 10-K for the year ended December 31, 2006).
10.21+	Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, effective October 24, 2007 (incorporated by reference to Exhibit 10.122 of Allied's Annual Report on Form 10-K for the year ended December 31, 2007).
10.22+	Republic Services, Inc. 2006 Incentive Stock Plan (f/k/a Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan), as amended and restated effective December 5, 2008 (incorporated by reference to Exhibit 10.51 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.23+	Form of Nonqualified Stock Option Agreement under the Allied Waste Industries, Inc. 2006 Incentive Stock Plan (incorporated by reference to Exhibit 10.3 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).
10.24+	Form of Indemnity Agreement between Allied Waste Industries, Inc. and legacy Allied directors (incorporated by reference to Exhibit 10.19 of Allied's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
10.25+	Republic Services, Inc. Executive Separation Policy, as amended as of March 29, 2012 (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).
10.26+	Amendment No. 2 to Republic Services, Inc. Deferred Compensation Plan, effective February 7, 2012 (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).
10.27+	Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan effective May 9, 2013 (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013).
10.28+	Amendment No. 3 to Republic Services, Inc. Deferred Compensation Plan, effective October 29, 2013 (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013).
10.29+	Offer Letter, dated August 22, 2014, by and between Charles F. Serianni and Republic Services, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated August 25, 2014).
10.30+	Clawback Policy, dated October 29, 2014 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated October 30, 2014).
10.31+	First Amendment to the Employment Agreement, dated December 23, 2014, by and between Donald W. Slager and Republic Services, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated December 24, 2014).
10.32+	Form of Performance Share Agreement, adopted January 7, 2015 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated January 9, 2015).
10.33+	Form of Employee Restricted Stock Unit Agreement - Senior Executive, adopted January 7, 2015 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated January 9, 2015).
10.34+	Amendment No. 4 to Republic Services, Inc. Deferred Compensation Plan, effective January 1, 2015 (incorporated by reference to Exhibit 10.53 of the Company's Annual Report on Form 10-K for the year ended December 31, 2014).
10.35+	Agreement, entered into July 11, 2016, by and between Michael P. Rissman and Republic Services, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated July 12, 2016).
10.36+	Separation agreement, entered into June 23, 2016, by and between Robert A. Maruster and Republic Services, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated June 24, 2016).
10.37+*	Offer Letter, dated July 25, 2016, by and between Catharine D. Ellingsen and Republic Services, Inc.
10.38+*	Non-Competition, Non-Solicitation, Confidentiality and Arbitration Agreement, effective June 13, 2016, by and between Catharine D. Ellingsen and Republic Services, Inc.

<u>Exhibit Number</u>	<u>Description</u>
21.1*	Subsidiaries of the Company.
23.1*	Consent of Ernst & Young LLP.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32.1**	Section 1350 Certification of Chief Executive Officer.
32.2**	Section 1350 Certification of Chief Financial Officer.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

** This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

+ Indicates a management or compensatory plan or arrangement.

Signatures

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 16, 2017

REPUBLIC SERVICES, INC.

By: /s/ DONALD W. SLAGER

Donald W. Slager
President and
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ DONALD W. SLAGER</u> Donald W. Slager	President, Chief Executive Officer and Director (Principal Executive Officer)	February 16, 2017
<u>/s/ CHARLES F. SERIANNI</u> Charles F. Serianni	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 16, 2017
<u>/s/ BRIAN A. GOEBEL</u> Brian A. Goebel	Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 16, 2017
<u>/s/ RAMON A. RODRIGUEZ</u> Ramon A. Rodriguez	Chairman of the Board of Directors	February 16, 2017
<u>/s/ TOMAGO COLLINS</u> Tomago Collins	Director	February 16, 2017
<u>/s/ JAMES W. CROWNOVER</u> James W. Crownover	Director	February 16, 2017
<u>/s/ ANN E. DUNWOODY</u> Ann E. Dunwoody	Director	February 16, 2017
<u>/s/ WILLIAM J. FLYNN</u> William J. Flynn	Director	February 16, 2017
<u>/s/ THOMAS W. HANDLEY</u> Thomas W. Handley	Director	February 16, 2017

Table of Contents

<u>/s/ MANUEL KADRE</u> Manuel Kadre	Director	February 16, 2017
<u>/s/ JENNIFER M. KIRK</u> Jennifer M. Kirk	Director	February 16, 2017
<u>/s/ MICHAEL LARSON</u> Michael Larson	Director	February 16, 2017
<u>/s/ W. LEE NUTTER</u> W. Lee Nutter	Director	February 16, 2017
<u>/s/ JOHN M. TRANI</u> John M. Trani	Director	February 16, 2017
<u>/s/ SANDRA M. VOLPE</u> Sandra M. Volpe	Director	February 16, 2017



City of Galveston REQUEST FOR PROPOSAL

Proposal Reference Number: 17-23

Project Title: Transfer Station and Recycling Center Operations

Proposal Closing Date: 2:00 P.M.(CST), Wednesday, October 18, 2017

Original and three (3) copies and one media source required.
No Proposals submitted after the above deadline will be accepted.

Contact: City of Galveston Purchasing Department at
purchasing@galvestontx.gov or 409-797-3579.

TABLE OF CONTENTS

Table of Contents	Page 1 & 2
--------------------------------	------------

Request for Proposal

(1) Introduction	Page 3
(2) Contact Information	Page 3
(3) General Information	Page 4
(4) RFP Withdrawals and / or Amendments	Page 4
(5) Estimated Quantities	Page 4
(6) Proposal Submittal Requirements	Page 4
(7) Proposal Evaluation and Contract Award	Page 5
(8) Declaration of Policy	Page 8

Appendix A – Proposal

(-) Label Format for Submittal Packet's Sealed Envelope	Page 9
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I. Required Proposal Information:

(1) Proposed Products and / or Services	Page 10
(2) Cost of Proposed Products and Services	Page 10
(3) Term of Contract and Option to Extend	Page 10
(4) Proposer's Experience / Staff	Page 11
(5) References	Page 12
(6) Trade Secrets and / or Confidential Information	Page 13
(7) Federal, State and / or Local Identification Information	Page 13
(8) Emergency Business Services Contact Notice	Page 14
(9) Cooperative Governmental Purchasing Notice	Page 14

II. Contract Terms and Conditions:

(1) Delivery of Products and Services	Page 14
(2) Miscellaneous	Page 16
(3) Financial Responsibility Provisions	Page 17

Appendix B – Conflict of Interest Form	Page 19
---	----------------

Appendix C – Property Tax Statement	Page 21
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Appendix D – Nepotism Statement	Page 22
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Appendix E – Non-Collusion Statement	Page 23
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Appendix F – Document 00435	Page 24
--	----------------

Appendix G – No Intent to Submit Form	Page 25
--	----------------

Appendix H – ACH Form (this form is optional)	Page 26 & 27
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Appendix I – Scope of Services

(1) Project Title	Page 28
(2) Scope of Services Contact	Page 28
(3) Special Conditions.....	Page 28
(4) Proposal Evaluation Factors.....	Page 28
(5) Brand Manufacture Reference.....	Page 28
(6) Key Events Schedule	Page 28
(7) Scope of Services	Page 29

Galveston, Texas

Request for Proposal

1. Introduction

- A. Project Overview: The City of Galveston is requesting proposals with the intent of awarding a contract for the purchase of goods and services contained in Appendix I – Scope of Services.
- B. Questions: Following are contacts for questions as identified.
- i. RFP Clarifications: All questions related to requirements or processes of this RFP should be submitted in writing to the Purchasing Department. Contact information provided in section 2 below.
 - ii. Scope of Service Questions: All questions related to the scope of services should be submitted in writing to the contact person(s) noted in Appendix I – Scope of Services.
 - iii. Replies: Responses to inquiries which directly affect an interpretation or effect a change to this RFP will be issued in writing by addendum and posted to City website. All such addenda issued by City prior to the submittal deadline shall be considered part of the RFP. The City shall not be bound by any reply to an inquiry unless such reply is made by such formal written addendum.
 - iv. Acknowledgement of Addenda: The Proposer must acknowledge all addenda by signing and returning such document(s) or by initialing appropriate area of the proposal document or the submittal will marked Non-Responsive.
- C. Notification of Errors or Omissions: Proposers shall promptly notify the City of any omissions, ambiguity, inconsistency or error that they may discover upon examination of this RFP. The City shall not be responsible or liable for any errors and/or misrepresentation that result from the solicitations which are inadvertently incomplete, ambiguous, inconsistent or obviously erroneous.
- D. Conflict of Interest Questionnaire (Form CIQ): A person or business, and their agents, who seek to contract or enter into an agreement with the City, are required by Texas Local Government Code, Chapter 176, to file a conflict of interest questionnaire (FORM CIQ) which is found in Appendix C. The form must be filed with the City Secretary no later than seven (7) days after the date the person or business begins contract discussions or negotiations with the City, or submits an application, response to a request for proposals or proposals, correspondence, or other writing related to any potential agreement with the City. If no conflict exists the offeror must mark the form Not Applicable or NA and return with the proposal packet.
- E. Disclosure of Interested Parties Form 1295: A person or business, who enters into a contract with the City, meeting the conditions according to Texas Local Government Code Sec. 2252.908, is required to file Form 1295 with Texas Ethics Commission. **This form is not required unless there is a contract between the vendor and the City of Galveston. Do not submit this form unless you receive an award letter from the City.**

2. Contact Information

Mailing Address: City of Galveston, Purchasing Department, Room 306, PO Box 779, Galveston, Texas 77553

Physical Address: City of Galveston, Purchasing Department, 823 Rosenberg Street, Room 306, Galveston, Texas 77550

Email Address: purchasing@galvestontx.gov

3. General Information

- A. **Tax Exempt Status:** City purchases are exempt from State Sales Tax and Federal Excise Tax. Do not include tax in the proposal. City will furnish Excise Tax Exemption Certificate upon request.
- B. **Public Inspection of Proposals:** The City strictly adheres to the Texas Public Information Act (Texas Government Code Chapter 552.001, et seq.) and all other governing statutes, regulations, and laws regarding the disclosure of RFP information. Proposal Documents are not available for public inspection until after the contract award. If the Proposer has notified the City, in writing, that the Proposal Document contains trade secrets or confidential information, the City will generally take reasonable steps to prevent disclosure of such information, in accordance with the Public Information Act. This is a statement of general policy only, and in no event shall the City be liable for disclosure of such information by the City in response to a request, regardless of the City's failure to take any such reasonable steps, even if the City is negligent in failing to do so.
- C. All Proposers are hereby put on notice that if the Proposer is awarded a contract for procurement of goods or services, the City of Galveston is entering into that contract in its governmental capacity, and not a proprietary capacity.

4. RFP Withdrawals and/or Amendments

- A. **RFP Withdrawal:** The City reserves the right to withdraw this RFP for any reason.
- B. **RFP Amendments:** The City reserves the right to amend any aspect of this RFP by formal written Addendum prior to the Proposal submittal deadline and will endeavor to notify all potential Proposers that have notified the Purchasing Department of their intent to Proposal, but failure to notify shall impose no obligation or liability on the City.

5. Estimated Quantities

The City does not guarantee to purchase any minimum or maximum quantity but does contemplate purchasing exclusively during the term of the contract from the successful vendor(s).

6. Proposal Submittal Requirements

- A. **Submittal Packet – How to submit:** All Proposals must be submitted in person or by mail at the addresses in Section 2, above. No Proposals will be accepted electronically, either by fax or email. Proposals submitted electronically will be marked non-responsive. Proposals shall be sealed and marked clearly with the Proposal number, Proposal name, closing date and time, on the outside of the package or envelope. Unidentifiable Proposals will be unopened and marked as non-responsive.

- B. Submittal Packet – Required Contents: All items in this Proposal are considered part of the Proposal package. Submittals must include the package in its entirety; signed in the appropriate places by an authorized representative of the company with an original signature. Proposals not including all of the above will be considered non-responsive. A Proposal requires an Original signed document, copies, and a media source. Please mark the Proposals "Original" and "Copy" and label the media source (preferred media is a jump/thumb drive). Please submit the original and correct number of copies indicated on the title page, or Proposal will be marked "Non-responsive". Offerors must submit their Proposals on the forms provided herein, otherwise, it will be marked non-responsive.
- C. Submittal Deadline: The deadline for submittal of Proposals shall be as identified on the title of the Proposal and on page 9 (nine) of Appendix A-Proposal. It is the Offeror's responsibility to have the Proposal Documents, including Addenda, correctly submitted by the submittal deadline. No extensions will be granted and no late Proposals will be accepted.
- D. Proposals Received Late: Proposers are encouraged to submit their Proposals as soon as possible. The time and date of receipt as recorded in the Purchasing Office shall be the official time of receipt. The City is not responsible for late submission regardless of the reason. Late Proposals will not be considered under any circumstances.
- E. Alterations or Withdrawals of Proposal Document: Any submitted Proposal may be withdrawn or a revised Proposal substituted prior to the submittal deadline. Proposal Documents cannot be altered, amended or withdrawn by the Proposer after the submittal deadline.
- F. Proposal Document Format: All proposal Documents must be prepared in single-space type, on standard 8-1/2" x 11" vertically oriented pages, numbered at the bottom, with the exception of plans or drawings, those may be submitted landscape on 8-1/2" x 11" pages. ***The package must be in the order required in the Scope of Work.*** The submittal must be written in pen or typed, signatures must be signed in pen, and anything written in pencil will not be accepted. Mistakes can be crossed out and corrections inserted and initialed in ink by the individual signing the proposal. The City only accepts proposals that are hand delivered or by mail, to the addresses in Section 2 of the proposal documents. No fax or email copies will be considered and will be marked "Non-responsive".
- G. Questions and Responses: Questions regarding proposals must be addressed to the Purchasing Department purchasing@galvestontx.gov. The subject line must read **"Proposal 17-23 Transfer Station"**. The question deadline will be addressed in Appendix I-Scope of Work. Responses will be answered after the question deadline in the form of an Addendum. No responses will be given to questions submitted after the deadline. Questions submitted outside of the Purchasing Department will not be answered and any communication with a User Department prior to award by City Council will disqualify a vendor from being considered for award.
- H. Pre-Proposal Conferences: The date and time of a pre-proposal conference, if necessary, will be found in Appendix I-Scope of Work.
- I. Validity Period: Once the submittal deadline has passed, any proposal Document shall constitute an irrevocable proposal to provide the commodities and/or services set forth in the Scope of Services at the price(s) shown in the Proposal Document. Such proposal shall

be irrevocable until the earlier of the expiration of ninety (90) days from the submittal deadline, or until a contract has been awarded by the City.

7. **Proposal Evaluation and Contract Award**

- A. Proposal Evaluation and Contract Award Process: An award of a contract to provide the goods or services specified herein will be made using competitive sealed proposals, in accordance with Chapter 252 of the Texas Local Government Code and with the City's purchasing policy. The City will evaluate all proposals to determine which offerors are reasonably qualified for the award of the contract, applying the anticipated evaluation factors and emphasis to be placed on each factor as identified in the Scope of Services. A variety of factors may be used in the evaluation of the submitted proposals for this project. The City may, at its option, conduct discussions with or accept proposal revisions from any reasonably qualified proposer. Discussions may not be initiated by offerors. **These discussions will be limited to issues and topics brought forth by the City. Any attempt by proposer or vendor at deviating from the issues and topics to discuss other issues and topics concerning the Proposal brought forth by the City of Galveston shall be grounds for disqualification.** Vendors shall not contact any City of Galveston personnel during the proposal process without the express permission from the City's Purchasing Supervisor.
- B. All correspondence relating to this proposal, from advertisement to award, shall be sent to the City of Galveston's Purchasing Department. All presentations and/or meetings between the City of Galveston and the vendor relating to this proposal shall be coordinated by the City of Galveston Purchasing Department. The City reserves the right to determine which proposal provides the City with the best value and which will be in the City's best interest.
- C. Completeness: If the Proposal Document is incomplete or otherwise fails to conform to the requirements of the RFP, the City alone will determine whether the variance is so significant as to render the Proposal non-responsive.
- D. Ambiguity: Any ambiguity in the Proposal Document as a result of omission, error, lack of clarity or non-compliance by the Proposer with specifications, instructions and all conditions shall be construed in the favor of the City. In the event of a conflict between these standard RFP requirements and details provided in Appendix I – Scope of Services or Appendix A – Proposal, the Appendices shall prevail.
- E. Unit Prices and Extensions: If unit prices and their extensions do not coincide, the City may accept the price most beneficial to the City, and the Proposer will be bound thereby.
- F. Additional Information: City may request any other information necessary to determine Proposer's ability to meet the minimum standards required by this RFP.
- G. Partial Contract Award: City reserves the right to award one contract for some or all the requirements proposed or award multiple contracts for various portions of the requirements to different Proposers based on the unit prices proposed in response to this request, or to reject any and all Proposals and re-solicit for Proposals, as deemed to be in the best interest of City.
- H. No Commitment: The Request for Proposal does not commit the City of Galveston to award any costs or pay any costs, or to award any contract, or to pay any costs associated with or incurred in the preparation of a (Proposal/proposal) to this request, or to procure or contract for services or supplies.

- I. Protest Procedures: Any actual or prospective proposer who is allegedly involved with the solicitation or award of a proposal may submit a protest to the decision. The protest must be submitted in writing to the City of Galveston's Purchasing Supervisor within three working days after such aggrieved person knows of, or should have known of the facts giving rise thereto. If the protest is not resolved by mutual agreement, the Purchasing Supervisor will promptly issue a decision in writing to the protesting party.
- i. All protest lodged by potential or actual contractors or proposers must be made in writing and contain the following information.
 - a. Name, address and telephone number of the protestor.
 - b. Identification of the solicitation or contract number and time.
 - c. A detailed statement of the protest's legal and factual grounds, including copies of relevant documents.
 - d. Identification of the issue (s) to be resolved and statement of what relief is requested.
 - e. Arguments and authorities in support of the protest.
 - f. A statement that copies of the protest have been mailed or delivered to all interested parties in the request for proposals process. In the case of request for proposals, the City of Galveston Purchasing Supervisor shall ask the protester to mail or deliver the protest to relevant parties.
 - ii. The City of Galveston's City Manager has the authority to render the final determination regarding the protest. Any determination rendered by the City of Galveston's City Manager will be final.
- J. Single Proposal Response: If only one bid or proposal is received in response to the Request for Proposal/Bid, a detailed cost proposal may be requested of the single contractor. A cost/price analysis and evaluation and/or audit may be performed of the cost proposal in order to determine if the price is fair and reasonable.
- K. Re-Appropriation of Budget Items: The City may reduce the funds allocated and the services required under this Agreement at its discretion. The City shall notify Contractor in writing of this reduction. Contractor shall not perform any services subtracted from this Agreement. The de-obligation of funds does not require any formal amendment of this Agreement but shall be evidenced by a revised budget approved by City Council.
- L. Appropriation of Funds: The City of Galveston has established an appropriation (allocation) of funds for this project, if in the event that appropriated (allocated) funds are exhausted, the contractor's only remedy shall be suspension or termination of its performance under this contract and shall have no other remedy in law or in equity against the City and no right to damages of any kind.
- M. Terminate for Cause: The occurrence of any one or more of the following events will justify termination of the contract by the City of Galveston for cause:
- i) The successful Proposer fails to perform in accordance with the provisions of these specifications; or
 - ii) The successful Proposer violates any of the provisions of these specifications; or
 - iii) The successful Proposer disregards laws or regulations of any public body having jurisdiction; or

- iv) The successful Proposer transfers, assigns, or conveys any or all of its obligations or duties under the contract to another without written consent of the City.
 - v) If one or more of the events identified in Subparagraphs G i) through iv) occurs, the City of Galveston may, terminate the contract by giving the successful Proposer seven (7) days written notice of such termination. In such case, the successful Proposer shall only be entitled to receive payment for goods and services provided before the effective date of termination. The successful Proposer shall not receive any payment on account of loss of anticipated profits or revenue or other economic loss resulting from such termination.
 - vi) When the contract has been so terminated by the City of Galveston, such termination shall not affect any rights or remedies of the City then existing or which may thereafter accrue.
- J. Terminate for Convenience: This contract may be cancelled or terminated at any time by giving vendor thirty (30) days written notice. Vendor may be entitled to payment for services actually performed prior to termination; to the extent said services are satisfactory.

8. Pursuant to Sec. 2-341 of the City Code – Declaration of Policy

- A. It is the policy of the City of Galveston to stimulate growth of local minority and women-owned business enterprise (M/WBE) by encouraging their participation in all phases of its contract and procurement activity and by affording them the opportunity to compete for all City of Galveston contracts. The purpose and objectives of this article are to:
 - i. Increase the capacity of local M/WBE's to provide products and services.
 - ii. Increase the opportunities for local M/WBE's to expand their business with the city and other public and private sector business entities.
- B. Provided, however, nothing herein shall require the city to award contracts for services or procurements to a M/WBE which is not also the lowest responsive and responsible Proposer and otherwise qualified unless the city may otherwise lawfully award the contract to someone other than the lowest responsive, responsible Proposer.
- C. Additionally The City of Galveston has a Disadvantaged Business Enterprise, (DBE) program mandated by the US Department of Transportation, which is part of its M/WBE program.

Appendix A – Proposal Document

Submittal Checklist: (To determine validity of Proposal)

Appendix A (pages 9 through 18) must be included in the Proposal submittal.

Appendix B – F (pages 20 through 24) all forms must be complete and included in the submittal.

Appendix I (pages 28 through 47) must be included in the Proposal submittal.

All Proposals submitted to the City of Galveston shall include this page with the submitted Proposal.

RFP Number: 17-23

Project Title: Transfer Station and Recycling Center Operations

Submittal Deadline: October 18, 2017 @ 2:00 p.m. CST

Submit in person: City of Galveston Purchasing Dept., 823 Rosenberg St., Room 306, Galveston, Texas 77550
or by mail: City of Galveston Purchasing Dept., PO Box 799, Galveston, Texas 77553

Proposer Information:

Proposer's Legal Name:

BFI Waste Services of Texas, LP, dba Republic Services of Houston

Address:

5301 Brookglen Drive,

City, State & Zip

Houston, TX 77017

Federal Employers Identification Number #

86-1024527

Phone Number:

832-386-2369 - office
225-810-2434 - cell

Fax Number:

832-386-2356

E-Mail Address:

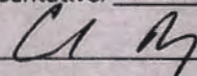
CRay@republicservices.com

Proposer Authorization

I, the undersigned, have the authority to execute this Proposal in its entirety as submitted and enter into a contract on behalf of the Proposer.

Printed Name and Position of Authorized Representative: Calvin A Ray, III - Division General Manager

Signature of Authorized Representative: _____



Signed this 18th (day) of October (month), 2017 (year)

I learned of this Request for Proposal by the following means:

☐ Newspaper Advertisement

☒ City E-mail Notification

☐ Galveston Website

☐ Cold Call to City

☐ Mailed Me a Copy

☐ Other

Appendix A – Proposal Document (continued)

I. ***REQUIRED PROPOSAL INFORMATION. IN ORDER FOR A PROPOSAL TO BE CONSIDERED COMPLETE, AND TO BE EVALUATED FOR A CONTRACT AWARD BY THE CITY, PROPOSER MUST SUBMIT ALL OF THE FOLLOWING INFORMATION***

1. **Proposed Products and/or Services**

- A. Product or Service Description: Proposers should utilize this section to describe the technical aspects, capabilities, features and options of the service or product and/or service proposed in accordance with the required Scope of Services as identified in Appendix I. Promotional literature, brochures, or other technical information may be used.
- B. Additional Hardware Descriptions: Proposers should also include in this section a detailed description of what additional hardware and/or software, if any, would be required by the City in order to fully utilize the goods and/or services proposed.
- C. Guarantees and Warranties: Each Proposer shall submit a complete copy of any warranties or guarantees provided by the manufacturer or Proposer with the Proposal submitted.
- D. Project Schedule/Delivery Date: Proposer must provide a project schedule noting all projected completion dates for segments of the Project, from start-up to completion, and all delivery dates for goods covered by the RFP. The Proposal Document must show the number of days required to deliver and install the product or equipment after the receipt of the City's Purchase Order.

2. **Cost of Proposed Products and/or Services**

- A. Pricing: Pricing shall reflect the full Scope of Work defined herein, inclusive of all associated cost for delivery, labor, insurance, taxes, overhead, and profit.
- B. Schedule of Pricing: Proposer shall quote unit pricing in accordance with the itemized listing of products or contract segments stated in the Scope of Services and using the following format: (this format should only be used if pricing sheets are not provided in the Scope of Services section.)

Item #	Quantity	Description of Products/Services	Unit Cost	Extended Price
			\$	\$
			\$	\$
			\$	\$
		TOTAL ALL LINE ITEMS	\$	\$

3. **Term of Contract and Option to Extend:**

Any contract resulting from this RFP shall be effective for thirty-six (36) months upon a date set forth by the City of Galveston. The City anticipates that contract shall be renewed pursuant to the availability of funds and at the discretion of the City. The following clauses shall be included in the contract:

- A. Option Clause: It is agreed that City will have the option to extend the contract for up to two (2) additional years, in one-year intervals. To exercise this option, the City shall serve notice 30 days prior to contract termination or to the end of any one-year extension. The

Option to Extend will not be considered if funding is unavailable or if the contractor's past performance is not within the industry standard.

- B. Escalation Clause: Should market conditions prevail which dictate an increase, the successful contractor may submit documentation requesting permission to increase pricing no later than 30 days after receiving notice from the City of its intent to extend the agreement. Escalation may only occur at the time of renewal and only upon securing the approval of the City in writing. Requests for price adjustments must be solely for the purpose of accommodating an increase in the contractor's cost, not profits.

Vendors shall show in this quote their anticipated percent of escalation if/when the option to extend is exercised. The percent quoted will be a maximum. In addition, the percentage proposed will be a factor in determining the best value to the City. It is the average price over the period of the contract that will be the price factor considered in the evaluation of this quote. Quotes in which negative or no escalation is shown will be considered as 0% escalation.

- C. Price Increases Upon Extension: If approved by the City, the Contractor shall modify the rates charged by the Contractor to reflect any changes shown in the comparative statement delivered to the City. The maximum increase allowed under this provision shall be four percent (4%) per year. The City shall have authority, in its reasonable discretion, to determine the validity of any change in Contractor's rates. City cannot exercise the Option to Extend with any price increases unless the Vendor completes the section of the Quote requesting anticipated percentage of annual escalation. The escalation time frame will be determined by the City's Fiscal Year which begins in October and ends the following September. (example: FY 2017 October 1, 2016 – September 30, 2017)

FIRST ADDITIONAL YEAR (FY 2018) ESCALATION 4 %

SECOND ADDITIONAL YEAR (FY 2019) ESCALATION..... 4 %

THIRD ADDITIONAL YEAR (FY 2020) ESCALATION 4 %

FOURTH ADDITIONAL YEAR (FY 2021) ESCALATION 4 %

4. **Proposer's Experience / Staff**

- A. Project Team: Identify all members of the Proposer's team (including both team members and management) who will be providing any services proposed and include information which details their experience.
- B. Removal or Replacement of Staff: If an assigned staff person must be removed or replaced for any reason, the replacement person must be approved by City prior to joining the project.
- C. Business Establishment: State the number of years the Proposer's business has been established and operating. If Proposer's business has changed names or if the principals operating the business operate any similar businesses under different names, or have operated any other businesses or changed the legal status or form of the business within the last five (5) years, all names, of predecessor business names, affiliated entities, and previous business entities operated by the principals, if different than present, must be provided;

State the number of years' experience the business has: 20+; and the number of employees: 32,000.

- D. **Project Related Experience:** All Bids must include detailed information that details the Proposer's experience and expertise in providing the requested services that demonstrates the Proposer's ability to logically plan and complete the requested project.

5. References

Proposer shall provide four (4) references where Proposer has performed similar to or the same types of services as described herein. (this section only to be used if not requested in the Scope of Services section)

Reference #1:

Client / Company Name: City of League City, Texas	
Contact Name: John Baumgartner	Contact Title: City Manager
Phone: (281) 554-1414	Email: john.baumgartner@leaguecitytx.gov
Date and Scope of Work Provided: February 2013 - Current 2x rear-load curbside residential trash collection services to 32,000 homes. 1x rear-load curbside residential recycling service to 32,000 homes. Commercial front-load service to approximately 1,300 locations	

Reference #2:

Client / Company Name: City of Sugarland, Texas	
Contact Name: Dawn Steph	Contact Title: Environmental Manager
Phone: (281) 330-3548	Email: dsteph@sugarlandtx.gov
Date and Scope of Work Provided: 2011 - Current 2x automated curbside residential trash collection services to 25,000 residences. 1x automated curbside residential recycling services to 25,000 residences. Commercial front-load services to approximately 1,200 locations.	

Reference #3:

Client / Company Name: City of Texas City, Texas	
Contact Name: Mike Stump	Contact Title: Solid Waste Manager
Phone: (409) 229-1634	Email: mstump@texas-city-tx.org
Date and Scope of Work Provided: Feb 2014 - Current 2x rear-load curbside residential trash collection services to 13,000 residences. Commercial front-load service to approximately 600 locations.	

Reference #4:

Client / Company Name: City of Webster, Texas	
Contact Name: Derhyl Hebert	Contact Title: Director of Community Development
Phone: (281) 316-4129	Email: dhebert@cityofwebster.com
Date and Scope of Work Provided: November 2002 - Current 2x cart curbside residential trash collection services to 700 residences. 1x bin curbside residential recycling services to 700 residences. Commercial front-load services to approximately 700 locations.	

6. Trade Secrets and/or Confidential Information

Trade Secrets and/or Confidential Information: This proposal X (does) (does not) contain trade secrets and/or confidential information. If applicable, describe such trade secrets and confidential information, and the basis for your assertion that such material qualifies for legal protection from disclosure.

7. Federal, State and/or Local Identification Information

- A. Centralized Master Bidders List registration number: _____.
- B. Prime contractor HUB / MWBE registration number: _____.
- C. An individual Proposer acting as a sole proprietor must also enter the Proposer's Social Security Number: # _____ - _____ - _____.

8. Emergency Business Services Contact Notice

During a natural disaster, or homeland security event, there may be a need for the City of Galveston to access your business for products or services after normal business hours and/or holidays. The City may request City employee pick up or vendor delivery of product or services.

For this purpose, a primary and secondary emergency contact name and phone number are required. It is critical the vendor's emergency contact information remains current. City shall be contacted by E-mail with any change to a contact name or phone number of these emergency contacts. Updates may be emailed to **purchasing@galvestontx.gov**.

All products or services requested during an emergency event are to be supplied as per the established contract prices, terms and conditions. The vendor shall provide the fee (pricing) for an after-hours emergency opening of the business, if any. In general, orders will be placed using a City of Galveston procurement card (Master Card) or City issued Purchase Order. The billing is to include the emergency opening fee, if applicable.

The contractor shall provide the names, phone numbers and fee (pricing), if any, for an after-hours emergency opening of the business listed below.

Business Name: Republic Services of Houston

Contract #: 17-23

Description: Transfer Station and Recycling Center Operations

Primary Contact (Name): Brandon Rogers - Post Collection Operations / Calvin Ray - Collection Operations

Primary Contact Phone Numbers: Home: _____ Cell: B Rogers 832-917-4640
C Ray 225-810-2434

Secondary Contact (Name): Charles Walker - Post Collection Operations / Chris Wallace - Collection Operations

Secondary Contact Phone Numbers: Home: _____ Cell: C Walker 832-309-8414
C Wallace 443-536-6711

After Hours emergency opening fee, if applicable: \$ _____

9. Cooperative Governmental Purchasing Notice

Other governmental entities maintaining interlocal agreements with the City, may desire, but are not obligated, to purchase goods and services defined in this RFP from the successful Proposer. All purchases by governmental entities, other than the City, will be billed directly to and paid by that governmental entity. The City will not be responsible for another governmental entity's debts. Each governmental entity will place their own orders with the successful Proposer and be responsible for ensuring full compliance with the RFP specifications. Prior to other governmental entities placing orders, the City will notify the successful Proposer of their intent.

Please indicate below if you will permit other governmental entities to purchase from your agreement with the City.

☐ **Yes, Others can purchase purchase.**

☐ **No, Only the City can**

II. CONTRACT TERMS AND CONDITIONS. EXCEPT WHERE PROPOSER MAKES SPECIFIC EXCEPTION IN THE SUBMITTED PROPOSAL, ANY CONTRACT RESULTING FROM THIS RFP WILL CONTAIN THE FOLLOWING TERMS AND CONDITIONS, WHICH PROPOSER HEREBY ACKNOWLEDGES, AND TO WHICH PROPOSER AGREES BY SUBMITTING A PROPOSAL:

1. Delivery of Products and/or Services

- A. Payment Terms: Unless otherwise specified in the Scope of Services or otherwise agreed to in writing by the City, payment terms for the City are Net 30 days upon receipt of invoice. Refer to Texas Local Government Code 2251, Payment for Goods and Services. Otherwise known as the Prompt Payment Act. Send all invoices to City of Galveston Attention: Accounts Payable, PO Box 779, Galveston, Texas 77553 or email: accountspayable@galvestontx.gov. See Appendix H for ACH Payment Information, if you elect to receive your payments according to Appendix H, fill out the form and return with your documents.
- B. Warranty of Products and Services: All products furnished under this contract shall be warranted to be merchantable and good quality and fit for the purposes intended as described in this Proposal, to the satisfaction of City and in accordance with the specifications, terms, and conditions of the Scope of Services, and all services performed shall be warranted to be of a good and workmanlike quality, in addition to, and not in lieu of, any other express written warranties provided.
- C. Late Delivery or Performance: If Proposer fails to deliver acceptable goods or services within the timeframes established in the Project Schedule, the City shall be authorized to purchase the goods or services from another source and assess any increase in costs to the defaulting Proposer, who agrees to pay such costs within ten days of invoice.
- D. FOB (delivery charges): All products offered shall be FOB final destination, with all delivery charges to be prepaid by the Proposer. The City does not accept C.O.D. or collect shipments. The contract price shall include all charges, including delivery, installation and set-up fees. All packing, crating, or other debris resulting from the delivery or set-up of the commodity purchased shall be removed and properly disposed by the successful Proposer at no additional cost to the City.
- E. Title to Goods and Risk of Loss: For goods to be provided by Proposers hereunder, if any, the title and risk of loss of the goods shall not pass to City until City actually receives, takes

possession, and accepts the goods and the installation of such goods, has tested the system, and determined that it is in good and acceptable working order.

- F. Force Majeure: If by reason of Force Majeure either party shall be rendered unable, wholly or in part, to carry out its responsibilities under this contract by any occurrence by reason of Force Majeure, then the party unable to carry out its responsibility shall give the other party notice and full particulars of such Force Majeure in writing within a reasonable time after the occurrence of the event, and such notice shall suspend the party's responsibility for the continuance of the Forced Majeure claimed, but for no longer period. Force Majeure means acts of God, floods, hurricanes, tropical storms, tornadoes, earthquakes, or other natural disasters, acts of public enemy, acts of terrorism, sovereign conduct, riots, civil commotion, strikes or lockouts, and other causes that are not occasioned by either Party's conduct which by the exercise of due diligence the party is unable to overcome and which substantially interferes with operations.
- G. Liquidated Damages: The parties agree that, if the Project is not completed within the time specified plus any extensions of time allowed pursuant thereto, the actual damages sustained by the Owner because of any such delay will be uncertain and difficult of ascertainment, and that the reasonable foreseeable value of the use of said project by the Owner would be the sum of \$250.00 per calendar day. The Contractor therefore agrees to pay, and the Owner agrees to accept, as liquidated damages and not as a penalty, the sum of \$250.00 per calendar pay for each day's delay in fully completing said project beyond the time specified in the Contract and any extensions of such time allowed there under.
- H. Change Orders: per Texas Local Government Code Sec. 252.048. CHANGE ORDERS. (a) If changes in plans or specifications are necessary after the performance of the contract is begun or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, the governing body of the municipality may approve change orders making the changes.
- (b) The total contract price may not be increased because of the changes unless additional money for increased costs is appropriated for that purpose from available funds or is provided for by the authorization of the issuance of time warrants.
- (c) If a change order involves a decrease or an increase of \$50,000 or less, the governing body may grant general authority to an administrative official of the municipality to approve the change orders.
- (c-1) If a change order for a public works contract in a municipality with a population of 300,000 or more involves a decrease or an increase of \$100,000 or less, or a lesser amount as provided by ordinance, the governing body of the municipality may grant general authority to an administrative official of the municipality to approve the change order.
- (d) The original contract price may not be increased under this section by more than 25 percent. The original contract price may not be decreased under this section by more than 25 percent without the consent of the contractor.

2. Miscellaneous

- A. Independent Contractor: Proposer agrees that Proposer and Proposer's employees and agents have no employer-employee relationship with City. Proposer agrees that if Proposer is selected and awarded a contract, City shall not be responsible for the Federal Insurance Contribution Act (FICA) payments, Federal or State unemployment taxes, income tax withholding, Workers Compensation Insurance payments, or any other insurance payments, nor will City furnish any medical or retirement benefits or any paid vacation or sick leave.
- B. Assignments: The rights and duties awarded the successful Proposer shall not be assigned to another without the written consent of the Purchasing Supervisor. Such consent shall not relieve the assigner of liability in the event of default by the assignee.
- C. Liens: Proposer shall indemnify and save harmless the City against any and all liens and encumbrances for all labor, goods, and services which may be provided to the City by Proposer or Proposer's vendor(s), and if the City requests, a proper release of all liens or satisfactory evidence of freedom from liens shall be delivered to the City.
- D. Gratuities / Bribes: Proposer certifies that no bribes in the form of entertainment, gifts, or otherwise, were offered or given by the successful Proposer, or its agent or representative, to any City officer, employee or elected representative, with respect to this RFP or any contract with the City, and that if any such bribe is found to have been made this shall be grounds for voiding of the contract
- E. Financial Participation: Proposer certifies that it has not received compensation from the City to participate in preparing the specifications or RFP on which the Proposal is based and acknowledges that this contract may be terminated and/or payment withheld if this certification is inaccurate.
- F. Required Licenses: Proposer certifies that he holds all licenses required by the State of Texas for a provider of the goods and/or services described by the Scope of Services herein.
- G. Authority to Submit Proposal and Enter Contract: The person signing on behalf of Proposer certifies that the signer has authority to submit the Proposal on behalf of the Proposer and to bind the Proposer to any resulting contract.
- H. Authority to Enter Contract – City: The City Manager is the only person authorized to execute contracts on behalf of the City. All signature pages must include "approved as to form" and be signed by the City Attorney before the City Manager will execute the contract. Neither department heads nor elected officials are authorized to sign any binding contracts or agreements prior to being properly placed on the City Councils agenda and approved in an open meeting. Department heads and other elected officials are not authorized to enter into any type of agreement or contract on behalf of the City of Galveston. Only the City Manager may enter into a contract on behalf of the City of Galveston as authorized by City Council and the City Charter. Additionally, department heads and other elected officials are not authorized to agree to any type of supplemental agreements or contracts for goods or services. Supplemental agreements are subject to review by the City's Legal Department prior to being signed by the City Manager, (City's authorized representative).
- I. Compliance with Applicable Law: Proposer agrees that the contract will be subject to, and Proposer will strictly comply with, all applicable federal, state, and local laws, ordinances, rules, and regulations.
- J. Non-Discrimination: During the performance of this contract, the contractor agrees as follows: (1) The contractor will not discriminate against any employee or applicant for employment because of race, age, disability, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants and employees are not discriminated against on the basis of race, age, disability, color, religion, sex or national origin. In the event the contractor violates this non-discrimination clause, such action shall

include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause. (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, age, disability, color, religion, sex or national origin.

3. Financial Responsibility Provisions

A. **Insurance:** The Proposer, consistent with its status as an independent contractor, shall carry, and shall require any of its subcontractors to carry, at least the following insurance in such form, with such companies, and in such amounts (unless otherwise specified in the Scope of Work, Appendix I) as City may require, naming the City of Galveston as the additional insured:

- i. Worker's Compensation and Employer's Liability insurance, including All States Endorsement, to the extent required by federal law and complying with the laws of the State of Texas;
- ii. Commercial General Liability insurance for at least One Million Dollars (\$1,000,000) on a per occurrence basis, with a Two Million (\$2,000,000) aggregate. Blanket Contractual Liability, Broad Form Property Damage, Personal Injury, Completed Operations/Products Liability, Premises Liability, Medical Payments, and Broad Form General Liability Endorsements;
- iii. Comprehensive Automobile Liability insurance covering all owned, non-owned or hired automobiles to be used by the Contractor, with coverage at the minimum State of Texas requirements;
- iv. Professional Liability, Errors and Omissions in an amount to be determined in the Scope of Work.

Insurance coverage shall be on an "occurrence basis"

B. **Indemnification:** In Accordance with State Law, the contractor agrees to indemnify, save, and hold harmless the City of Galveston, Texas, its employees, officials, and agents from any and all claims, actions, damages, lawsuits, proceedings, judgements, or liabilities, for personal injury, death, or property damage resulting from the acts or omissions of anyone under the contractor's supervision or control.

In the event of any cause of action or claim asserted by a party to this agreement or any third party, the City will provide the contractor with timely notice of such claim, dispute or notice. Thereafter, the contractor shall at its own expense, faithfully and completely defend and protect the City against any and all liabilities arising from this claim, cause of action, or notice.

- i. **Indemnity for Intellectual Property:** Proposer hereby warrants that the use or sale of the products, materials and services delivered hereunder will not infringe on the rights of any trade secrets, patent, copyright, registered trademark, or other intellectual property by right covering such materials and the successful

Proposer agrees to indemnify and hold harmless the City for any and all costs, expenses, judgments, and damages which the City may have to pay or incur.

- C. Bond Requirements: Prior to the commencement of work on this Project, Proposer shall deliver to the City the following bonds issued by a good and sufficient surety licensed by the State of Texas and satisfactory to the City:
- i. Proposal bonds are required for Proposals over \$25,000.00 in the amount of 5% of the total Proposal amount.
 - ii. A payment bond in the amount of 100% of the total contract amount insuring the full and prompt payment of all persons performing labor and/or furnishing materials in connection with this Project;
 - iii. A performance bond in the amount of 100% of the total contract amount insuring full, faithful, and prompt performance of the responsibilities contained in this contract within the time parameters provided herein; and
 - iv. A maintenance bond insuring full and prompt maintenance, repair and/or replacement of the goods to be provided by Proposer for a period of two years from date of acceptance by the City.

Appendix B – Form CIQ

INFORMATION REGARDING VENDOR CONFLICT OF INTEREST QUESTIONNAIRE

WHO: The following persons must file a Conflict of Interest Questionnaire with the City if the person has an employment or business relationship with an officer of the City that results in taxable income exceeding \$2,500 during the preceding twelve – month period, or an officer or a member of the officer's family has accepted gifts with an aggregate value of more than \$250 during the previous twelve – month period and the person engages in any of the following actions:

1. contracts or seeks to contract for the sale or purchase of property, goods or services with the City, including any of the following:
 - a. written and implied contracts, utility purchases, purchase orders, credit card purchases and any purchase of goods and services by the City;
 - b. contracts for the purchase or sale of real property, personal property including an auction of property;
 - c. tax abatement and economic development agreements;
2. submits a Proposal to sell goods or services, or responds to a request for proposal for services;
3. enters into negotiations with the City for a contract; or
4. applies for a tax abatement and/or economic development incentive that will result in a contract with the City

THE FOLLOWING ARE CONSIDERED OFFICERS OF THE CITY:

1. Mayor and City Council Members;
2. City Manager;
3. Board and Commission members and appointed members by the Mayor and City Council;
4. Directors of 4A and 4B development corporations;
5. The executive directors or managers of 4A and 4B development corporations; and
6. Directors of the City of Galveston who have authority to sign contracts on behalf of the City.

EXCLUSIONS: A questionnaire statement need not be filed if the money paid to a local government official was a political contribution, a gift to a member of the officer's family from a family member; a contract or purchase of less than \$2,500 or a transaction at a price and subject to terms available to the public; a payment for food, lodging, transportation or entertainment; or a transaction subject to rate or fee regulation by a governmental entity or agency.

WHAT: A person or business that contracts with the City or who seeks to contract with the City must file a "Conflict of Interest Questionnaire" (FORM CIQ) which is available online at www.ethics.state.tx.us and a copy of which is attached to this guideline. The form contains mandatory disclosures regarding "employment or business relationships" with a municipal officer. Officials may be asked to clarify or interpret various portions of the questionnaire.

WHEN: The person or business must file:

1. the questionnaire – no later than seven days after the date the person or business begins contract discussions or negotiations with the municipality, or submits an application, responds to a request for proposals or Proposals, correspondence, or other writing related to a potential contract or agreement with the City; and
2. an updated questionnaire – within seven days after the date of an event that would make a filed questionnaire incomplete or inaccurate.

It does not matter if the submittal of a Proposal or proposal results in a contract. The statute requires a vendor to file a FORM CIQ at the time a proposal is submitted or negotiations commence.

WHERE: The vendor or potential vendor must mail or deliver a completed questionnaire to the Finance Department. ***The Finance Department is required by law to post the statements on the City's website.***

ENFORCEMENT: Failure to file a questionnaire is a Class C misdemeanor punishable by a fine not to exceed \$500. It is an exception to prosecution that the person files a FORM CIQ not later than seven business days after the person received notice of a violation.

NOTE: The City does not have a duty to ensure that a person files a Conflict of Interest Questionnaire.

CONFLICT OF INTEREST QUESTIONNAIRE**FORM CIQ****For vendor or other person doing business with local governmental entity**

This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.

A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

**OFFICE
USE
ONLY**Date
Received**1. Name of person who has a business relationship with local governmental entity.**

None Known

2. ☐ Check this box if you are filing an update to a previously filed questionnaire.

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)

3. Name of local government officer with whom filer has employment or business relationship.

None Known

Name of Officer

This section (item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

- A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?
☐ Yes ☐ No
- B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?
☐ Yes ☐ No
- C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?
☐ Yes ☐ No
- D. Describe each employment or business relationship with the local government officer named in this section.

4.

Signature of person doing business with the governmental entity_____
Date

Adopted 06-29-2007

**THIS DOCUMENT MUST BE COMPLETED AND SUBMITTED AS IT IS A PART OF
THE BID PACKAGE AS MENTIONED IN SECTION 6B OF THE ITB.**

Appendix C – Property Tax Statement

**FAILURE TO COMPLETE THIS ATTACHMENT SHALL RESULT IN THE PURCHASING SUPERVISOR
DEEMING YOUR BID OR PROPOSAL
"NON-RESPONSIVE."**

The City of Galveston, Texas has adopted the following policy:

The City of Galveston will not do business with any person or business that owes delinquent property taxes to the City.

Please indicate whether you or your company, owe delinquent property taxes to the City whether an assumed name, partnership, corporation, or any other legal form.

☒ I do not owe the City property taxes that are delinquent.

☐ I owe City property taxes that are delinquent on property located at

Calvin A Ray III

Proposer's Printed or Typed Name

Proposer's Signature

October 18, 2017

Date

**THIS DOCUMENT MUST BE COMPLETED, SIGNED, AND SUBMITTED AS IT IS A
PART OF THE BID PACKAGE AS MENTIONED IN SECTION 6B OF THE ITB.**

Appendix D – Nepotism Statement

**FAILURE TO COMPLETE THIS ATTACHMENT SHALL RESULT IN THE PURCHASING SUPERVISOR
DEEMING YOUR BID OR PROPOSAL
"NON-RESPONSIVE."**

The Bidder or Proposer or any officer, if the Bidder or Proposer is other than an individual, shall state whether Bidder or Proposer has a relationship, either by blood or marriage, with any official or employee of the City of Galveston by completing the following:

If the Proposer or Bidder is an individual:

_____ I am not related by blood or marriage to any official or employee of the
City of Galveston

_____ I am related by blood or marriage to the following official(s) or employee(s)
of the City of Galveston

Name and title of City Official

Or employee: _____

Relationship: _____

If the Bidder or Proposer is **NOT** an individual:

☒ The officers of the company submitting this bid or proposal are not related by
blood or marriage to any official or employee of the City of Galveston.

_____ The officers of the company submitting this Proposal are related by blood or marriage to the
following official(s) or employee(s) of the City of Galveston.

Name and title of officer: _____

Employee and title of City Official or Employee: _____

Relationship: _____

**THIS DOCUMENT MUST BE COMPLETED AND SUBMITTED AS IT IS A PART OF
THE BID PACKAGE AS MENTIONED IN SECTION 6B OF THE ITB.**

Appendix E – Non-Collusion Statement

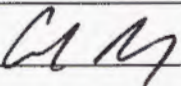
THE UNDERSIGNED AFFIRM THAT THEY ARE DULY AUTHORIZED TO EXECUTE THIS CONTRACT, THAT THIS COMPANY, FIRM, PARTNERSHIP OR INDIVIDUAL HAS NOT PREPARED THIS PROPOSAL IN COLLUSION WITH ANY OTHER PROPOSER, AND THAT THE CONTENTS OF THIS PROPOSAL AS TO PRICES, TERMS OR CONDITIONS OF SAID PROPOSAL HAVE NOT BEEN COMMUNICATED BY THE UNDERSIGNED NOR BY ANY EMPLOYEE OR AGENT TO ANY OTHER PERSON ENGAGED IN THIS TYPE OF BUSINESS PRIOR TO THE OFFICIAL OPENING OF THIS PROPOSAL.

VENDOR BFI Waste Services of Texas, LP dba Republic Service of Houston

ADDRESS 5301 Brookglen Drive, Houston TX 77017

PHONE 832-386-2369

FAX 832-386-2356

PROPOSER (SIGNATURE) 

PROPOSER (PRINTED NAME) Calvin A Ray, III

POSITION WITH COMPANY Division General Manager

**SIGNATURE OF COMPANY OFFICIAL
AUTHORIZING THIS PROPOSAL**



**COMPANY OFFICIAL
(PRINTED NAME)** Calvin A Ray, III

OFFICIAL POSITION Division General Manager

**THIS DOCUMENT MUST BE COMPLETED, SIGNED, AND SUBMITTED AS IT IS A
PART OF THE BID PACKAGE AS MENTIONED IN SECTION 6B OF THE ITB.**

Appendix F – Document 00435

THE CITY OF GALVESTON, TEXAS

DOCUMENT 00435, REQUIRED BY ALL PROPOSERS WHO WILL RECEIVE FEDERAL FUNDS IN PAYMENT OF PROCUREMENT.

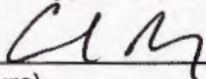
PROPOSER'S CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION (49 CFR PART 29)

The undersigned certifies, by submission of this proposal or acceptance of this contract, that neither Contractor nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. Proposer agrees that by submitting this proposal that Proposer will include this clause without modification in all lower tier transactions, solicitations, proposals, contracts, and subcontracts. Where the Proposer or any lower tier participant is unable to certify to this statement, that participant shall attach an explanation to this document.

Certification-the above information is true and complete to the best of my knowledge and belief.

Calvin A Ray, III

(Printed or typed Name of Signatory)



(Signature)

October 18, 2017

(Date)

NOTE: The penalty for making false statements in offers is prescribed in **18 U.S.C. 1001**

END OF DOCUMENT 00435-FAA

THIS DOCUMENT MUST BE COMPLETED, SIGNED, AND SUBMITTED AS IT IS A PART OF THE BID PACKAGE AS MENTIONED IN SECTION 6B OF THE ITB.

Appendix G – No Intent to Submit Form

If your firm has chosen not to submit a Proposal for this procurement, please complete this form and submit to:

City of Galveston
Purchasing Division
PO Box 779
Galveston, Texas 77553

City of Galveston
Purchasing Division
823 Rosenberg St. Room 306
Galveston, Texas 77550

Please check all items that apply:

- | | |
|---|---|
| ☐ Do not sell the item(s) required | ☐ Cannot provide Insurance required |
| ☐ Cannot be competitive | ☐ Cannot provide Bonding required |
| ☐ Cannot meet specifications highlighted in the attached request | ☐ Cannot comply with Indemnification requirement |
| ☐ Job too large | ☐ Job too small |
| ☐ Do not wish to do business with the City of Galveston | ☐ Other: _____ |
| ☐ Cannot submit electronically | |

COMPANY NAME (Please print): _____

Authorized Officer Name (Please print): _____

Telephone: (____) _____

Fax: (____) _____

You may also email this form to: purchasing@galvestontx.gov.

Appendix H – ACH Form



The City of Galveston would like to thank you for the services you and your company have provided for us in the past, present, and in the future. For those services provided you have more than likely received payments via a paper check in the mail. As we all know, that process is slow, inefficient, and costly for us and for you as the recipient.

Mail can be delayed, lost, or even stolen causing payments to be late and we may then face penalties and late fees. The City of Galveston would like to streamline our payment process with electronic payments. These payments will be transferred electronically from our financial institute to your financial institute. The process will get your payments to you in a quicker, more reliable, and more efficient manner.

If you would like to sign up to start receiving all of your payments via ACH / Wire Transfers, please fill out the authorization forms and return to the City of Galveston Finance Department.

Please email to:

accountspayable@galvestontx.gov

Or mail to:

City of Galveston
Finance Department
P.O. Box 779
Galveston, TX 77553

If you have any questions or concerns, please do not hesitate to call Accounts Payable at 409.797.3569. Please put the Purchase Order Number on your invoices to ensure prompt payment. Again, we appreciate you and the services your business provide for the City of Galveston.

Sincerely,

A handwritten signature in black ink that reads "Michael W. Loftin".

Michael W. Loftin
Assistant City Manager – Finance

Appendix H – ACH Form continued



City of Galveston

ACH Payment Agreement Form

Authorization Agreement

I hereby authorize City of Galveston to initiate ACH deposits to my account at the financial institution named below.

Further, I agree not to hold City of Galveston responsible for any delay or loss of funds due to incorrect or incomplete information supplied by me or by my financial institution or due to an error on the part of my financial institution in depositing funds to my account.

This agreement will remain in effect until City of Galveston receives a written notice of cancellation from me or my financial institution, or until I submit a new ACH Payment form to the City of Galveston Finance Department. You may keep this form to submit with your first invoice.

Account Information

Name of Financial Institution: _____
Financial Institute Address: _____
Routing Number: _____
Account Number: _____
SWIFT Code: (if applicable) _____

Signature

Company Name: _____
Authorized Signature: _____ Date: _____

THIS FORM IS OPTIONAL; IT CAN BE RETURNED WITH INVOICE IF AWARDED THE CONTRACT.

Appendix I – Scope of Work

1. Project Title: RFP 17-23 Transfer Station and Recycling Center Operations

2. Scope of Work Contact

Questions about the technical nature of the Scope of Services will be directed to the **Purchasing Department**, Phone. 409.797.3579, e-mail: purchasing@galvestontx.gov.

3. Special Conditions

A proposal surety in the amount of \$25,000 is required for this solicitation. See Section V of Scope of Services.

4. Proposal Evaluation Factors

Emphasis	Factor
Pass/Fail	Responsiveness to RFP
Pass/Fail	Financial Stability
40	Proposer Qualifications – including references, staff experience
25	Technical Approach to Services
20	Service Reliability/Sustainability
15	Ability to Enforce Franchise Terms
50	Cost and Rate Proposal

5. Brand Manufacture Reference

The City has determined that any manufacturer's brand defined in the Scope of Work meets the City's product and support need. The manufacturer's reference is not intended to be restrictive, and is only descriptive of the type and quality the City desires to purchase. Quotes for similar manufactured products of like quality will be considered if the Proposal is fully noted with the manufacturer's brand name and model. The City reserves the right to determine products and support of equal value, and whether other brands or models meet the City's product and support needs.

6. Key Events Schedule

Proposal Release Date	July 11, 2017
Pre-Proposal Conference Date	August 2, 2017 @ 10:00 a.m. CST
Deadline for Submittal of Written Questions	September 27, 2017 @ 2:00 p.m. CST
Sealed Proposals Due to and Opened by City	October 18, 2017 @ 2:00 p.m. CST
Anticipated Committee Evaluation Review Date	November 1, 2017
Anticipated Award Date	December 14, 2017

7. Scope of Services

SCOPE OF WORK TABLE OF CONTENTS:

SECTION I – INTRODUCTION
SECTION II – SPECIFICATIONS
SECTION III – FACILITY OPERATION DETAILS
SECTION IV – EVALUATION CRITERIA
SECTION V – PROCESS AND REQUIREMENTS FOR SUBMITTALS

SECTION I - INTRODUCTION

Overview of the Request for Proposals

The City of Galveston ("City") is seeking proposals for the operations of the City Transfer Station, the City Recycling Center and/or Commercial Solid Waste Collections within city limits. The City of Galveston owns the Transfer Station, located at 5515 Harborside Drive, and is interested in contracting with a Provider to operate the facility. The transfer station is the solid waste disposal site for all residential and commercial accounts, local contractors, and franchisees. The City will award a contract to only one company for the operation of the Transfer Station.

The City of Galveston currently owns and operates the Recycling Center, located at 702 61st Street, which provides recycling services for all residential accounts and some commercial accounts within the city limits. The City may award to only one company for the operation of the Recycling Center and will entertain proposals for curbside recycling pick up for all residential sanitation customers (approximately 21,500).

The City of Galveston currently provides solid waste collection services to all residential accounts and some commercial accounts within city limits. The City is considering granting a franchise agreement for the commercial collection operations; therefore, it is soliciting proposals from qualified companies interested in providing solid waste and all other non-hazardous materials collection services to commercial businesses within city limits. The City shall continue to provide solid waste collection services to residential premises and some commercial businesses that receive solid waste cart collection services. The City may award to multiple proposers or one proposer for commercial solid waste collections.

This RFP covers the requirements of the operations of the Transfer Station, operations of the Recycling Center, collection of recyclable materials and the Collection of Solid Waste for commercial premises. The term of the Agreement(s) will begin upon execution by the City of Galveston for thirty-six (36) months, with two (2) optional twelve (12) month renewals.

Goals and Objectives

The City of Galveston is interested in receiving proposals from companies that place a high priority on customer service. The City seeks to contract with a vendor that has demonstrated experience in each of the areas below, both singularly, or collectively.

The City's goals for future operations service is as follows

- Maintain compliance with the Texas Commission of Environmental Quality;
- Maximize the quality of services provided to customers in a cost efficient manner;
- Sustain the City's community vision of maintaining a quality environment that optimizes environmental resources;
- Minimizing the amount of time collectable materials sit on public right of way;
- Minimize street impact to city streets vehicles;
- Collections of fees in accordance with contract and with City code; and
- Clear and precise monthly reporting.

Rights Reserved by the City

The City reserves the right, in its sole discretion, to pursue any or all of the following actions concerning this RFP:

- Permit the timely correction of errors and waive any informality or minor irregularity from the RFP;
- Issue addenda to the RFP;
- Request additional information and/or clarification from the proposers;
- Extend the deadline for submitting proposals;
- Withdraw this RFP;
- Reject any or all proposals;
- Reject proposals that do not fully comply with the requirements detailed in this RFP, its attachments, addenda, or clarifications;
- Reject incomplete proposals; proposals containing errors, inconsistencies, false, inaccurate or misleading information; proposals not submitted with the proper quantity of copies; proposals not submitted with proper deposit; proposals submitted after the deadline; or proposals with other process or content errors or deficiencies;
- Select the proposal(s) that might not offer the lowest cost, but in the judgment of the City, are nevertheless deemed to offer the best value for the public and City;
- Solicit subsequent requests for best and final offers;
- Negotiate for modification of any proposal, with mutual consent of proposer;
- Award the Agreement to one or more proposers;
- Award the Agreement to a proposer(s) without further discussion or negotiation;
- Re-advertise for proposals or issue subsequent requests for proposals for the same, similar, or related services;
- Amend the Galveston Municipal Code; or
- Take any other action it deems in the best interest of the City, its residents, and businesses.

SECTION II – SPECIFICATIONS

The City is requesting proposals to operate the Transfer Station (Type V), operate the Recycling Center, and collection of commercial solid waste, and the possible collection of curbside recycling for the City's residential sanitation customers. The scope of services is summarized in this section.

Scope of Service

The City is to own the Transfer Station permit from the Texas Commission on Environmental Quality (TCEQ). The Contractor shall be responsible for daily operations of the Transfer Station and the Recycling Center and reporting to the City. Further detail of scope of services is reflected in Section III – Facility Operations Information.

The franchised collection contractor(s) shall have the exclusive right to collect solid waste from commercial premises in the City-defined service area. The franchised collection contractor shall dispose of all solid waste at the City of Galveston's Transfer Station at 5501 Harborside Drive, UNLESS diverted to a different defined disposal site by the City.

The franchised recycling collector shall have the exclusive right to collect recyclable materials from defined area within the City, which may include all residential sanitation consumers' premises.

City Fees

In consideration of the rights provided to contractor(s), contractor(s) shall pay franchise fees to the City each month equal to the amount 8 percent of actual service revenues (sales tax and franchise fees excepted) remitted by commercial customers for collection services provided in the City. This is the current amount that is provided for in the City Code. This amount may be adjusted up or down depending on other services are provided on behalf of the City, the terms of the contract, state law and City Council approval.

Subcontractors

Contractor may enter into agreements with subcontractors to provide services requested in the RFP subject to the prior written consent of the City. Agreements with the subcontractor must meet the requirements of the level and type of insurance as contractor. (See Section II.3. Contract Terms and Conditions, Financial Responsibility Provisions.)

Municipal Code Revisions

Any changes to existing City operations or agreements may require the revision of the City's Municipal Code, which can only be amended by majority vote of the City Council.

SECTION III – OPERATIONS and COLLECTIONS INFORMATION

Transfer Station General Information:

Quantities: The following are the tons of waste accepted at the City's Transfer for the past five (5) fiscal years:

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
80,632.28	79,205.01	80,773.76	92,589.71	96,814.88

Basic operating standards and responsibilities are summarized in this section. The City, through the negotiating process, may enact additional operating conditions or restrictions.

1. GENERAL OPERATIONS

A. Days and Hours of Operations:

Operations of the Transfer Station are Monday through Friday, 7:30 a.m. to 5:00 p.m., Saturday, 7:30 a.m. until 12:00 noon (minimum hours of operation). The Transfer Station is closed for the following holidays only: Thanksgiving Day, Christmas Day, and New Year's Day.

B. Transfer Station Personnel:

The proposal should identify the positions that will operate the facility. Please include the number of personnel and a brief description of job duties for each position.

C. Permits and Regulations:

The awarded vendor will obtain and comply with all applicable local, state and federal permits and regulations. These include all local ordinances concerning noise, traffic, business licenses, litter, etc.

D. Additional Hours:

The City occasionally has special events that require extending Transfer Station hours on Saturday and Sunday.

2. VEHICLE LOGISTICS

Turn-Around Time:

The awarded vendor will operate the facility so that the City, residents, contractors, and franchised hauler's vehicles can enter, unload, and depart within a specified time and accommodate other vehicles in the facility, accordingly.

3. EQUIPMENT AND TRANSFER STATION MAINTENANCE

A. Equipment:

Awarded vendor is required to provide all necessary equipment to receive, process, load, and transfer municipal solid waste. Include, in the proposal, a complete and detailed list of the types of equipment that will be used for daily operations of the Transfer Station.

B. Facility Maintenance:

The awarded vendor will be required to perform routine cleaning and maintenance of all equipment, buildings, landscaped areas, parking lots, and access roads with ¼ mile of the Transfer Station including daily litter pickup.

4. The City prefers to limit its liability by restricting its disposal of wastes to the Galveston County Landfill MSW #1149A. The Proposer must note at which landfill it proposes to dispose of the wastes. If the preferred landfill is not proposed, the proposal must indicate how it proposes to limit the City's liability.

Transfer Station General Operating Procedures

The Proposer will prepare an Operation and Maintenance Plan for the Transfer Station outlining how it will operate and be maintained. Additional items to be included in the plan are:

- Emergency response to hazardous waste.
- Hurricane preparedness.
- Unacceptable waste handling.
- Materials recovery plan (10% or more by weight or weight equivalent)
- Reporting procedures.
- Shutdowns of facility procedures.
- Contingency plans in case additional equipment needs occur in the daily operation of the Transfer Station (i.e. equipment breakdown).
- And any other item recommended by Proposer.

Capital Improvements

The Proposer may and is encouraged to submit any capital improvements for the City's Transfer Station. Improvements may include changes on how the Transfer Station is operated. The cost for the improvements are to be calculated on a per ton basis and added to the tipping fee.

Pricing/Fees

The awarded vendor will perform all work and services required by the Contract, including the operation of the Transfer Station, processing of incoming municipal solid waste, the transportation of municipal solid waste for disposal, in the manner and at the times required, for the compensation specified in the Contract, and a tipping fee on municipal solid waste of:

Disposal:

Thirty nine Dollars and ninety/100's cents per Ton: \$ 39.90 per Ton *

Transportation:

N/A Dollars and N/A cents per Ton: \$ N/A per Ton **

Capital Improvements \$ 2.29 per Ton

Recycling/Diversion Plan \$ N/A per Ton **

Total Cost \$ 42.19 per Ton *

Additional cost information, exceptions, escalations, CPI adjustments, etc. * **

Final Operation Requirements and Cost to be negotiated between the City and Proposer.

* Quoted Disposal Rate of \$39.90 per Ton is inclusive of current Host Fee of \$6.50 per Ton. Should Host Fee not be applicable in proposed Agreement, that amount (\$6.50 per Ton) may be deducted from Quoted Disposal Rate per Ton (\$39.90 per Ton), making the Revised Disposal Fee \$33.40 per Ton and the Revised Total Cost \$35.69 per Ton.

** Transportation and Recycling / Diversion Plan Fees are included in Quoted Disposal Fees.

Recycling Center General Information

Address

The City of Galveston's Recycling Center is located at 702 61st Street, Galveston, Texas.

Hours of Operation

The facility is open twenty-four (24) hours per day, seven (7) days per week. Attendants are available from 8:00 a.m. to 5:00 p.m. Monday through Sunday (excluding holidays).

Center Type

The facility is a self-service facility.

Special Services

Curbside pickup is provided, once per month, for residents who are elderly or handicapped. There are approximately one-hundred thirty (150) customers on the curbside pickup list. However, the City is interested in potentially expanding this service to all of its residential sanitation customers, approximately 21,500 accounts.

- Free mulch for residents.
- Participates in the semi-annual City Wide Cleanup

Number of Employees

There are currently ten (10) employees that are employed full time at the facility.

Commodities Accepted

- Antifreeze
- Batteries (automotive and rechargeable)
- Cardboard
- E-waste (computers, cell phones and all electronics)
- Florescent bulbs up to 48" in length (standard and compact)
- Gas (old)
- Glass (all colors)
- Green waste – brush & tree trimmings
- Ink jet cartridges
- Metals - scrap (all irons, metals & aluminum)
- Oil (used)
- Paper (all types)
- Plastics (#1 - #9)
- Refrigerators and air conditioners (compressors must be removed)
- Styrofoam
- 5 Tires per week
- U-Shaped bulbs
- White goods and other appliances

Vehicles Serviced

The number of residential vehicles serviced for the last three (3) fiscal years (both day and night time) is as follows:

2016:	124,299	Average:	10,358.25 per month
2015:	94,462	Average:	7,871.83 per month
2014:	94,751	Average:	7,895.16 per month
Current year:	67,031	Average:	13,406.20 per month
(October 2016 through February 2017)			

Commodity tonnages and other weights for the last three (3) years is as follows:

	2013- 2014	2014- 2015	2015- 2016
<u>Materials</u>			
Paper	393.34	369.93	456.73
Cardboard	318.81	358.76	371.26
Glass	250.03	271.45	288.83
Aluminum	6.15	6.68	8.86
Scrap Metal	67.10	112.39	190.15
Plastic	101.39	112.52	163.32
Brush	1,764.25	1,284.55	734.35
E waste	73.63	95.29	99.33
<u>Total for Year</u>	2,974.70	2,611.57	2,312.83
Styrofoam	3.65	4.90	6.89
Tires	884.27	1,913.00	1,766.00
Batteries	34.80	106.00	202.00
Used Oil	4,022.00	2,960.00	2,657.00
Anti-Freeze	0.00	0.00	400.00
Oily Water	0.00	0.00	1650.00
<u>Totals for Year</u>	4,944.72	4,983.90	6,681.89

In addition, the Recycling Center acts a vehicle station for City vehicles in the event of a tropical storm, or hurricane.

Basic operating standards and responsibilities are summarized in this section. The City, through the negotiating process, may enact additional operating conditions or restrictions.

1. GENERAL OPERATIONS:

A. Days and Hours of Operations:

The Recycling Center's hours of operation are as follows:

Monday through Sunday – Twenty-four (24) hours, excluding holidays

Attendant available Monday through Sunday – 8:00 a.m. until 5:00 p.m., excluding holidays

Holidays – Thanksgiving Day, Christmas Day, New Year's Day

These are minimum requirements. If all customers receive curbside recycling; hours may be adjusted.

B. Recycling Center Personnel:

The proposal should identify the positions that will operate the facility. Please include the number of personnel and a brief description of job duties for each position.

C. Permits and Regulations:

Awarded vendor will obtain and comply with all applicable local, state and federal permits and regulations. These include all local ordinances concerning noise, traffic, business licenses, litter, etc.

2. VEHICLE LOGISTICS:

Turn-Around Time:

The awarded vendor will operate the Center so that the customers can enter, unload, and depart in a safe and timely manner.

3. EQUIPMENT AND RECYCLING CENTER MAINTENANCE

A. Equipment:

Awarded vendor is required to provide all necessary equipment to receive, process, and transfer recyclables. Include, in the proposal, a complete and detailed list of the types of equipment that will be used for daily operations of the Transfer Station.

B. Facility Maintenance:

The awarded vendor will be required to perform routine cleaning and maintenance of all equipment, buildings, landscaped areas, and parking lot.

STANDARD OPERATING PROCEDURES

The Proposer will prepare an Operation and Maintenance Plan for the Recycling Center outlining how it will operate and be maintained. Additional items to be included in the plan are:

- Emergency response to hazardous waste.
- Hurricane preparedness.

- Unacceptable waste handling.
- Reporting procedures.
- Shutdowns of Center procedures.
- Contingency plans in case additional equipment needs occur in the daily operation of the Recycling Center (i.e. equipment breakdown).
- And any other item recommended by Proposer.

CAPITAL IMPROVEMENTS

The Proposer may and is encouraged to submit any capital improvements for the City's Recycling Center. Improvements may include changes on how the Recycling Center is operated. The cost for the improvements are to be included in the proposal.

The contractor will perform all work and services required by the Contract, including the operation of the Recycling Center, processing of incoming recyclables, the transportation of recyclables, in the manner required for the compensation specified in the Contract.

Commercial Solid Waste Collections General Information:

Number of dumpster permits issued by the City: 924

The proposer must be able to provide both dumpsters and 96-gallon carts. There are approximately 100 commercial accounts that use the 96-gallon carts.

Contractor is to comply with all City codes and ordinances. This includes, but is not limited to:

- Not servicing any container that is not permitted
- Placing the container back into the enclosure fully after servicing
- Providing a pickup in the downtown business area the business day before and after Lone Star Bike Rally, Dickens on the Strand, and Mardi Gras.

PROPOSED RATES FOR CONTAINERS

Container Size	Pickup Frequency per Week	Unit Price per Container
2 Cubic Yard	1	\$ 59.06
	2	\$109.46
	3	\$156.40
	4	\$198.14
	5	\$234.68
	6	\$266.03
	Extra P/U	\$100.00
4 Cubic Yard	1	\$ 83.48
	2	\$149.64
	3	\$208.87
	4	\$257.71
	5	\$296.16
	6	\$324.22
	Extra P/U	\$100.00
6 Cubic Yard	1	\$112.23
	2	\$198.48
	3	\$274.34
	4	\$334.61
	5	\$379.29
	6	\$408.38
	Extra P/U	\$100.00
8 Cubic Yard	1	\$132.32
	2	\$230.00
	3	\$313.82
	4	\$376.86
	5	\$419.12
	6	\$440.59
	Extra P/U	\$100.00

PROPOSED RATES FOR ROLL OFF SERVICE

Container Size	Haul Rate	Rental Rate
20 Yard	\$293.00 *	\$120.00/month
30 Yard	\$293.00 *	\$120.00/month
40 Yard	\$293.00 *	\$120.00/month
Compactor	\$293.00 *	Negotiable **
Recycle	\$293.00 ***	Negotiable **

* Haul Rate is not inclusive of applicable disposal rate of \$46.50 per ton.

** Compactor rental rates are negotiable between Republic and its' customer dependent upon the type, size, configuration, and accessories of a particular unit.

*** Recycle compactor rates are predicated upon hauling to the City-owned recycling facility. Utilization of other facilities will require negotiated haul rates between Republic and its' customer.

PROPOSED RATE FOR 96 GALLON CART SERVICE *

Pickup Frequency Per Week	Rental Rate (if any)	Fee
1	\$	\$ N/A
2	\$	\$ N/A
3	\$	\$ N/A
4	\$	\$ N/A
5	\$	\$ N/A
6	\$	\$ N/A
7	\$	\$ N/A

* Republic Services of Houston currently operates no residential type collection vehicles in the City of Galveston. We would propose to convert the commercial cart collection customers to commercial front load service where possible. Cart customers who cannot be converted would be collected on existing residential collection routes by City vehicles.

ADDITIONAL SERVICES

Portable Toilets and Vehicles *

Describe your company's ability to provide portable toilets to the City, when requested, and the cost associated with providing them. The City occasionally needs between 50 and 100 portable toilets for special events. (This element is not required for a proposal to be considered responsive.)

Describe your company's ability to provide water trucks, street sweepers, vacuum trucks, dump trucks, and other public works type vehicles for periodic use by the City when requested and the cost associated with providing them. (This element is not required for a proposal to be considered responsive.)

Describe your company's ability to provide automated garbage trucks and rear loader garbage trucks for periodic use by the City when requested and the cost associated with providing them. (This element is not required for a proposal to be considered responsive.)

Describe your company's ability to provide weekly/monthly curb-side recycling to all residents of the City and the cost to provide this service. Please also provide the reduced cost to provide this service from realized economics of scale from being awarded one or more of the other contracts described in this RFP. There are approximately 21,500 residential customers.

* As described in information presented in Tab 2 "Corporate Overview and Capabilities" of this document, Republic Services has full service capabilities in all of the above referenced areas.

Through our Energy Services Group, Republic has the capacity to provide a full line of portable toilet services for commercial, and industrial facilities and special events. We have partnered with the City and event producers in the past to provide event services for high profile events on Galveston Island including Mardi Gras, Dickens on the Strand and other events. In addition, Republic is able to provide portable toilet and holding tank services on a large scale in the event of emergencies. In addition, our Energy Services Group has the capability to provide water trucks and vacuum trucks and other public service type vehicles upon request. Rates for these services are negotiable between Republic and the City. As a national company, Republic also has capacity to provide automated and rear-load collection vehicles for periodic utilization by the City. Rates for these services are negotiable between Republic and the City.

Finally, Republic would propose to provide single stream curbside residential recycling services to the approximately 21,500 residences of the City of Galveston on a weekly service schedule. In order to make the service user friendly and convenient, Republic would propose to provide a 96 gallon wheeled polycart to each resident for temporary storage of recyclable materials. Carts are equipped with handles for ease of transport and attached lids. All carts will be appropriately marked "Recyclable Material Only" and have a Republic Services logo and contact information clearly visible. As documented in the above referenced "Corporate Overview and Capabilities" document, Republic Services will work with the City and its residents to design and implement a program which will insure the success and durability of a residential recycling program in the City of Galveston.

Republic proposes to furnish curbside residential recycling services as described above on a one time per week (1x) basis at a rate of ten dollars and no/100's cents (\$10.00) per month per residence. This proposed rate is predicated upon:

1. Utilization of the City owned recycling facility, and
2. The City of Galveston being responsible as a single payer for residential recycling services provided to residents of the City. Republic will invoice the City for these services on a monthly basis and the City will be responsible for payment.

SECTION III – PROPOSAL EVALUATION CRITERIA

The City will evaluate all responsive proposals. Proposals missing required documents may be considered non-responsive. To receive proper consideration, the proposal must meet the requirements of this RFP. The evaluation process will provide credit only for those capabilities and advantages that are clearly stated in the written proposal(s). In other words, advantages that are not stated will not be considered in the evaluation process.

Proposers whose proposals include a significant failure to comply with the RFP may be dropped from the evaluation process.

The City of Galveston intends to evaluate responsive proposals objectively. The assignment of a score to a particular criteria is subjective and may result in a range of scores from different evaluators. The following criteria will be used for evaluating proposals:

EVALUATION CRITERIA	MAXIMUM WEIGHT
Responsiveness to RFP	Pass/Fail
Financial Stability	Pass/Fail
Proposer Qualifications-including references, staff experience	40
Technical Approach to Services	25
Service Reliability/Sustainability	20
Ability to Enforce Franchise Terms	15
Cost and Rate Proposal	50

Note that when the City evaluates the rate and cost proposals, the City will examine the reasonableness of the rates and costs. In addition, the City may estimate the gross rate revenues (as a net present value amount) that may be generated over the term of the Agreement making reasonable assumptions regarding changes in employment cost index, producer price index, consumer price index, disposal fees, and processing fees and use the estimated net present value gross rate revenues to compare proposals.

Any award shall be based on the proposals judged as providing the best value in meeting the interest of the City and the objectives of the project.

The City reserves the right to make the selection of proposer(s) based on any or all factors of value, whether quantitatively identifiable or not, including, but not limited to, the anticipated initiative and ability of the proposer to perform the services set forth herein.

SECTION IV – PROPOSAL FORMAT AND REQUIREMENTS

This section includes an outline for the proposal as well as a description of the specific information to be included in each section of the proposal. At a minimum, the proposer is to provide all information required in this section as part of its proposal. Proposals should focus on demonstrating the proposer's ability to fulfill the obligations of the Agreement.

Proposal Outline

The following outline shall be used by proposers when completing their proposals:

- Title Page
- Cover Letter including company name, address, contact name, phone number, fax number, and e-mail address, signature of the designated representative authorized to bind the proposing company
- Table of Contents
- Company Description
- Business Structure
- Description of Proposer's Experience
- Description of Proposer's Service Implementation Experience
- Information Regarding Litigation, Regulatory Actions, and Payment of Liquidated Damages
- Financial Information
- Key Personnel
- Billing
- Proposal(s)
- Transfer Station Operations
- Recycling Center Operations
- Commercial Solid Waste Collections
- Optional Services Provided
- Required Forms – Appendices A through F
- Addenda

COMPANY DESCRIPTION

Business Structure

State if proposer is authorized to do business in Texas.

Identify the legal entity(ies) that would execute the agreement. Is each entity a sole proprietorship, partnership, corporation, or joint venture? Describe in detail the relationship of the proposer to the entity that will execute the agreement. If the proposer is a joint venture, describe the details of previous collaborations.

State the number of years the entity(ies) have been organized and doing business under this legal structure. Proposal should include all the names of proposer's (and executing entities' if different than proposer's) owners/stockholders with greater than a 10% holding and creditors owed a debt greater than 10% of the company's total assets.

Identify other entities with common ownership and/or management.

DESCRIPTION OF PROPOSER'S EXPERIENCE

Describe the proposer's experience in each area, providing similar services to three to five jurisdictions in Texas. The jurisdictions described should be of similar size and demographics to the service area of the City of Galveston. Proposers without transfer station operational experience will not be disqualified solely on that basis, however that lack of experience will be considered in the evaluation of proposer qualifications. The services provided to reference jurisdictions should be similar to those being procured through this RFP. The description shall include:

The service performed (i.e., transfer station operations, commercial refuse collection services, recycling center operations, and recyclable curbside collections);

The jurisdiction where the activities were performed and commencement date of the agreement;
The name, address, and telephone number of each jurisdiction representative responsible for administering the agreement;

The number of customers served, tons collected, miles covered, and type and number of vehicles owned and/or dispatched per day. These should be broken into the different categories of the operations, e.g. transfer station vs recycling center vs hauler services.

DESCRIPTION OF PROPOSER'S SERVICE IMPLEMENTATION EXPERIENCE

Describe how the proposer has previously handled the specific requirements for the procurement of vehicles and personnel, training of personnel, transition of billing and fee collection services, determination of routes and operating procedures, public education, and the preparation of procedures to ensure a smooth transition from one company to another and one type of service to another.

Descriptions of solutions to common problems that occur during implementation should be included in this section, (e.g., lack of coordination, billing and collections). Include explanations of any other problems and solutions from previous initiations of contracts.

Include a minimum of three references for jurisdictions for which the proposer has operated or currently operates, a transfer station, recycling center, and/or hauler services. List the problems that occurred during the implementation of the new contract and solutions implemented to solve the problems.

INFORMATION REGARDING LITIGATION, REGULATORY ACTIONS, AND PAYMENT OF LIQUIDATED DAMAGES

Describe all past and pending civil, legal, regulatory, and criminal actions now pending or which have occurred in the past 10 years against key personnel (as identified by the proposer in the section entitled "Business Structure" above), proposing entity, and all subsidiaries owned by proposing entity. List the amount of liquidated damages the proposing entity has paid, the name of the jurisdiction to which damages were paid, and the event(s) which triggered the damages.

Proposer shall also describe all extraordinary events including: criminal wrong-doing; forfeitures; payment of fines, liquidated damages, or assessments greater than \$1 Million; or, any indictment or conviction involving (directly or indirectly) a public agency or official.

FINANCIAL INFORMATION

Please provide a statement of the financial capability of the proposer. This shall include:

- The latest certified financial statement of the proposer.

- An itemized list of the proposer's equipment available for use on the contract.
- Evidence that the proposer is in good standing under the Laws of the State of Texas, and in the case of corporations, organized under the laws of any other state, evidence that the proposer is licensed to do business and is in good standing under the laws of the State of Texas.
- Such additional information as will satisfy the City of Galveston that the proposer is adequately prepared to fulfill the contract.
- Include a bank reference with the following information:
 - Company Name
 - Address
 - Contact Name & Phone Number
 - Contact e-mail address

KEY PERSONNEL

Include a listing of key personnel in your organization which will include:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer

If there are none of the above, please submit a listing of principal owners, general partners or shareholders.

Describe the credentials, qualifications and background of key personal staff members who will be involved in the operations and management of this contract.

BILLING

Billing shall be inclusive unless indicated otherwise on a separate billing sheet. The proposal shall itemize all services for each category, including hourly rates for all professional, technical and support personnel, and all other charges related to completion of the work shall be itemized. Rates should include fuel fees, environmental fees and any other fees that are related to each area.

SECTION V – PROPOSAL SUBMITTAL PROCESS

Companies submitting proposals to the City shall follow the procedures described in this section and the procedures included in subsequent clarifications or addendums to this RFP, which are issued by the City of Galveston.

Each proposer shall carefully examine each term of this RFP and Agreement; and each proposer shall judge all the circumstances and conditions affecting his/her proposal. Failure on the part of any proposer to make such examination and to investigate thoroughly shall not be grounds for any declaration that the proposer did not understand the conditions of this RFP or claim excuse from performance.

The proposer shall comply with all federal, state, or local laws, now in effect or hereafter promulgated, which apply to the services and products herein specified.

Please note that at no time shall proposers or their agents, have contact with City of Galveston staff or elected officials, other than the Purchasing Division this procurement process. Any attempt to contact City staff or an elected official of the City of Galveston without the written permission of the Purchasing Division will automatically void the respondent's proposal and it shall be immediately withdrawn from consideration.

Pre-Proposal Meeting and Subsequent Questions

A pre-proposal meeting will be held at City Hall, Room 204 on August 2, 2017 at 10:00 a.m. Attendance of the pre-proposal meeting is not required to submit a proposal. However, the City encourages proposers to attend.

Questions asked at the pre-proposal meeting shall be followed with questions to the Purchasing Division at purchasing@galvestontx.gov. An addendum will be issued after the question deadline in Appendix I, Section 6, Key Events Schedule. The City makes every effort to email attendees of the pre-proposal meeting any addenda, however, it does not guarantee that an email will be sent to vendors.

Proposers may sign up on the City of Galveston's website, www.galvestontx.gov/bids.aspx, to be notified of released addenda or changes to the proposal.

Proposal Submittal

Proposers shall submit one original and 3 double-sided copies and one unbound double-sided production-ready copy of the complete proposal, comb or spiral bound. In addition, electronic media (i.e. flash drive, etc.) containing an electronic of the completed proposal shall be submitted in a sealed package. Proposals must be printed on 100% post-consumer recycled-content paper and copies must be double-sided. All pages shall be numbered.

The package shall be sealed and clearly labeled:

RFP 17-23 PROPOSAL FOR OPERATIONS OF THE TRANSFER STATION, CITY RECYCLING CENTER, AND/OR COMMERCIAL SOLID WASTE COLLECTIONS.

FROM:

Name of Proposer:

Address:

Contact Person:

Telephone Number:

Email Address:

The proposal may be mailed or hand delivered to:

**City of Galveston
Purchasing Division
823 25th Street Room 306
Galveston, TX 77550**

All proposals must be received on, or before, 2:00 p.m. CST on August 16, 2017. The time clock in the City's Purchasing Division will be the official clock for documenting the time of proposal submittal. Postmarks will not be accepted as proof of receipt. No late proposals will be accepted by the City of Galveston.

Proposals must be accompanied by a \$25,000 proposal surety in the form of a cashier's or certified check or bidder's bond, payable and acceptable to the City of Galveston. The proposal surety shall be submitted with the proposal(s) in a separate, clearly labeled envelope. The purpose of the proposal surety is to guarantee that the successful proposer will execute an agreement with the City. If the selected proposer does not execute an agreement within 30 calendar days after receiving notice of the award of agreement, the City shall keep the proposal surety to offset the potential cost associated with identification of an alternate service provider and schedule delays. Proposal sureties will be returned to all proposers no later than 15 days after the execution of an agreement with the successful proposer, or after rejection of all proposals.

Proposals received by the City shall become the property of the City and are subject to public disclosure. Note that all rate and cost proposal information shall become property of the City and subject to public disclosure as this information is necessary for the City Council to evaluate the value of proposals.

Clarification of Proposal Information

Proposers may be asked to clarify information through writing, interviews, or site visits with City staff or a consultant. Proposers shall cooperate with the City's request for such clarification.

Proposers who do not cooperate with or who provide incomplete or ambiguous responses to requests for clarification may be deemed non-responsive.

Proposal Evaluation

The City will review all proposals that are deemed to have met the minimum qualifications of this process and are responsive to the requirements of this RFP. This evaluation will be based on the criteria described in Section IV of this RFP.

City Council Selection of Award

The City Council will consider the recommendation of City of Galveston staff. Based on those recommendations and the City Council's determination of the best value to the City, the City Council will direct staff to either execute an agreement with a specific proposer. The City Council may also determine that there is not sufficient value provided to the City, and in such a case, may reject all proposals.



CITY OF GALVESTON – RFP# 17-23
ADDENDUM 1
TRANSFER STATION AND RECYCLING CENTER OPERATIONS

Date: 8/24/2017
To: Prospective Bidders
Subject: Addendum No. 1 – Transfer Station and Recycling Center
Operations
Clarifications

This addendum forms part of the bidding and contract documents and modifies the original bidding documents dated 7/12/2017. Acknowledge receipt of this addendum in the space provided below. FAILURE TO DO SO WILL SUBJECT BIDDER TO DISQUALIFICATION.

Correction to Section V – Proposal Submittal Process, page 47, the proposals are due, Wednesday, October 18, 2017, at 2:00 p.m. CST.

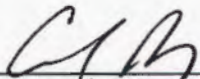
A list is attached with more detailed information of containers.

The recycling center is not required to hold a TCEQ (Texas Commission on Environmental Quality) permit.

Capital Improvement Projects possible for next fiscal year: glass crusher, styrofoam machine, and a metal building that would house equipment, two offices, and a breakroom for employees.

Employees can be moved to other divisions or can be hired by the contractor depending on the needs of the parties and negotiations of the contract.

I hereby certify receipt of this addendum and have incorporated its information or changes in preparation of my submittal.



Authorized Signature

October 18, 2017

Date

Calvin A. Ray III

Printed Name

Republic Services of Houston

Company Name

A COPY OF THE ADDENDUM MUST BE SIGNED AND RETURNED WITH YOUR BID



CITY OF GALVESTON – RFP# 17-23
ADDENDUM 2
TRANSFER STATION AND RECYCLING CENTER OPERATIONS

Date: 8/4/2017
To: Prospective Bidders
Subject: Addendum No. 2 – Transfer Station and Recycling Center Operations – Questions and Answers

This addendum forms part of the bidding and contract documents and modifies the original bidding documents dated 7/12/2017. Acknowledge receipt of this addendum in the space provided below. FAILURE TO DO SO WILL SUBJECT BIDDER TO DISQUALIFICATION.

Questions and Answers:

Does the City have a preference as to which storage method service provider's purpose for residential recycling collection? Specifically are wheeled polycarts required or will bins and/or bags be considered? **The City prefers carts to keep recycling clearly separated from normal trash.**

Bonding Requirements

Proposal Bond - On Page 18, Section C (i) of the RFP, the Proposal Bond requirement is "5% of the total Proposal amount"; however Item 3 of Appendix I on Page 28 reflects a "proposal surety in the amount of \$25,000.00". Which is applicable for the RFP? **A proposal surety in the amount of \$25,000.00 is required for this solicitation.**

Payment Bond - On Page 18, Section C (i) of the RFP, a Payment Bond in the amount of "100% of the total contract amount" is required. Will this Bond be applicable for this RFP?

Performance Bond - On Page 18, Section C (i) of the RFP, a Performance Bond in the amount of "100% of the total contract amount" is required. Can the amount of this Bond be annualized or will the required amount need to reflect the entire 3 year term? **Payment and Performance bonds are required for the entire 3 year term.**

Maintenance Bond - On Page 18, Section C (i) of the RFP, a Maintenance Bond is required. Will this Bond be applicable for this RFP, and, if so in what amount? **There is no maintenance bond required for this solicitation.**

Termination

Section 7 (m) - Would the City consider to a mutual termination for default? **No**

Section 7 (j) - Would the City consider removing the termination for convenience clause? **No**

Insurance

Will the City accept any changes to the stated insurance requirements? **The City will accept changes to the state insurance requirements on a case by case basis.**

The City will accept a State of Texas approved Worker's Compensation program and does not require to be named as the additional insured on a Worker's Compensation policy.



CITY OF GALVESTON – RFP# 17-23
ADDENDUM 2
TRANSFER STATION AND RECYCLING CENTER OPERATIONS

Date: 8/4/2017
To: Prospective Bidders
Subject: Addendum No. 2 – Transfer Station and Recycling Center Operations – Questions and Answers

This addendum forms part of the bidding and contract documents and modifies the original bidding documents dated 7/12/2017. Acknowledge receipt of this addendum in the space provided below. FAILURE TO DO SO WILL SUBJECT BIDDER TO DISQUALIFICATION.

Questions and Answers:

Does the City have a preference as to which storage method service provider's purpose for residential recycling collection? Specifically are wheeled polycarts required or will bins and/or bags be considered? **The City prefers carts to keep recycling clearly separated from normal trash.**

Bonding Requirements

Proposal Bond -On Page 18, Section C (i) of the RFP, the Proposal Bond requirement is "5% of the total Proposal amount"; however Item 3 of Appendix I on Page 28 reflects a "proposal surety in the amount of \$25,000.00". Which is applicable for the RFP? **A proposal surety in the amount of \$25,000.00 is required for this solicitation.**

Payment Bond- On Page 18, Section C (i) of the RFP, a Payment Bond in the amount of "100% of the total contract amount" is required. Will this Bond be applicable for this RFP?

Performance Bond -On Page 18, Section C (i) of the RFP, a Performance Bond in the amount of "100% of the total contract amount" is required. Can the amount of this Bond be annualized or will the required amount need to reflect the entire 3 year term? **Payment and Performance bonds are required for the entire 3 year term.**

Maintenance Bond - On Page 18, Section C (i) of the RFP, a Maintenance Bond is required. Will this Bond be applicable for this RFP, and, if so in what amount? **There is no maintenance bond required for this solicitation.**

Termination

Section 7 (m) - Would the City consider to a mutual termination for default? **No**

Section 7 (j) - Would the City consider removing the termination for convenience clause? **No**

Insurance

Will the City accept any changes to the stated insurance requirements? **The City will accept changes to the state insurance requirements on a case by case basis.**

The City will accept a State of Texas approved Worker's Compensation program and does not require to be named as the additional insured on a Worker's Compensation policy.



CITY OF GALVESTON – RFP# 17-23
ADDENDUM 2
TRANSFER STATION AND RECYCLING CENTER OPERATIONS

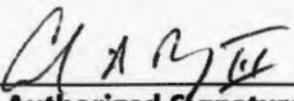
No medical payment or professional liability insurance is required for this solicitation.

A broad form general liability endorsement in blanket form is acceptable for this contract when awarded.

Will the City consider a negligence standard for the required indemnity? No

Will the City be providing drafts of the operating agreements and the franchise agreements?
The City can provide the current agreements. However, contracts for this solicitation are subject to negotiation and will not be finalized until after negotiations are completed with the selected vendor.

I hereby certify receipt of this addendum and have incorporated its information or changes in preparation of my submittal.


Authorized Signature

October 18, 2017
Date

Calvin A Ray, III - Division GM
Printed Name

Republic Services of Houston
Company Name

A COPY OF THE ADDENDUM MUST BE SIGNED AND RETURNED WITH YOUR BID

EXHIBIT B

DUMPSTER MONTHLY RATES YEAR 1 (10/1/18 - 09/30/19)

Subsequent Years subject to 2.5% Base Rate Escalation

Frequency = times per
week

	1	2	3	4	5	6	Extra
2 CY Base Rate	\$ 53.15	\$ 98.51	\$ 140.76	\$ 178.33	\$ 211.21	\$ 239.43	\$ 100.00
FRF 20%	\$ 10.63	\$ 19.70	\$ 28.15	\$ 35.67	\$ 42.24	\$ 47.89	\$ 20.00
Franchise Fee 13%	\$ 8.29	\$ 15.37	\$ 21.96	\$ 27.82	\$ 32.95	\$ 37.35	\$ 15.60
Sales Tax 8.25%	\$ 5.95	\$ 11.02	\$ 15.75	\$ 19.95	\$ 23.63	\$ 26.79	\$ 11.19
Total 2 CY Dumpster	\$ 78.02	\$ 144.60	\$ 206.62	\$ 261.77	\$ 310.03	\$ 351.45	\$ 146.79
3 CY Base Rate	\$ 68.04	\$ 124.39	\$ 176.06	\$ 220.72	\$ 258.36	\$ 288.99	\$ 100.00
FRF 20%	\$ 13.61	\$ 24.88	\$ 35.21	\$ 44.14	\$ 51.67	\$ 57.80	\$ 20.00
Franchise Fee 13%	\$ 10.61	\$ 19.40	\$ 27.47	\$ 34.43	\$ 40.30	\$ 45.08	\$ 15.60
Sales Tax 8.25%	\$ 7.61	\$ 13.92	\$ 19.70	\$ 24.69	\$ 28.90	\$ 32.33	\$ 11.19
Total 3 CY Dumpster	\$ 99.87	\$ 182.59	\$ 258.43	\$ 323.99	\$ 379.24	\$ 424.20	\$ 146.79
4 CY Base Rate	\$ 75.13	\$ 134.68	\$ 187.98	\$ 231.94	\$ 266.54	\$ 291.80	\$ 100.00
FRF 20%	\$ 15.03	\$ 26.94	\$ 37.60	\$ 46.39	\$ 53.31	\$ 58.36	\$ 20.00
Franchise Fee 13%	\$ 11.72	\$ 21.01	\$ 29.32	\$ 36.18	\$ 41.58	\$ 45.52	\$ 15.60
Sales Tax 8.25%	\$ 8.40	\$ 15.07	\$ 21.03	\$ 25.95	\$ 29.82	\$ 32.64	\$ 11.19
Total 4 CY Dumpster	\$ 110.28	\$ 197.69	\$ 275.93	\$ 340.46	\$ 391.25	\$ 428.32	\$ 146.79
6 CY Base Rate	\$ 101.01	\$ 178.63	\$ 246.91	\$ 301.15	\$ 341.36	\$ 367.54	\$ 100.00
FRF 20%	\$ 20.20	\$ 35.73	\$ 49.38	\$ 60.23	\$ 68.27	\$ 73.51	\$ 20.00
Franchise Fee 13%	\$ 15.76	\$ 27.87	\$ 38.52	\$ 46.98	\$ 53.25	\$ 57.34	\$ 15.60
Sales Tax 8.25%	\$ 11.30	\$ 19.98	\$ 27.62	\$ 33.69	\$ 38.19	\$ 41.12	\$ 11.19
Total 6 CY Dumpster	\$ 148.27	\$ 262.21	\$ 362.43	\$ 442.05	\$ 501.07	\$ 539.50	\$ 146.79
8 CY Base Rate	\$ 119.09	\$ 207.00	\$ 282.44	\$ 339.17	\$ 377.21	\$ 396.53	\$ 100.00
FRF 20%	\$ 23.82	\$ 41.40	\$ 56.49	\$ 67.83	\$ 75.44	\$ 79.31	\$ 20.00
Franchise Fee 13%	\$ 18.58	\$ 32.29	\$ 44.06	\$ 52.91	\$ 58.84	\$ 61.86	\$ 15.60
Sales Tax 8.25%	\$ 13.32	\$ 23.16	\$ 31.60	\$ 37.94	\$ 42.20	\$ 44.36	\$ 11.19
Total 8 CY Dumpster	\$ 174.81	\$ 303.85	\$ 414.59	\$ 497.86	\$ 553.70	\$ 582.05	\$ 146.79
10 CY Base Rate	\$ 129.38	\$ 235.37	\$ 317.98	\$ 377.21	\$ 413.06	\$ 425.52	\$ 100.00
FRF 20%	\$ 25.88	\$ 47.07	\$ 63.60	\$ 75.44	\$ 82.61	\$ 85.10	\$ 20.00
Franchise Fee 13%	\$ 20.18	\$ 36.72	\$ 49.60	\$ 58.84	\$ 64.44	\$ 66.38	\$ 15.60
Sales Tax 8.25%	\$ 14.47	\$ 26.33	\$ 35.57	\$ 42.20	\$ 46.21	\$ 47.60	\$ 11.19
Total 10 CY Dumpster	\$ 189.91	\$ 345.49	\$ 466.75	\$ 553.70	\$ 606.32	\$ 624.61	\$ 146.79

FRF

Calculated as Base Rate X 20%

Franchise Fee

Calculated as Base Rate + FRF X 13%

Sales Tax (State & Local)

Calculated as Base Rate + FRF + Franchise Fee X 8.25%

EXHIBIT B

INDUSTRIAL MONTHLY RATES

Industrial 5 Year Proposal:

Haul Rate:	\$ 293.00
Disposal for Ton:	\$ 46.50
Compactor Rental:	\$ 400.00
Open Top Rental:	\$ 50.00
Plus FRF, Franchise Fee & Sales Tax	

EXHIBIT B

COMPACTOR MONTHLY RATES

Frequency = times per week		Year 1	Year 2	Year 3	Year 4	Year 5
Escalation 2.	2X		\$ 7.77	\$ 7.97	\$ 8.17	\$ 8.37
3 CY		\$ 310.97	\$ 318.74	\$ 326.71	\$ 334.88	\$ 343.25
FRF 20%		\$ 62.19	\$ 63.75	\$ 65.34	\$ 66.98	\$ 68.65
Franchise Fee 13%		\$ 48.51	\$ 49.72	\$ 50.97	\$ 52.24	\$ 53.55
Sales Tax 8.25%		\$ 34.79	\$ 26.30	\$ 26.95	\$ 27.63	\$ 28.32
Total 3 CY Compactor		\$ 456.46	\$ 458.51	\$ 469.98	\$ 481.73	\$ 493.77
Escalation 2.5% Beginning Year 2			\$ 11.75	\$ 12.04	\$ 12.34	\$ 12.65
4 CY	3X	\$ 469.96	\$ 481.71	\$ 493.75	\$ 506.10	\$ 518.75
FRF 20%		\$ 93.99	\$ 96.34	\$ 98.75	\$ 101.22	\$ 103.75
Franchise Fee 13%		\$ 73.31	\$ 75.15	\$ 77.03	\$ 78.95	\$ 80.92
Sales Tax 8.25%		\$ 52.57	\$ 39.74	\$ 40.73	\$ 41.75	\$ 42.80
Total 4 CY Compactor		\$ 689.84	\$ 692.94	\$ 710.26	\$ 728.02	\$ 746.22
Escalation 2.5% Beginning Year 2			\$ 15.43	\$ 15.82	\$ 16.21	\$ 16.62
6 CY	3X	\$ 617.27	\$ 632.70	\$ 648.52	\$ 664.73	\$ 681.35
FRF 20%		\$ 123.45	\$ 126.54	\$ 129.70	\$ 132.95	\$ 136.27
Franchise Fee 13%		\$ 96.29	\$ 98.70	\$ 101.17	\$ 103.70	\$ 106.29
Sales Tax 8.25%		\$ 69.05	\$ 70.78	\$ 53.50	\$ 54.84	\$ 56.21
Total 6 CY Compactor		\$ 906.07	\$ 928.72	\$ 932.90	\$ 956.22	\$ 980.12

FRF Calculated as Base Rate X 20%

Franchise F Calculated as Base Rate + FRF X 13%

Sales Tax (\$ Calculated as Base Rate + RFR +Franchise Fee X 8.25%

EXHIBIT B

INDUSTRIAL MONTHLY RATES

Industrial 5 Year Proposal:

Haul Rate:	\$ 293.00
Disposal for Ton:	\$ 46.50
Compactor Rental:	\$ 400.00
Open Top Rental:	\$ 50.00
Plus FRF, Franchise Fee & Sales Tax	

EXHIBIT C

PROJECTED CURBSIDE RECYCLING FEES 1 Issued Recycling Cart Only 2.5% Escalation Each Year After Year 1

Year	Escalation	Monthly Fee	Sales Tax	Cost per account	# of Accounts:	Total Cost
Year 1		\$ 10.00	\$ 0.83	\$ 10.83	21,500.00	\$ 232,737.50
Year 2	\$ 0.25	\$ 10.25	\$ 0.85	\$ 11.10	21,500.00	\$ 238,555.94
Year 3	\$ 0.26	\$ 10.51	\$ 0.87	\$ 11.37	21,500.00	\$ 244,519.84
Year 4	\$ 0.26	\$ 10.77	\$ 0.89	\$ 11.66	21,500.00	\$ 250,632.83
Year 5	\$ 0.27	\$ 11.04	\$ 0.91	\$ 11.95	21,500.00	\$ 256,898.65

**Additional fees will be applied for additional recycling carts.



INVOICE TO		SITE LOCATION	
CUSTOMER		SITE	
NAME		NAME	
ATTN:		ADDRESS	
ADDRESS		CITY	
		STATE	
		ZIP CODE	
		TEL. NO.	
		FAX NO.	
		AUTHORIZED BY:	
		TITLE	
		CONTACT	
		TITLE	

AGREEMENT NUMBER	
ACCOUNT NUMBER	855 -
EMAIL	

N/O	CONT. GRP	TYPE	SIZE	C	QTY	ACCT. TYPE	CO	SERV. FREQUENCY	EST. LIFTS	S	P.O. REQ	RECP. REQ	LF CODE	OPEN/ CLOSE DATE	LIFT CHARGE	MONTHLY SERVICE	EXTRA LIFT	DISP RATE	ADDITIONAL CHARGES	ONE TIME CHARGES	TCRC GRP
																				Exchange Spare Parts Recondition Removal	

The undersigned individual signing this Agreement on behalf of the Customer acknowledges that he or she has read and understands the terms and conditions of this Agreement and that he or she has the authority to sign the Agreement on behalf of the Customer.

BY: _____	TITLE: _____	BY: _____	TITLE: _____
_____		_____	
(AUTHORIZED SIGNATURE)		(AUTHORIZED SIGNATURE)	
_____		_____	
CUSTOMER NAME (PLEASE PRINT)		CUSTOMER NAME (PLEASE PRINT)	
_____		_____	
DATE OF AGREEMENT		DATE OF AGREEMENT	

TERMS AND CONDITIONS

This Customer Service Agreement is made between BFI Waste Services of Texas, LP DBA Allied Waste Houston Services ("Company") and the customer listed on the order form ("Customer"). By using our Group, Republic Services of Houston ("Customer") and the customer listed on the order form ("Customer"). By using our website to submit the order form and checking the box to agree to this Customer Service Agreement, you are electronically signing and agreeing to the following Terms and Conditions (together with the online order form and confirmation, the "Agreement")

SERVICES. Customer grants to Company the exclusive right to collect, transport, and dispose of or recycle all of Customer's non-hazardous solid waste materials (including Recyclable Materials) (collectively, "Waste Materials"), and Company agrees to furnish such services as permitted by Applicable Laws.

TERM, THE INITIAL TERM OF THIS AGREEMENT SHALL START ON THE DATE ON WHICH SERVICE UNDER THIS AGREEMENT COMMENCES AND CONTINUE FOR 36 MONTHS. THEREAFTER, THIS AGREEMENT SHALL AUTOMATICALLY RENEW FOR SUCCESSIVE 36 MONTH TERMS UNLESS EITHER PARTY GIVES WRITTEN NOTICE OF TERMINATION TO THE OTHER AT LEAST 60 DAYS BEFORE THE END OF THE THEN CURRENT TERM. ANY NOTICE OF TERMINATION UNDER THIS AGREEMENT BY CUSTOMER SHALL BE VOID UNLESS SENT VIA RETURNED RECIPT REQUESTED AND ACTUALLY RECEIVED BY COMPANY.

WASTE MATERIALS. The Waste Materials shall not contain any hazardous materials, wastes or substances; toxic or pollutants; contaminants; pollutants; infectious wastes; medical wastes; or radioactive wastes (collectively, "Excluded Waste"), each as defined by applicable federal, state or local laws or regulations (collectively, "Applicable Law"). CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS COMPANY FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, SUITS, PENALTIES, FINES, REMEDIATION COSTS, AND REASONABLE ATTORNEY'S FEES (COLLECTIVELY, "COSTS") INCLUDING COURT COSTS AND REASONABLE ATTORNEY'S FEES (COLLECTIVELY, "COSTS"), RESULTING FROM THE INCLUSION OF EXCLUDED WASTE IN THE WASTE MATERIALS.

TITLE. Company shall acquire title to Waste Materials when they are loaded into Company's truck. Title to and liability for any Excluded Waste shall remain with Customer and shall at no time pass to Company.

CONTINUED ON NEXT PAGE

TERMS AND CONDITIONS (Continued from previous page)

PAYMENT. Customer shall pay Company for the services and equipment furnished by Company at the rates provided in this Agreement. Customer shall pay all taxes, fees and other governmental charges assessed against or passed through to Company (other than income or real property taxes). Customer shall pay such fees as the Company may impose from time to time by notice to Customer (including, by way of example only, late payment fees, administrative fees and environmental fees), with Company to determine the amounts of such fees in its discretion up to the maximum amount allowed by Applicable Law. Without limiting the foregoing, Customer shall pay Company: (a) a fee of \$50 (which Company may increase from time to time by notice to Customer) for each check submitted by Customer that is an insufficient funds check or is returned or dishonored; and (b) fuel/environmental recovery fees in the amount shown on each of Company's invoices, which amount Company may increase or decrease from time to time by showing the amount on the invoice. Customer shall pay Company within 20 days after the date of Company's invoice. At any time after Company becomes concerned about Customer's creditworthiness or after Customer has made any late payment, Company may request, and if requested Customer shall pay, a deposit in an amount equal to one month's charges under this Agreement.

RATE ADJUSTMENTS. Company may, from time to time by notice to Customer, increase the rates provided in this Agreement to adjust for any increase in: (a) disposal costs; (b) transportation costs due to a change in location of Customer or the disposal or recycling facility used by Company; (c) the Consumer Price Index for All Urban Consumers (Water, Sewer and Trash Collection Services), U.S. City Average; (d) the average weight per cubic yard of Customer's Waste Materials above the number of pounds per cubic yard upon which the rates provided in this Agreement are based as indicated on the cover page of this Agreement; (e) recycling sorting, processing and related costs; (f) costs related to Customer's failure to separate Recyclable Materials from other Waste Materials, the contamination of the Recyclable Materials, or other decreases in the value of the Recyclable Materials; or (g) Company's costs due to changes in Applicable Laws. Company may increase rates for reasons other than those set forth above with Customer's consent, which may be evidenced verbally, in writing or by the parties' actions and practices.

SERVICE CHANGES. The parties may change the type, size or amount of equipment, the type or frequency of service, and correspondingly the rates by agreement of the parties, which may be evidenced verbally, in writing or by the parties' actions and practices. This Agreement shall apply to any change of location of Customer within the area in which Company provides collection and disposal services.

RECYCLABLE MATERIALS. This section applies in the event Company has expressly agreed to remove and transport Recyclable Materials (material that Company determines can be recycled typically including, without limitation, aluminum cans (UBC – Used Beverage Containers), cardboard (free of wax), ferrous metal cans, mixed office paper, newspaper and plastics containers) to a material recovery facility, recycling center or similar facility. Customer agrees that Company in its sole discretion may determine any single load is contaminated and may refuse to collect it or may charge Customer for any additional costs, including (but not limited to) sorting, processing, transportation and disposal costs. Customer shall comply with all Applicable Laws regarding the separation of solid waste from Recyclable Materials and use of its best efforts to not place items in the container that may result in the decrease in the value of Recyclable Materials or make the Recyclable Materials unsuitable for recycling.

RESPONSIBILITY FOR EQUIPMENT; ACCESS. Any equipment Company furnishes shall remain Company's property. Customer shall be liable for all loss or damage to such equipment (except for normal wear and tear and for loss or damage resulting from Company's handling of the equipment). Customer shall use the equipment only for its proper and intended purpose and shall not overload (by weight or volume), move or alter the equipment. **CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS COMPANY FROM AND AGAINST ALL LOSSES ARISING FROM ANY INJURY OR DEATH TO PERSONS OR LOSS OR DAMAGE TO PROPERTY (INCLUDING THE EQUIPMENT) ARISING OUT OF CUSTOMER'S USE, OPERATION OR POSSESSION OF THE EQUIPMENT.** Customer shall provide safe, unobstructed access to the equipment on the scheduled collection day. Company may charge an additional fee for any additional collection service required by Customer's failure to provide access.

DAMAGE TO PAVEMENT. Company shall not be responsible for any damages to Customer's pavement, curbing or other driving surfaces resulting from Company providing service at Customer's location.

SUSPENSION. If any amount due from Customer is not paid within 60 days after the date of Company's invoice, Company may, without notice and without terminating this Agreement, suspend collecting and disposing of Waste Materials until Customer has paid such amount to Company. If Company suspends service, Customer shall pay Company a service interruption fee in an amount determined by Company in its discretion up to the maximum amount allowed by Applicable Law.

TERMINATION. In addition to its above suspension rights, Company may terminate this Agreement immediately by written notice to Customer if (a) any of the information contained in any credit application submitted to Company in connection with this Agreement is untrue or (b) Customer breaches this Agreement and fails to cure such breach within 10 days after Company gives Customer written notice of the breach. Company's failure to suspend service or terminate this Agreement when Customer fails to timely pay or otherwise breaches this Agreement shall not constitute a waiver of Company's right to suspend service or terminate this Agreement for any future failure to pay or other breach.

PAYMENT UPON TERMINATION. If Customer terminates this Agreement before its expiration other than as a result of a breach by Company, or if Company terminates this Agreement as a result of a breach by Customer (including nonpayment), Customer shall pay Company an amount equal to the most recent month's monthly charges multiplied by the lesser of (a) six months or (b) the number of months remaining in the term. Customer acknowledges that in the event of such a termination, actual damages to Company would be uncertain and difficult to ascertain, such amount is the best, reasonable and objective estimate of the actual damages to Company, such amount does not constitute a penalty, and such amount is reasonable under the circumstances. Any amount payable under this paragraph shall be in addition to amounts already owing under this Agreement.

ASSIGNMENT. Customer shall not assign this Agreement without Company's prior written consent, which Company shall not unreasonably withhold. Company may assign this Agreement without Customer's consent.

EXCUSED PERFORMANCE. Except for Customer's obligation to pay amounts due to Company, any failure or delay in performance due to contingencies beyond a party's reasonable control, including strikes, riots, terrorist acts, compliance with Applicable Laws or governmental orders, fires and acts of God, shall not constitute a breach of this Agreement.

ATTORNEYS' FEES. If any litigation is commenced under this Agreement, the successful party shall be entitled to such other relief as the court may award, its reasonable attorneys' fees, expert witness fees, litigation related expenses, and court or other costs incurred in such litigation or proceeding.

MISCELLANEOUS. If service to Customer includes Container Refresh, Customer is limited to requesting one exchange of each participating container every twelve months of paid enrollment; any additional exchange is subject to Company's standard container exchange fee. Customer agrees that during any enrollment year in which Customer receives an exchange under the program, any service change request by Customer to cancel Container Refresh will not be effective until Customer completes payment for twelve (12) consecutive months of enrollment in the program. Company reserves the right, in its sole discretion, to suspend or cancel the Container Refresh program. This Agreement sets forth the entire agreement of the parties and supersedes all prior agreements, whether written or oral, that exist between the parties regarding the subject matter of this Agreement. Company shall have no confidentiality obligation with respect to any Waste Materials. This Agreement shall be binding upon and inure solely to the benefit of the parties and their permitted assigns. If any provision of this Agreement shall be invalid, illegal or unenforceable, it shall be modified so as to be valid, legal and enforceable but so as most nearly to retain the intent of the parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected thereby. Customer and Company agree that electronic signatures are valid and effective, and that an electronically stored copy of this Agreement constitutes proof of the signature and contents of this Agreement, as though it were an original.

Customer
Signature: _____

Date: _____



INVOICE TO		SITE LOCATION	
CUSTOMER		SITE	
NAME		NAME	
ATTN:		ADDRESS	
ADDRESS		CITY	
		STATE	
		ZIP CODE	
		TEL. NO.	FAX NO.
		AUTHORIZED BY:	TITLE
		CONTACT	TITLE

AGREEMENT NUMBER
ACCOUNT NUMBER
EMAIL

[illegible]

The undersigned individual signing this Agreement on behalf of the Customer acknowledges that he or she has read and understands the terms and conditions of this Agreement and that he or she has the authority to sign the Agreement on behalf of the Customer.

BY: _____	BY: _____	TITLE: _____	TITLE: _____
		(AUTHORIZED SIGNATURE)	(AUTHORIZED SIGNATURE)
		_____	_____
		CUSTOMER NAME (PLEASE PRINT)	CUSTOMER NAME (PLEASE PRINT)
		_____	_____
		DATE OF AGREEMENT	DATE OF AGREEMENT
		_____	_____

TERMS AND CONDITIONS

This Customer Service Agreement is made between BFI Waste Services of Texas, LP DBA Allied Waste Houston Services Group, Republic Services of Houston ("Company") and the customer listed on the order form ("Customer"). By using our website to submit the order form and checking the box to agree to this Customer Service Agreement, you are electronically signing and agreeing to the following Terms and Conditions (together with the online order form and confirmation, the "Agreement")

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TERM, THE INITIAL TERM OF THIS AGREEMENT SHALL START ON THE DATE ON WHICH SERVICE UNDER THIS AGREEMENT COMMENCES AND CONTINUE FOR 36 MONTHS. THEREAFTER, THIS AGREEMENT SHALL AUTOMATICALLY RENEW FOR SUCCESSIVE 36 MONTH TERMS UNLESS EITHER PARTY GIVES WRITTEN NOTICE OF TERMINATION TO THE OTHER AT LEAST 60 DAYS BEFORE THE END OF THE THEN CURRENT TERM. ANY NOTICE OF TERMINATION UNDER THIS AGREEMENT BY CUSTOMER SHALL BE VOID UNLESS SENT VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AND ACTUALLY RECEIVED BY COMPANY.

WASTE MATERIALS. The Waste Materials shall not contain any hazardous materials, wastes or substances; toxic substances, wastes or pollutants; contaminants; pollutants; infectious wastes; medical wastes; or radioactive wastes (collectively, "Excluded Waste"), each as defined by applicable federal, state or local laws or regulations (collectively, "Applicable Laws"). CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS COMPANY FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, SUITS, PENALTIES, FINES, REMEDIATION COSTS, AND LIABILITIES (INCLUDING COURT COSTS AND REASONABLE ATTORNEY'S FEES) (COLLECTIVELY, "LOSSES") RESULTING FROM THE INCLUSION OF EXCLUDED WASTE IN THE WASTE MATERIALS.

TITLE. Company shall acquire title to Waste Materials when they are loaded into Company's truck. Title to and liability for any Excluded Waste shall remain with Customer and shall at no time pass to Company.

CONTINUED ON NEXT PAGE

TERMS AND CONDITIONS (Continued from previous page)

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RATE ADJUSTMENTS. Company may, from time to time by notice to Customer, increase the rates provided in this Agreement to adjust for any increase in: (a) disposal costs; (b) transportation costs due to a change in location of Customer or the disposal or recycling facility used by Company; (c) the Consumer Price Index for All Urban Consumers (Water, Sewer and Trash Collection Services), U.S. City Average; (d) the average weight per cubic yard of Customer's Waste Materials above the number of pounds per cubic yard upon which the rates provided in this Agreement are based as indicated on the cover page of this Agreement; (e) recycling, sorting, processing and related costs; (f) costs related to Customer's failure to separate Recyclable Materials from other Waste Materials, the contamination of the Recyclable Materials, or other decreases in the value of the Recyclable Materials; or (g) Company's costs due to changes in Applicable Laws. Company may increase rates for reasons other than those set forth above with Customer's consent, which may be evidenced verbally, in writing or by the parties' actions and practices.

SERVICE CHANGES. The parties may change the type, size or amount of equipment, the type or frequency of service, and correspondingly the rates by agreement of the parties, which may be evidenced verbally, in writing or by the parties' actions and practices. This Agreement shall apply to any change of location of Customer within the area in which Company provides collection and disposal services.

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RESPONSIBILITY FOR EQUIPMENT; ACCESS. Any equipment Company furnishes shall remain Company's property. Customer shall be liable for all loss or damage to such equipment (except for normal wear and tear and for loss or damage resulting from Company's handling of the equipment). Customer shall use the equipment only for its proper and intended purpose and shall not overford (by weight or volume), move or alter the equipment. **CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS COMPANY FROM AND AGAINST ALL LOSSES ARISING FROM ANY INJURY OR DEATH TO PERSONS OR LOSS OR DAMAGE TO PROPERTY (INCLUDING THE EQUIPMENT) ARISING OUT OF CUSTOMER'S USE, OPERATION OR POSSESSION OF THE EQUIPMENT.** Customer shall provide safe, unobstructed access to the equipment on the scheduled collection day. Company may charge an additional fee for any additional collection service required by Customer's failure to provide access.

DAMAGE TO PAVEMENT. Company shall not be responsible for any damages to Customer's pavement, curbing or other driving surfaces resulting from Company providing service at Customer's location.

SUSPENSION. If any amount due from Customer is not paid within 60 days after the date of Company's invoice, Company may, without notice and without terminating this Agreement, suspend collecting and disposing of Waste Materials until Customer has paid such amount to Company. If Company suspends service, Customer shall pay Company a service interruption fee in an amount determined by Company in its discretion up to the maximum amount allowed by Applicable Law.

TERMINATION. In addition to its above suspension rights, Company may terminate this Agreement immediately by written notice to Customer if (a) any of the information contained in any credit application submitted to Company in connection with this Agreement is untrue or (b) Customer breaches this Agreement and fails to cure such breach within 10 days after Company gives Customer written notice of the breach. Company's failure to suspend service or terminate this Agreement when Customer fails to timely pay or otherwise breaches this Agreement shall not constitute a waiver of Company's right to suspend service or terminate this Agreement for any future failure to pay or other breach.

PAYMENT UPON TERMINATION. If Customer terminates this Agreement before its expiration other than as a result of a breach by Company, or if Company terminates this Agreement as a result of a breach by Customer (including nonpayment), Customer shall pay Company an amount equal to the most recent month's monthly charges multiplied by the lesser of (a) six months or (b) the number of months remaining in the term. Customer acknowledges that in the event of such a termination, actual damages to Company would be uncertain and difficult to ascertain, such amount is the best, reasonable and objective estimate of the actual damages to Company, such amount does not constitute a penalty, and such amount is reasonable under the circumstances. Any amount payable under this paragraph shall be in addition to amounts already owing under this Agreement.

ASSIGNMENT. Customer shall not assign this Agreement without Company's prior written consent, which Company shall not unreasonably withhold. Company may assign this Agreement without Customer's consent.

EXCUSED PERFORMANCE. Except for Customer's obligation to pay amounts due to Company, any failure or delay in performance due to contingencies beyond a party's reasonable control, including strikes, riots, terrorist acts, compliance with Applicable Laws or governmental orders, fires and acts of God, shall not constitute a breach of this Agreement.

ATTORNEYS' FEES. If any litigation is commenced under this Agreement, the successful party shall be entitled to recover, in addition to such other relief as the court may award, its reasonable attorneys' fees, expert witness fees, litigation related expenses, and court or other costs incurred in such litigation or proceeding.

MISCELLANEOUS. If service to Customer includes Container Refresh, Customer is limited to requesting one exchange of each participating container every twelve months of paid enrollment; any additional exchange is subject to Company's standard container exchange fee. Customer agrees that during any enrollment year in which Customer receives an exchange under the program, any service change request by Customer to cancel Container Refresh will not be effective until Customer completes payment for twelve (12) consecutive months of enrollment in the program. Company reserves the right, in its sole discretion, to suspend or cancel the Container Refresh program. This Agreement sets forth the entire agreement of the parties and supersedes all prior agreements, whether written or oral, that exist between the parties regarding the subject matter of this Agreement. Company shall have no confidentiality obligation with respect to any Waste Materials. This Agreement shall be binding upon and inure solely to the benefit of the parties and their permitted assigns. If any provision of this Agreement shall be invalid, illegal or unenforceable, it shall be modified so as to be valid, legal and enforceable but so as most nearly to retain the intent of the parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected thereby. Customer and Company agree that electronic signatures are valid and effective, and that an electronically stored copy of this Agreement constitutes proof of the signature and contents of this Agreement, as though it were an original.

Customer
Signature: _____

Date: _____

18P-042

STAFF REPORT

ADDRESS:

10101 Stewart Road

LEGAL DESCRIPTION:

Property is legally described as Part of Lot 346 (346-2) Trimble and Lindsey, Section 1, in the City and County of Galveston, Texas.

APPLICANT/REPRESENTATIVE:

Steven Schulz

PROPERTY OWNER:

Ideal Investments, Texas General Partnership

ZONING:

Residential, Single-Family (R-1)

REQUEST:

Change the zoning from Residential, Single-Family (R-1) to Commercial (C).

APPLICABLE ZONING LAND USE

Place of Public Assembly/Church

STAFF RECOMMENDATION:

Approval

EXHIBITS:

- A – Zoning Map
- B – Narrative
- C – Survey/Site Plan
- D – Zoning Comparison

STAFF:

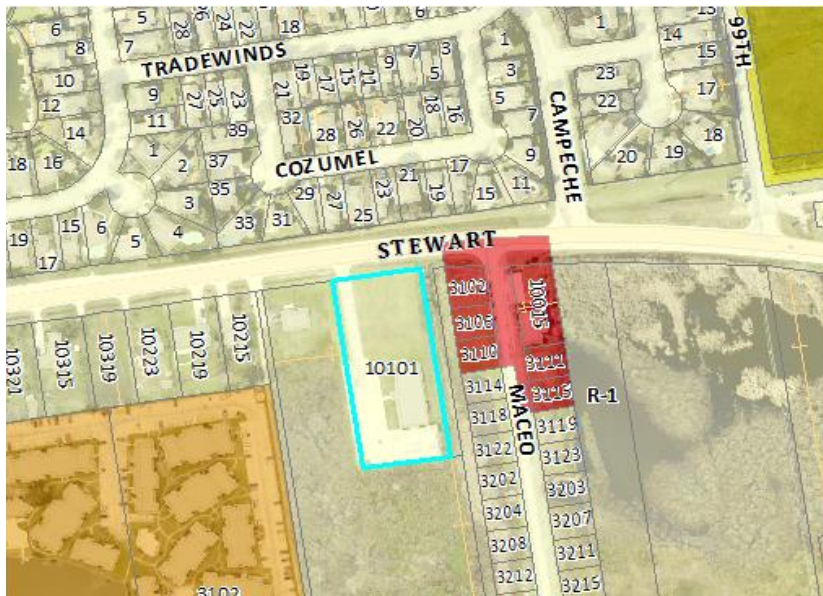
Janice Norman, Planning Manager
409-797-3670
jnorman@galvestontx.gov

Public Notice and Comment:

Sent	Returned	In Favor	Opposed	No Comment
30				

City Department Notification Responses:

No Objections



Executive Summary

The applicant is requesting a change of zoning from Residential, Single-Family (R-1) to Commercial (C) zoning in order to sell the property. According to the applicant he has had difficulty selling the former church property because it is in a Residential Single Family (R-1) zoning district.

Zoning and Land Use Chart

Location	Zoning	Land Use
Subject Site	Residential, Single Family (R-1)	Church
North	Residential, Single Family (R-1)	Campeche Cove
South	Residential, Single Family (R-1)	Vacant
East	Commercial (C)	Vacant
West	Residential, Single Family (R-1)	Single Family Home

Interpretation of Use Classification

As changes of zoning are of a permanent nature, regardless of the present proposed land use for the property, the Planning Commission and City Council must consider all potential future land uses that will become permitted uses should the request for a change of zoning be approved. Please reference Exhibit E, for a comparison list of the permitted uses in the Residential, Single – Family (R-1) and Commercial (C) zoning districts.

Compatibility with Surrounding Land Use and Zoning

The subject property is zoned Residential, Single-Family (R-1). The properties to the east are zoned Commercial (C) and the properties to the north, south and west are Residential, Single-Family (R-1) with some Multi-Family (MF) also to the west.

Criteria for Approval

According to Division 13.601 (C) of the Land Development Regulations, the Planning Commission may recommend approval, and City Council may grant the approval of a rezoning request if it is demonstrated that:

1. The proposed zoning is preferable to the existing zoning in terms of its likelihood of advancing the goals, objectives and policies of the City's 2011 Comprehensive Plan and other adopted neighborhood plan, special area plan, redevelopment plan, or other plan applicable to the area;
 - a. *LU-3.10 Consider Zoning Changes in Areas Where Development Standards do not Match the Existing or Intended Character of the Neighborhood.*
2. The proposed zoning is consistent with the future land use map of the 2011 Comprehensive Plan (a future land use map amendment may be processed concurrently with the rezoning);
 - a. *The City has not officially adopted a future land use map at this time. However, if this change of zoning is approved the new future land use map will be consistent with this change.*
3. The proposed change is consistent with the implementation of existing or pending plans for providing streets, water and wastewater, other utilities and the delivery of public services to the area in which the parcel proposed for rezoning is located;
 - a. *There are existing water and sewer lines surrounding the property. Any new development will not interfere with the existing streets,*

water or wastewater in the area;

4. The range of uses and the character of development that is allowed by the proposed zone will be compatible with the properties in the immediate vicinity of the parcel proposed for rezoning, and the parcel proposed for rezoning has sufficient dimensions to accommodate reasonable development that complies with the requirements of these Land Development Regulations, including parking and buffering requirements; and

a. The property is surrounded by a large tract of land to the west and is close to the Commercial (C) development to the east along Maceo Way. The entire site is setback from the street and is approximately 74, 000 square feet of property. This is large enough dimensions to provide sufficient buffering from adjacent properties;

5. The pace of development and/or the amount of vacant land currently zoned for comparable development in the vicinity suggests a need for the proposed rezoning in order to ensure an appropriate inventory of land to maintain a competitive land market that promotes economic development;

a. This area has a mix of zoning, as stated above in the Compatibility with Surrounding Land Use and Zoning, by changing the zoning on this property it will expand the Commercial (C) zoning from Maceo Way to the west. The properties in the area are large enough to provide buffering from the residential zoning existing in the area.

Conformance

Staff finds the request for a change of zoning to be compatible with the properties along Stewart Road, which are primarily Commercial to the east. The Commercial (C) zoning begins to be a mix of zoning that is primarily Residential around 99th Street until you get to Maceo Way where there is existing Commercial (C) zoning. This change will expand the existing Commercial (C) zoning already in the area. The property is large enough to provide buffering to adjacent residential properties to the north and west should a Commercial (C) use be operated on the property in the future.

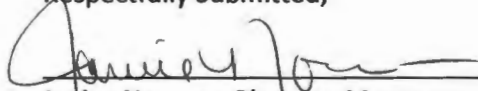
Staff Recommendation

Staff recommends the request for a Change of Zoning from Residential, Single Family (R-1) to Commercial (C) be approved.

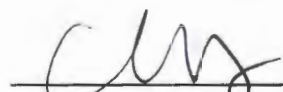
Hearings

City Council has the final decision authority and will hear this request at the August 23, 2018, meeting.

Respectfully Submitted,


Janice Norman, Planning Manager

7/24/18
Date


Catherine Gorman, Assistant Director, AICP, HPO

7-25-18
Date

City of Galveston - Development Services: Planning and Development Division



July 24, 2018

Parcels

1:4,000

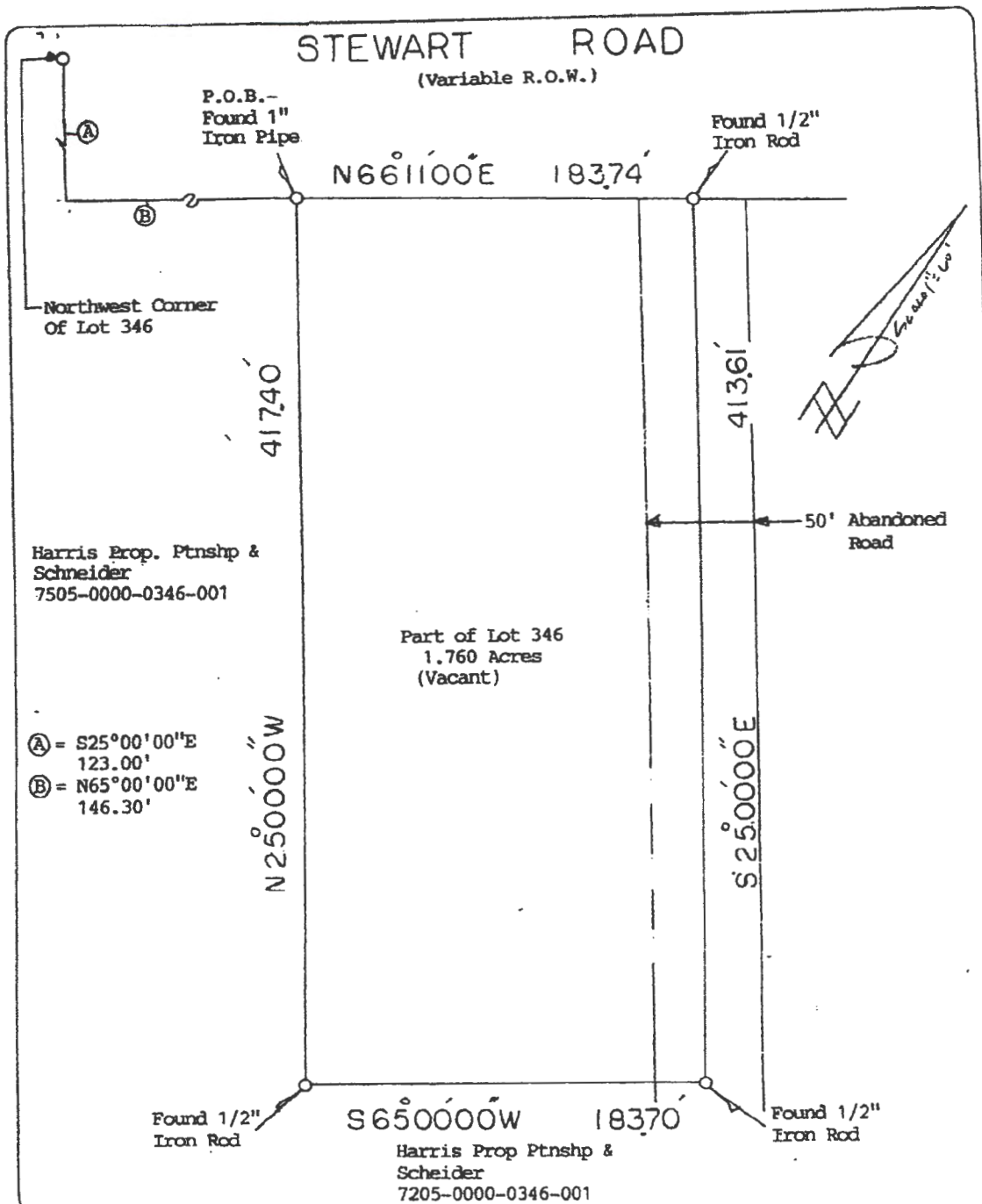
A number line with two scales. The top scale is labeled in miles (mi) with major tick marks at 0, 0.0325, 0.065, and 0.13. The bottom scale is labeled in kilometers (km) with major tick marks at 0, 0.05, 0.1, and 0.2. The scales are aligned such that 0.0325 miles corresponds to 0.05 kilometers, 0.065 miles corresponds to 0.1 kilometers, and 0.13 miles corresponds to 0.2 kilometers.

Galveston Central Appraisal District
This data is for informational purposes only and may not have been prepared

Planning & Development Division
City of Galveston

Justification Narrative

When purchased in 2014 the property was zoned "General Residence". Upon adoption of the new Zoning Map in March 2015 the property was zoned R-1. The property has a building located on it that was originally used as a church and since its purchased the property has been advertised for sale as a church without success. The building is suitable for other commercial uses such as an office building which cannot be conducted under the current R-1 Zoning. The property is located in close proximity to other commercial property and the surrounding geographic area contains commercially-zoned properties.



BUYER Ronald Hansen and
Dana Hansen

Stewart Road

DESCRIBED PROPERTY Part of Lot 346, SECTION 1, of Trimble and Lindsey Survey, of Galveston Island, Galveston County, Texas, and being more particularly described by metes and bounds as attached.

*Emily Q. Fisher, Trustee
of Immanuel Baptist Church*

SURVEY 1, INC.

P. O. BOX 2543 • ALVIN, TX 77512
(281) 393-1382 • Fax (281) 393-1383

G.F. 100484-K

Date: 10/10/03

Inv.#: 8142

JOB# 10/165/03



I do hereby certify that this survey was this day made on the ground of the property legally described herein, (or on the attached sheet), and is correct, and there are no encroachments unless shown, and was done by me or under my supervision, and conforms to or exceeds the current standards as adopted by the Texas Board of Professional Land Surveying.

Note: There are no natural drainage courses on this property.
Note: This property does not lie in a flood hazard zone according to H.U.D./F.I.A.
485469 0023 D 8-15-83 Zone A15

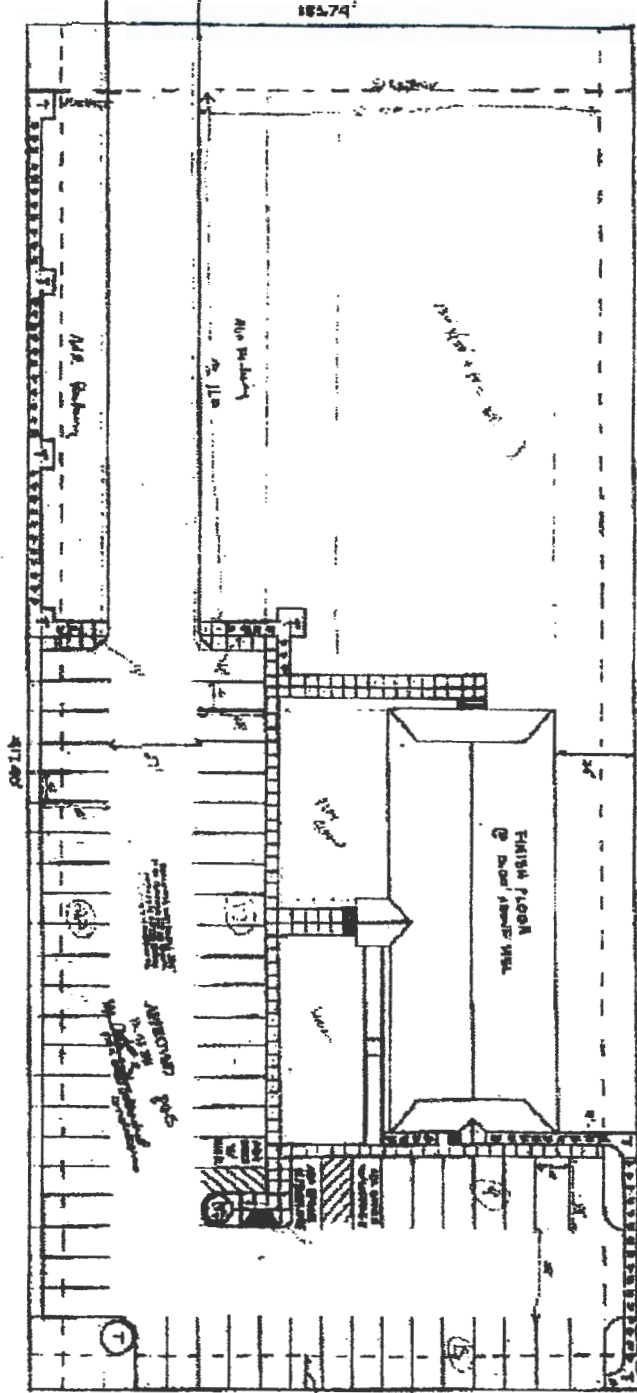
H.T. Weber



STEWART ROAD



101 ST STREET
(NOT OPEN)



LEGEND

T = Top of Masonry (Top)
H = Height of Masonry (Height) in ft. with 1 inch scale

SCALE 1/4" = 1 FOOT

NOTES: ADD PER ALLEYS
PLOT TO STREET PAVEMENT
LOCATION BY NUMBER

CHURCH 101 ST.
15' TYPICAL PAVING
2' MIN. DRAINAGE

EMMANUEL BAPTIST CHURCH
SITE PLAN
101 ST. STEWART ROAD



PAGE 7

Planning and Development Division

823 Rosenberg, Room 401

Phone (409) 797-3666

planningcounter@cityofgalveston.org



Residential, Single Family One (R-1)	Permitted	Limited	Specific Use
Accessory Dwelling Unit	P		
Cottage Food Production	P		
Home Based Occupation	P		
Personal Care Homes (DADS)	P		
Short Term Rental Residential Dwelling	P		
Single Family Detached	P		
Music Instruction	P		

Limited (L) and Specific (S) Uses

Where a use is listed as L in one or more zoning districts, the use shall be allowed if it meets all of the standards for the particular use specified. Where a use is classified as specific use (S) in one or more zoning district, the Planning Commission may recommend and the City Council may adopt additional conditions that would make the use appropriate at the requested location or it may deny the specific use request. For all Limited Uses (L) and Specific Uses (S) please reference the Galveston Land Development Regulations Article 2, Division 2.300, Section 2.301.

Minimum Lot Standards*

Area: 5,000 square feet

Width: 50 feet

Depth: 100 feet

Setbacks*

Front: 20 feet

Side: 3 – 5 feet

Rear: 10 feet

Building Height

Maximum: 50 feet, measured from base flood elevation

Parking

One space per dwelling unit

Landscaping

Refer to Article 9, Landscaping of the City Land Development Regulations.

*See note #8 for properties located west of 39th Street, east of 61st Street, South of Broadway Blvd and north of Seawall Blvd.

Residential Single Family Modified

For properties located west of 39th Street, east of 61st Street, south of Broadway Blvd, and north of Seawall Blvd the following standards shall apply:

Minimum Lot Standards

Area: 2,500 square-feet

Width: 0-feet

Depth: 0-feet

Setbacks

Front: 0-5'

Side: 0-5'

Rear: 0-5'

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Commercial Zoning District (C)	Permitted	Limited	Specific Use
Agriculture/Urban Farming	P		
Accessory Dwelling Unit		*L	
Bed and Breakfast	P		
Boarding House, Dormitory, Fraternity or Sorority	P		
Child Care Facility , Residential (Day Care)	P		
Community Garden	P		
Cottage Food Industry	P		
Home Based Occupation/ Business	P		
Home Based Occupation	P		
Hospital House Establishment	P		
Live Work Unit	P		
Multi-Family Residential	P		
Personal Care Homes (DADS)	P		
Short Term Rental Residential Dwelling	P		
Single Family Dwelling Attached	P		
Single Family Dwelling Detached	P		
Adult Day Care	P		
Adult Use (SOB)			*S
Alcoholic Beverage Sales, Liquor Store or Package	P		
Arena /Stadium	P		
Auto Service/Fueling or Charging Station		*L	

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Bar	P		
Child Care Facility, Day Care (Commercial)	P		
Cleaning /Laundry pick-up station	P		
Cleaning/Laundry-mat self service	P		
College/ University /Vo-Tech	P		
Commercial Amusement/Recreation Indoor		*L	
Commercial Amusement/Recreation Outdoor		*L	
Commercial Lodging /Hotel	P		
Correctional or Rehabilitation Facility			*S
Credit Access Business		*L	
Flea Market		*L	
Gun Shop		*L	
Homeless Shelter			*S
Hospital	P		
Kennel		*L	
Library	P		
Medical Office /Clinic/Lab	P		
Music Instruction	P		
Nursery or Greenhouse, Retail	P		
Nursery Whole Sale		*L	
Nursing/Convalescent Home	P		
Office	P		
Parking Structure or Lot Incidental to Main Use		*L	
Parking Structure- Mixed		*L	

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Use			
Passenger Motor Vehicle Sales or Rental		*L	
Pawn Shop	P		
Personal Fitness	P		
Pet Grooming	P		
Place of Private Assembly	P		
Place of Public Assembly	P		
Private Club	P		
Professional Services, Instruction or Counseling	P		
Public Safety Facility	P		
Recreation Indoor	P		
Recreation Outdoor	P		
Recycling Collection Center		*L	
Restaurant, No Drive-In /Through	P		
Restaurant, Drive-In /Through		*L	
Retail- Big Box		*L	
Retail –Commercial	P		
RV Park		*L	
School Private	P		
Self -Storage	P		
Short Term Rental Residential Dwelling	P		
Substance Abuse Facility			*S
Vehicle Wash	P		
Vending Kiosk/ ATM		*L	
Veterinarian, Small Animal	P		

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Wholesale		*L	
Research and Testing Laboratory	P		
Parking and /or Multimodal Transportation Facility	P		
Public Utility Facility, Neighborhood	P		
Cemetery			*S
Helistop		*L	
Marina	P		
Public Utility Plant	P		
Wireless Communications Facility			*S

*Limited (L) and Specific (S) Uses

Where a use is listed as L in one or more zoning districts, the use shall be allowed if it meets all of the standards for the particular use specified. Where a use is classified as specific use (S) in one or more zoning district, the Planning Commission may recommend and the City Council may adopt additional conditions that would make the use appropriate at the requested location or it may deny the specific use request. For all Limited Uses (L) and Specific Uses (S) please reference the Galveston Land Development Regulations Article 2, Division 2.300, Section 2.301.

Commercial District Fence Regulations

10. Maximum height of a fence is eight-feet (8'). Fence must be constructed in a workmanship manner. Horizontal and vertical support posts are inside of the fence area or otherwise hidden from both the neighbor's and general public's view. Fences with a shadow-box design shall be considered to hide support posts. No more than two different types of fencing material is permitted. Property owners shall be responsible for the maintenance of the fencing on their property, and for removal of any fence if it becomes unsightly or a menace to public safety, health or welfare. Fences shall be maintained in an upright condition. It shall be the responsibility of the property owner to insure that a fence does not block or obstruct the flow of storm water. Corrosive resistant material required.

Broadway Boulevard Design Standards

19th Street to 61st Street and 61st Street to Causeway

11. Cross access easement required. If access provided from Broadway, maximum of two curb cuts, maximum curb cut width is 25'.

12. Vending machines & vending kiosks visible from Broadway Boulevard right-of-way are prohibited.

13. **Building Materials:** exterior new or renovations shall use stucco, brick, wood, painted or textured concrete, tile, glass block or cast iron.

14. **Roof Materials:** Spanish roof tiles, standing seam metal, composition shingle (applies if visible from right-of-way). Repair and maintenance work exempt.

15. **Vehicle Access:** Where alternative access available, access prohibited from Broadway.

Planning and Development Services

823 Rosenberg, Room 401

Phone (409) 797-3666 planningcounter@cityofgalveston.org



16. *Fencing Prohibited*: Fronting on Broadway. Residential Fencing Maximum Height: 42" solid fence; 80" open fence design. Barbed wire and chain link prohibited.

17. *Exceptions to fence regulations*: A protective barrier of 30" height and located behind a solid landscaped screen. Fences existing on the date this ordinance passed. Parking lots associated with hotel/motel resort developments. Barbed wire and cyclone fences installed prior to the adoption of this ordinance.

Commercial

Seawall Boulevard Design Standards

South Jetty east to Condo Rd.; Condo Rd. west to 39th St.; 39 St. West to 61st St.; 61st St. west to Cove View Blvd.

18. *Fencing*: Prohibited within area between the north right-of-way line of Seawall Boulevard and south façade of building.

19. *Residential Fencing Maximum Height*: 42" solid fence; 60" open fence design.

20. *Vending Machines*: attached to permanent structure, meet setbacks, proper ventilation, (i.e. phones, ice machines, water, soft drinks, etc.)

21. *Buffering/Screening* between commercial/lodging uses and residential zones and uses. A 4' wide landscaped strip and a five-foot (5') solid all or fence along all common property lines, including rear property lines separated by right-of-way.

Minimum Lot Standards

Area: 0 square feet

Width: 40-feet

Depth: 100-feet

Setbacks

Front: 0 – 10 feet; On Broadway (between eastside of 23rd St. and west side of 19th St. and the 2300 to 2600 block) a 25-ft. to 45-ft. build-to-line is required

Side: 5-feet

Rear: 0-feet; 10-ft if development abuts a residential zone

Building Height

Maximum: 50-feet, measured from base flood elevation

Parking

Residential: Minimum 1.5 per unit

Non-Residential: Minimum 1 per 300 sq. ft. of gross floor area

Lodging: Minimum .75 per unit

Parking Location: Rear of building

Landscaping

Refer to "Article 9: Landscaping" of the City's Land Development Regulations.

ORDINANCE NO. 18-_____

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, CHANGING THE ZONING FROM RESIDENTIAL, SINGLE FAMILY (R-1) TO COMMERCIAL (C) ZONING DISTRICT ON PROPERTY COMMONLY KNOWN AS 10101 STEWART ROAD. THE PROPERTY IS LEGALLY DESCRIBED AS PART OF LOT 346 (346-2) TRIMBLE AND LINDSEY, SECTION 1, IN THE CITY AND COUNTY OF GALVESTON, TEXAS; PLANNING CASE NUMBER 18P-042; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT.

WHEREAS, the Applicant and Owner Steven Schulz, are requesting that the City change the zoning on the property located at 10101 Stewart Road, from Residential, Single Family (R-1) zoning district to Commercial (C) zoning district. The property is legally described as Part of Lot 346 (346-2) Trimble and Lindsey Section 1, in the City and County of Galveston, Texas. Planning Staff Report No. 18P-042 (“**Exhibit 1**”), is attached and fully incorporated herein for all purposes; and,

WHEREAS, as set out in the Staff Report, the applicants wishes to sell the property and has had difficulty selling the former church located on the property because of its current R-1 classification; and

WHEREAS, the properties to the east are zoned Commercial (C) and the properties to the north, south, and west are Residential, Single Family (R-1) with some Multi-Family (MF) also to the west; and,

WHEREAS, Staff recommends that the request for a change of zoning from Residential, Single Family (R-1) zoning district to Commercial (C) zoning district be approved; and

WHEREAS, at its regular meeting of June 6, 2018, the Planning Commission voted 4 to 2 to recommend approval of the zoning change; and,

WHEREAS, the City Council finds that the rezoning request meets the demonstrative criteria required for approval, per Division 13.601 (C), of the Land Development Regulations based on the following findings:

- a. The proposed zoning is preferable to the existing zoning in terms of its likelihood of advancing the goals, objective and policies of the City of Galveston 2011 Comprehensive Plan and other adopted plans;
- b. The proposed zoning is consistent with the future land use map prepared by staff and accompanying the staff report for this case;
- c. The proposed change is consistent with the implementation of existing or planned streets, water, wastewater, other utilities and delivery of public services to the area in which the proposed rezoning is located;
- d. The range of uses and character of development allowed by the proposed zone will be compatible with the properties in the immediate vicinity of the parcel proposed for

- rezoning and the parcel has sufficient dimensions to accommodate reasonable development that complies with the requirements or the Land Development Regulations including parking and buffering requirements;
- e. The pace of development and/or amount of vacant land currently zoned for comparable development in the vicinity suggests a need for the proposed rezoning in order to ensure an appropriate inventory of land to maintain a competitive land market that promotes economic development; and

WHEREAS, after conducting a public hearing, the City Council of the City of Galveston, Texas, deems it in the public interest to grant applicant's request for a change of zoning from Residential, Single Family (R-1) zoning district to Commercial (C), zoning district for property commonly known as 10101 Stewart Road and legally described as Part of Lot 346 (346-2) Trimble and Lindsey Section 1, in the City and County of Galveston, Texas.

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The zoning classification of the property commonly known as Part of Lot 346 (346-2) Trimble and Lindsey Section 1, in the City and County of Galveston, Texas is hereby changed from Residential, Single Family (R-1) Zoning District to Commercial (C) Zoning District.

SECTION 3. It is declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable. If any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by a final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Ordinance.

SECTION 4. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 5. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 6. This Ordinance shall be and become effective from and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

APPROVED AS TO FORM:

MEHRAN JADIDI
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its regular meeting held on August 23rd, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this _____ day of _____, 2018.

Secretary for the City Council
Of the City of Galveston

City of Galveston



City Attorney's Office

P.O. Box 779 / Galveston, Texas 77553-0779 / (409) 797-3530 / Fax (409) 797-3531

August 15, 2018

Hon. Mayor James D. Yarbrough
Hon. Members of City Council
City Hall
Galveston, Texas 77550

RE: Consideration of an Ordinance of Revocation of Special Use Permit for the property at 2627 Avenue O, Galveston Texas for violations of SUP set out in Galveston City Ordinance 02-068

Dear Members of Council:

This is to relate the violations of the Special Use Permit set out in Ordinance 02-068 for your consideration for action. The property in question is located at 2627 Avenue O, Galveston Texas and is owned by Clay Conrad dba 2627 Avenue O LLC.

The property is leased to a not for profit organization named Artist Boat. Artist Boat is the sole tenant of the property. It is a not for profit corporation which, along with artistic undertaking as well as various environmental projects.

The property is located in a subject to a special use permit set out in Galveston City Ordinance 02-0628. A copy is attached. By way of history, the property had previously been owned by a church. While it was still a church, Michael Hennen and Susan Vaughn applied for a special use permit to operate a music school in the building called "Galveston Island Arts Academy". The Arts Academy would begin with the use of a single room with one instructor and one student per session; the room was a 9' 2" X 12' 6", or 114.5 sq. ft. The Arts Academy would expand to include another room of 26' 6" X 19' 5" or 514.5 sq. ft. as a piano classroom.

The SUP was granted with restrictions; the SUP allowed for only a portion of the building to be used as an arts instruction/performance school. The SUP specifically provided the provided for two rooms of a total of 619 sq. ft. and there was to be one student and one teacher per room.

There were several complaints from neighbors regarding the storage of kayaks on the property. The prior City Attorney had concluded that activity was not permitted on the property since it was a commercial activity. The prior Planning Department Director sent a letter dated April 14, 2015 to Karla Klay, Director of Artist Boat, that the owner of the property, Clay Conrad, had been informed such kayak storage was a violation of the SUP and could result in legal action.

The kayak storage apparently ceased for a while but the complaints resumed earlier this year. I determined that a full inspection of the property should be conducted to see if there were other violations of the SUP apparent. Efforts to gain entry were thwarted until Mr. Clay Conrad's attorney, Marc Hill, arranged for the inspection to occur. The walk through of the property was conducted by City Marshall Michael Gray on April 19, 2018.

The inspection showed that Artist Boat was occupying the entire 2,141 square feet of the main building and 1,200 square feet of the storage room. The use was largely as office space; a large room was configured both as a teaching space and cubicles for employees. The use is not in compliance with the conditions of the SUP for several reasons.

At the time of the granting of the SUP, the area was zoned 1F-4¹. The property was used as a church, which was a permitted use in 1F-4. The applicant requested the SUP to operate a music instruction academy, and that use was found to be within the classification of "Schools, private, college or university"; the SUP was required for the 1F-4 zoning district. The SUP was granted. In considering the SUP the Council found:

The Applicants requested an SUP was to operate a an arts and performance school and an SUP was required to operate a "school, Private, College or University"²

The Applicants would open their school but would allow the church to continue operating;

That the private school would not affect the use as a "commercial/religious structure"³ and would not adversely affect the overall character of the area;

Members of Council

¹ The current zoning of 2627 Avenue O is R-1. Under R-1, a school is not permitted, and thus the use as a school is a legal nonconforming use of the property and may remain as long as it operates within the confines of the SUP.

² The 1991 Zoning Standards defined this as "An institution established for educational purposes and offering a curriculum similar to the public schools or an accredited college or university."

³ There was no definition in the City's 1991 Zoning Standards for such a structure.

The applicant would utilize no more than 619 sq. ft. of the building as teaching space.

The City Council granted the SUP with conditions. Condition 3 of the SUP stated:

The applicant must maintain the maximum proposed floor plan configuration of 629 square feet for the private school, as indicated on the site plan. Any change to the land use(s) layout may require a review of the on-site parking requirements and approval by the Planning Commission and City Council

The organization occupies the entire main building. The main building is 2141 sq. ft. according to GCAD records. The GCAD records also show a 1200 sq. ft. storage building on the site. As the Artist Boat now occupies the entire building, the use exceeds the 629 sq.ft. maximum usage contained in the SUP.

The prior City Attorney had found that “the storage of kayak boats and the rental of kayak boats are outside the permitted uses allowed in the 2002 SUP. It is a commercial activity and is not associated with the academic endeavor of the school. The storage of the kayak boats and rental of the kayak boats are associated with a commercial venture is not a permitted use in either the One Family-Four (1F-4) zoning district or the R-1 zone.

I notified Mr. Hill of the non-compliance with the SUP on May 15, 2018. I suggested he contacted me to discuss the options, which to my mind were as follows:

- 1) Cease operations and vacate the property;
- 2) Curtail some operations and operate only within the permitted 619 sq. ft. required by the SUP; or
- 3) File an application to amend the SUP; that would be considered at the Planning Commission then go to City Council.

Mr. Hill advised his client would seek an amendment to the SUP and would file an application. I advised that if it were not filed by the agenda deadline this report recommending revocation would be sent to Council. As of the writing of this letter, no application has been submitted.

Therefore this is to recommend that the City Council revoke the SUP under which Artist Boat operates. If you refer to the Artist Boats website, their description of their organization appears as follows:

Organization

Artist Boat was founded in 2003 as a 501(c)(3) with the purpose of protecting our Gulf Coast through land conservation and fun, educational, inspiring adventures that spark creativity, awareness and action. We want everyone who experiences our Gulf Coast to value and protect its natural beauty. Since our inception over 100,000 participants have helped bring 40,000 students to estuaries by kayak, foot, or vessel; created over 50+ public art works for campuses and communities; conserved over 600+ acres on west Galveston Island forming the Coastal Heritage Preserve and creating a place for the future Gulf Coast Environmental Education Center; restored over 50 acres of dunes and prairies to assure recovery of these ecosystems following Hurricane Ike; formed the Bucket Brigade comprised of a Marine Debris Task Force, interpretive tours, beautified buckets for trash, recycle centers, and more on Galveston beaches; and provided a 1,000+ teachers with professional development and place-based curriculum for the classroom.

Artist Boat occupies the entire building under an SUP which limited them to 619 sq.ft. Their occupancy of the building is not restricted to education; instead the uses include their corporate offices and staff. And while Artist Boat does undertake some notable projects, the question is whether it is operating outside of its SUP.

Very truly yours,

s/ Donald S. Glywasky
DONALD S. GLYWASKY
City Attorney

Enc.

ORDINANCE NO.:_____

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, REVOKING THE SPECIAL USE PERMIT GRANTED UNDER ORDINANCE 02-068 FOR THE LOCATION AT 2627 AVENUE O, GALVESTON, TEXAS FOR FAILURE TO COMPLY WITH ITS TERMS; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on or about the 25th day of July, 2002 the City Council of the City of Galveston passed Ordinance 02-068 granting a Special Use Permit (SUP) to the applicants for the operation of a “School, Private, College of University” under the then applicable 1991 Zoning Standards of the City of Galveston at the location at 2627 Avenue O, Galveston, Texas; and

WHEREAS, a condition of the SUP was that the educational use of the location would be restricted to educational activities occupying no more than 619 sq. ft. of the 2141 Sq. ft. main building; and

WHEREAS, the original applicant has ceased operation of the school contemplated under Ordinance 02-068, which was a music school occupying no more than 619 sq. ft of the entire main building; and

WHEREAS, occupancy of the building for the last several years has been by Artist Boat, a 501(c)(3) corporation, as a purported educational facility; and

WHEREAS, present zoning of the location under the 2015 Land Development Regulations is R-1 and the use by Artist Boat has been considered to be a legally non-conforming use of the property under the previously issued SUP; and

WHEREAS, an inspection of the facility by the City Marshal revealed that Artist Boat occupies the entire main building at 2627 Avenue O, which is a 2141 sq, ft facility, and also occupies an accessory building of 1200 sq.ft. as storage; and

WHEREAS, the inspection of the main building by the City Marshal revealed that Artist Boat occupies the entire building and utilizes it for office space in support of its corporate activities; and

WHEREAS, the City Council finds that the use of the location at 2627 Avenue O violates the terms of the SUP granted by Council on or about July 25, 2002 through the passage of Ordinance 02-068 due to the occupancy of the structure in excess of the 619 square feet allowed under Ordinance 02-068; and

WHEREAS, the City Council further finds that the use of the location at 2627 Avenue O violates the terms of the SUP granted by Council on or about July 25, 2002 through the passage of Ordinance 02-068 due to the occupancy of the accessory building for the storage of Artist Boat supplies in excess of the 619 square feet allowed under Ordinance 02-068; and

WHEREAS, the City Council finds that the use of the location at 2627 Avenue O violates the terms of the SUP granted by Council on or about July 25, 2002 since the use of the structure is as offices in furtherance of the occupant's corporate activities which are outside the scope of the SUP granted under Ordinance 02-068 due to the occupancy of the structure in excess of the 619 square feet allowed under Ordinance 02-068.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GALVESTON:

SECTION 1. The findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as a part of this Ordinance.

SECTION 2. The City Council of the City of Galveston does hereby revoke Ordinance 02-068 and declares the Special Use Permit for the location 2627 Avenue O is hereby cancelled, set aside, and held for naught.

SECTION 3. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

SECTION 4. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 5. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 6. This Ordinance shall become effective and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

APPROVED AS TO FORM:

DONALD S. GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its special meeting held on the 23rd day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this____ day of August 2018.

JANELLE WILLIAMS
Secretary for the City Council
Of the City of Galveston

ORDINANCE NO. 02-068

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, GRANTING A SPECIFIC USE PERMIT IN CONJUNCTION WITH A "SCHOOLS, PRIVATE, COLLEGE OR UNIVERSITY" LAND USE IN A ONE FAMILY-FOUR (1F-4) ZONING DISTRICT ON PROPERTY COMMONLY KNOWN AS 2627 AVENUE O; PROPERTY IS LEGALLY DESCRIBED AS "A PORTION OF A SUBDIVISION IN THE NORTHWEST BLOCK 66 OF THE GALVESTON OUTLETS, IN THE CITY AND COUNTY OF GALVESTON, TEXAS"; PLANNING CASE NUMBER 02P-89; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT.

WHEREAS, the property owner is The First Church of Christ, Scientist, in care of Barbara F. Burley or Caroline Wood, and the Applicants are Michael Hennan and Susan Vaughan who are requesting a Specific Use Permit in conjunction with a "Schools, Private, College or University" land use in a One Family-Four (1F-4) zoning district on property legally described as "a portion of a subdivision in the Northwest Block 66 of the Galveston Outlets, in the City and County of Galveston, Texas," and commonly known as 2627 Avenue O, Galveston, Texas: (Planning Case Number 02P-89); and,

WHEREAS, the Applicants are requesting a Specific Use Permit in order to operate the "Galveston Island Arts Academy," an arts instruction and arts performance school, because a Specific Use Permit is required to operate a "School, Private, College or University" land use in a One Family-Four (1F-4) zoning district; and,

WHEREAS, the request does not appear to violate the spirit of the 2001 Comprehensive Plan which supports enhancing neighborhood service uses, and although a "private school" is not specifically addressed as a neighborhood service, the overall use of the property as both a church and arts instruction/performance school will benefit the surrounding residential area; and,

WHEREAS, the Applicants have informed Staff that the Galveston Island Arts Academy will be developed in two (2) phases. During the first phase of the requested school use, which is proposed to begin in October 2002, there will be one (1) teacher instructing one (1) student per session. During the second phase of the school use, to begin approximately January 2003, the number of teachers will increase, as well as the number of students. Additionally, the applicants will allow the property to continue as a church, which is a permitted use in a 1F-4 Zoning District; and,

WHEREAS, the private school as proposed, will not affect the use of the building as a commercial/religious structure and will not adversely affect the overall character of the area; and,

WHEREAS, the present site is comprised of a main structure designed as a church without any additional structures. The applicants will utilize a 9'-2" X 12'-6" room encompassing 114.5 square feet of the building during the first phase of teaching. During the second phase, an additional 26'-6" X 19'-5" (514.5 square feet) piano classroom will be designated as teaching space, for a total of 629 square feet attributable to the Galveston Island Art Academy; and,

WHEREAS, The Planning Commission, at its regular meeting of July 16, 2002, heard the Applicant's request for a Specific Use Permit voted to recommend approval of the Specific Use Permit; and,

WHEREAS, Staff recommends that case, 02P-89, request for a Specific Use Permit in conjunction with a "Schools, Private, College or University" land use in a One Family-Four (1F-4) zoning district be approved with the conditions listed below; and

WHEREAS, after public notice and hearing, as required by law, the City Council finds that it is in the public interest to grant this Specific Use Permit subject to certain conditions listed below;

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. Subject to certain conditions set forth in Section 3 below, Applicants Michael Hennan and Susan Vaughan are hereby granted a Specific Use Permit in conjunction with a Schools, Private, College or University" land use in a One Family-Four (1F-4) zoning district on property legally described as " a portion of a subdivision in the Northwest Block 66 of the Galveston Outlets, in the City and County of Galveston, Texas", and commonly known as 2627 Avenue O, Galveston, Texas.

SECTION 3. This Specific Use Permit shall be issued to Applicants Michael Hennan and Susan Vaughan, and their lessees, agents, representatives, successors, heirs or assigns, who shall comply with the following standards and conditions:

1. During the first phase of teaching, two (2) off-street parking spaces will be required. Prior to expansion into the piano classroom during the second phase of teaching, a total of ten (10) off-street parking spaces must be provided;
2. The parking lot must conform to Section 29-67 of the Galveston Zoning Standards;
3. The applicant must maintain the maximum proposed floor plan configuration of 629 square feet for the private school, as indicated on the site plan. Any change to the land use(s) layout may require a review of the on-site parking requirements and approval by the Planning Commission and City Council;
4. The applicant must comply with all signage requirements per Section 29-82 of the City of Galveston Zoning Standards;
5. All parking and landscaping must comply with Section 29-67 Vehicle Parking Regulations of the City of Galveston Zoning Standards; and,
6. The applicant must pay the annual Specific Use Permit fee.

SECTION 4. This Specific Use Permit approved in accordance with the provisions of this Ordinance in its original form, and as may be amended, shall be issued to the Applicant whose name appears on the application and shall be valid only as long as the Applicant uses it in accordance with the conditions and standards established herein. Any violation of any of the conditions of this Specific Use Permit enumerated herein shall upon the option of the City Council cause this Specific Use Permit to be canceled and declared void and of no further effect.

SECTION 5. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

SECTION 6. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 7. This Ordinance shall be and become effective from and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

APPROVED by the City Council at its regular meeting held on the 25th day of July, 2002.

Secretary for the City Council
of the City of Galveston

REGIONS CAPITAL ADVANTAGE, INC.
REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

June 13, 2018

Michael Loftin
Finance Director
City of Galveston, TX
823 Rosenberg
Galveston, TX 77553

Jim Niederle
Senior Vice President
Hutchinson, Shockey, Erley & Co.
4545 Post Oak Place, Suite 215
Houston, TX 77027

Re: Up to \$50 Million Tax Exempt/Taxable Forward Delivery Note Purchase Facility

Gentlemen:

Regions Capital Advantage, Inc. and Regions Commercial Equipment Finance, LLC (collectively referred to herein as “**Lender**”) are pleased to furnish this Term Sheet (“**Term Sheet**”) to the City of Galveston, Texas (“**Borrower**”). This term sheet contains an outline of suggested terms only, and it does not represent a commitment by Lender or create any obligation whatsoever on Lender’s part. It is for discussion purposes only, and the outlined terms have not received final approval by the appropriate lending authorities within Regions Capital Advantage, Inc. Upon receiving the mandate for this financing, Lender will pursue final credit approval which should take approximately one week.

Lender: Regions Capital Advantage, Inc. (Tax Exempt Lender)
Regions Commercial Equipment Finance, LLC. (Taxable Lender)

Borrower: City of Galveston, Texas

Role of Lender: The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Term Sheet and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal

entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Term Sheet, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Borrower has been informed that the Borrower should discuss this Term Sheet and any such other information, materials or communications with any and all internal and external advisors and experts that the Borrower deems appropriate before acting on this Term Sheet or any such other information, materials or communications.

Loan Amount: Up to Fifty Million Dollars (\$50,000,000)

Structure: Forward Delivery Note Purchase Facility (including a Facility structure allowing for draw downs or such other legally permissible Facility structure as permitted by the Texas Attorney General, bond counsel, and Lender's counsel) as described below (collectively, the "Note(s)", "Loan", or "Debt Instrument").

From the Closing Date through the Termination Date, Lender shall purchase from the Borrower, in an aggregate principal amount not to exceed \$50,000,000, Borrower's Emergency Tax Anticipation Notes. The Notes are authorized pursuant to the provisions of Chapter 1431.015, Texas Government Code, as amended (the "Act") and the Ordinance, and are to be issued only for the purposes of providing funds to pay for any contractual obligation incurred as a result of or to address the effects of an Emergency and used for:

- (a) the construction of any public work;
- (b) the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the City's authorized purposes;
- (c) a professional service, including a service by a tax appraisal engineer, engineer, architect, attorney, mapmaker, auditor, financial advisor, or fiscal agent;
- (d) operating or current expenses (including debris removal);
- (e) the City's cumulative cash flow deficit;
- (f) employee salaries;
- (g) the lease of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the City's authorized needs and purposes;
- (h) the demolition of dangerous structures or restoration of historic structures;
- (i) economic development grants made under Chapter 380, Local Government Code;
- (j) the accomplishment of any other purpose Borrower considers necessary in relation to preserving or protecting public health and safety.

Note Delivery Conditions: Purchase of the Notes by Lender shall be contingent upon satisfaction of conditions precedent usual and customary for this type of financing, including satisfaction of representations and warranties and including but not limited to the following:

- (a) The governor must have issued and executive order of proclamation declaring a state of disaster and designating the area affected by the emergency;
- (b) The City must have declared a local state of disaster designating the area affected by the emergency;

Termination Date: Five (5) years from the closing date.

Individual Note Maturity Dates: 5, 7, or 10 years from the Note issuance date, at Borrower's option.

Interest Rate:

Fixed Rate Option:

Tax Exempt: 79% (ICE 5,7, or 10-year SWAP rate) + Applicable Tax Exempt Margin

Taxable: ICE 5,7, or 10-Year SWAP rate + Applicable Taxable Margin

The ICE SWAP rate is published daily by Intercontinental Exchange, Inc. at:

<https://www.theice.com/marketdata/reports/180>

Applicable Margins		
	<i>Tax Exempt</i>	<i>Taxable</i>
5 Years	1.07%	1.39%
7 Years	1.17%	1.51%
10 Years	1.37%	1.76%

Indicative Fixed Rates:

Tenor	ICE Swap Rates	Indicative Interest Rates	
		<i>Tax Exempt</i>	<i>Taxable</i>
5 Years	2.949%	3.40%	4.34%
7 Years	2.980%	3.52%	4.49%
10 Years	3.024%	3.76%	4.78%

Variable Rate Option:

Tax Exempt: 79% (3 or 12-Month LIBOR) + Applicable Tax Exempt Margin

Taxable: 3 or 12-Month LIBOR + Applicable Taxable Margin

The variable interest rate on the Loan resets at the end of each LIBOR period.

LIBOR" means the London Interbank Offered Rate for either 3 or 12 months, (the "LIBOR Period") as published in The Wall Street Journal under "Latest" in the "Money

Rates” column on the banking day immediately preceding the purchase date or, if such source is not available, such alternate source as reasonably determined by Purchaser.

Applicable Margins		
	<i>Tax Exempt</i>	<i>Taxable</i>
5 Years	0.95%	1.22%
7 Years	1.01%	1.30%
10 Years	1.16%	1.50%

Indicative Variable Interest Rates:

Tenor	3-Month LIBOR	Indicative Initial Interest Rates		12-Month LIBOR	Indicative Initial Interest Rates	
		<i>Tax Exempt</i>	<i>Taxable</i>		<i>Tax Exempt</i>	<i>Taxable</i>
5 Years	2.34%	2.80%	3.56%	2.77%	3.14%	3.99%
7 Years	2.34%	2.86%	3.64%	2.77%	3.20%	4.07%
10 Years	2.34%	3.01%	3.84%	2.77%	3.35%	4.27%

Indicative Interest Rates are offered for illustrative purposes only and do not constitute a commitment by the Lender to lend at the Indicative Interest Rates. The actual initial fixed rate for the Loan may be higher or lower depending on market conditions at the time the Loan is closed.

In the event that at any time during the term of this Agreement, the Borrower’s long-term rating by any of Moody’s, S&P or Fitch on its Outstanding Ad valorem tax supported obligations decreases below “Baa3” by Moody’s or “BBB-” by S&P or Fitch, the Tax-Exempt Fixed Rate or Default Rate applicable or that will be applicable to any Note shall be increased by 15 basis points for so long as such long-term rating by any rating agency shall remain in effect below such levels.

**Unused
Commitment Fee:**

Borrower shall pay Lender, semiannually in arrears, and on the Termination Date, a non-refundable fee computed at a rate per annum equal to 0.10% of the amount equal to the difference between the total Loan amount (up to \$50,000,000) and the outstanding balance of all Notes purchased by Lender, calculated based on the actual number of days elapsed in a 360-day year.

Default Rate:

The maximum rate permitted by Texas law.

Repayment:

- a) Interest is payable semi-annually beginning 6 months after the issuance of each Note through its maturity;
- b) Principal is payable in equal semi-annual installments beginning 6 months from the 2nd anniversary of the Note issuance date through maturity;
- c) The Maturity Date of each Note shall also be an Interest Payment Date.

Prepayment:

Fixed Rate Notes:

Borrower may repay the outstanding principal balance of any Note at any time at par plus accrued interest to the date of prepayment. All partial prepayments of principal shall be applied in the inverse order of maturities.

Variable Rate Notes:

Borrower may prepay any Note, in full at any time or in part from time to time on the last day of the LIBOR Period, provided, that: (a) Lender shall have actually received from the Borrower three (3) Business Days' prior written notice of the intention to prepay, the amount to be prepaid, and the date on which the prepayment will be made, which may only be at the end of an LIBOR Period; (b) each prepayment shall be in the amount of \$1,000,000 or larger integral multiple of \$100,000 (unless the prepayment is in full); and (c) each prepayment shall be in the amount of 100% of the principal to be prepaid, plus accrued unpaid interest thereon to the date of prepayment, plus any other sums which have become due to Lender on or before the date of prepayment but have not been paid. All partial prepayments of principal shall be applied in the inverse order of maturities.

Other Fees, Costs and Expenses:

Borrower will be responsible for all out-of-pocket fees, costs, and expenses of the Lender (including, without limitation, and counsel fees incurred in connection with the negotiation, execution, delivery, administration, and enforcement of the Loan Documents. In consideration of the undertakings of the Lender hereunder, and recognizing that in connection herewith the Lender will be incurring such fees, costs and expenses, the Borrower agrees to reimburse the Lender for all such fees, costs and expenses, regardless of whether, or to what extent, any of the transactions contemplated hereby are consummated. Legal fees will not exceed \$20,000. Borrower shall also be responsible for any MAC fees, which are estimated at \$5,400.

Lender's Counsel:

Todd Brewer, Partner
Orrick, Herrington & Sutcliffe, LLP
609 S. Main St., 40th Floor,
Houston, TX 77002
tbrewer@orrick.com

Security:

All amounts payable to the Lender and/or any of its affiliates in connection with the Loan will be an unconditional, irrevocable, and absolute obligation of the Borrower payable from the sources set forth below. Pursuant to the Loan Documents, as security for all amounts payable to the Lender or any affiliate thereof in connection with the Loan, the Borrower will provide the following:

To provide security for the payment of the principal of and interest on the Notes and amounts due under the Note Purchase Agreements, as the same shall become due and payable, the City has granted, pursuant to the Ordinance, a lien on and pledge of the following, subject to the provisions of the Ordinance: (i) the proceeds from the sale of Notes from time to time hereafter issued to pay principal of outstanding Notes (ii) proceeds from the sale of general obligation bonds issued by the City from time to time hereafter for the purpose of paying the principal of or interest on the Notes, (iii) loans drawn to pay the principal of and interest on outstanding Notes, and (v) the proceeds of the tax levy set forth below.

The Notes constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City.

**Extension
Provisions:**

Lender will notify Borrower at least six months prior to the Facility Termination Date as to whether or not Lender will extend its term. Under no circumstances shall the Facility Termination Date be extended without written notice to Borrower from Lender. Failure by the Lender to notify the Borrower of an extension of the Facility Termination Date within such time frame shall be deemed a denial of such extension.

**Privately
Negotiated Loan:**

The Borrower acknowledges and agrees that the Lender will purchase the Notes as evidence of a privately negotiated loan and in that connection the Notes shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

US Patriot Act:

Borrower represents and warrants to the Lender/Purchaser that neither it nor any of its principals, shareholders, members, partners, or Affiliates, as applicable, is a Person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. Borrower further represents and warrants to the Lender/Purchaser that the Borrower and its principals, shareholders, members, partners, or Affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the transactions contemplated by this transaction on behalf of any Person named as a Specially Designated National and Blocked Person.

**Taxability and
Changes in Tax
Rate:**

Upon the occurrence of a Determination of Taxability of the Loan, the Borrower agrees to pay to the Lender a rate of interest from the date of Loan funding that would provide the Lender with an after-tax yield on the then outstanding principal amount of this Loan at least equal to the after-tax yield the Lender could have received if a Determination of Taxability had not occurred.

**Representations
and Warranties:**

Usual and customary for this type of financing.

Covenants:

Usual and customary for this type of financing, including but not limited to the following:

Reporting:

The Borrower and Borrower shall deliver to the Lender, in form and substance satisfactory to the Lender, its Audited financial statements within 180 days after the end of the Borrower's fiscal year.

Defaults:

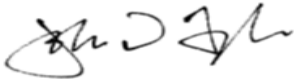
Usual and customary for this type of financing, including but not limited to the following, which shall constitute Events of Default in addition to the Events of Default listed in the Ordinance: (i) the Borrower fails, after a reasonable cure period, to pay when due any fee or expense payable under the Note Purchase Agreement; (ii) any representation, warranty, certification, or statement made by the Borrower in the Ordinance, the Note Purchase Agreements or in any certificate, financial statement, or other document delivered pursuant to the Ordinance, the Note Purchase Agreements shall prove to have been incorrect in any material respect when made; (iii) default by the Borrower in the payment of any ad valorem tax supported obligations or ad valorem tax supported obligations when due or within any applicable grace period; (iv) the occurrence of any event under any ordinance, resolution, agreement or instrument giving rise to or entered in connection with any ad valorem tax supported obligations, which results in or would entitle the obligee thereof or a trustee on behalf of such obligee to pursue any remedies against the Borrower, including the right to declare the acceleration of any maturity thereof; (v) any material provision of the Note Purchase Agreement shall at any time for any reason cease to be valid and binding on the Borrower as a result of federal or state legislative or administrative action, or shall be declared in a final unappealable judgment by any court having jurisdiction over the Borrower to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be contested by the Borrower; (vi) the powers of the Borrower shall be limited in any way or the Ordinance shall be modified or amended in any way which prevents the Borrower from fixing, charging or collecting the ad valorem taxes in an amount sufficient to pay ad valorem tax supported obligations or ad valorem tax supported obligations as they become due, or (viii) Borrower's long-term rating by any of Moody's, S&P or Fitch on its Outstanding ad valorem tax supported obligations decreases below "Baa3" by Moody's or "BBB-" by S&P or Fitch.

Remedies:	The Lender shall have all of the rights and remedies set forth in the Loan Documents, and available at law and in equity, for the enforcement thereof. Upon the occurrence of an Event of Default, Lender may cease purchasing Notes under this Agreement and may terminate this Agreement. In addition, Lender may take any action permitted by law or equity, including without limitation actions to petition a court of competent jurisdiction to issue a mandamus order to the Borrower and compel specific performance of the covenants and agreements of the Borrower contained in the Note Purchase Agreements or the Ordinance.
Legal Opinions:	As an additional condition precedent to the Lender making the Loan, the Borrower shall provide, among other things, the following opinions to the Lender an opinion of bond counsel in form and substance satisfactory to the Lender and its counsel in all respects, which shall include opinions to the effect that (a) the Borrower has the authority under the laws of the State of Texas to issue the Debt Instrument and execute and deliver the Loan Documents, (b) that the Debt Instrument has been duly issued and each of the Debt Instrument and the other Loan Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower, (c) that the each of the Debt Instrument and the other Loan Documents to which the Borrower is a party is a valid and binding obligation of the Borrower, duly enforceable in accordance with its terms, (d) that interest on the tax exempt Debt Instrument is (i) excludable from gross income of the holders thereof for federal income tax purposes.
Transfer Provisions:	The Lender shall maintain the right to transfer and/or assign, in whole or in part, its rights hereunder, the Debt Instrument and/or the Loan, or, in either case, any interest therein, to any person or entity in its sole and absolute discretion. The Borrower may not assign its rights hereunder or under any of the Loan Documents to any person without the prior written consent of the Lender.
Disclaimer:	This term sheet describes some of the basic terms and conditions proposed to be included in the documents between the Lender and the Borrower. This term sheet does not purport to summarize all the conditions, covenants, representations, warranties, assignments, events of default, cross default, acceleration events, remedies or other provisions that may be contained in documents required to consummate this financing.
Confidentiality:	The Borrower acknowledges and agrees that this Term Sheet and the information set forth herein is confidential and proprietary, and further agrees to keep this Term Sheet and the information set forth herein CONFIDENTIAL . The Borrower shall not disclose this Term Sheet or any of its material terms to anyone, without the prior written consent of the Lender in each instance, except as such disclosure is required by law or regulation or as a result of any legal or administrative procedure.
Governing Law:	State of Texas

Regions Contact: John D. Taylor
Senior Vice President
Regions Bank
Government and Institutional Banking
3773 Richmond Ave., Suite 1000
Houston, TX 77046
832-730-5710
John.taylor@regions.com

Thank you for your consideration. The Lender is willing to discuss the terms reflected herein through July 25, 2018. After such date, terms, conditions and pricing may change based on prevailing market conditions and further discussion will be at Lender's sole discretion. We are available to promptly respond to any of your questions, and we look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read 'John D. Taylor', with a stylized flourish at the end.

John D. Taylor
On behalf of Regions Capital Advantage, Inc. and
Regions Commercial Equipment Finance Corporation,
by express authority

Exhibit B

In the event Borrower requests Lender to move forward with the approval process after discussion of the aforementioned terms and conditions contained in the Term Sheet, Borrower agrees to reimburse Lender on demand for all out of pocket expenses incurred by Lender if the transaction fails to close for any reason other than Lender's decision not to approve the transaction or failure of the Attorney General of Texas to approve the transaction. Such expenses shall include, but not be limited to, legal expenses incurred by Lender.

ACCEPTANCE:

Borrower does hereby agree to all provisions contained in Exhibit B.

Borrower Signature:

By: _____

Name: _____

Title: _____



City of Galveston

Finance Department
PO Box 779 | Galveston, TX 77553-0779
| 409-797-3562

August 23, 2018

To: Brian Maxwell, City Manager
Honorable Mayor and City Council
From: Michael W. Loftin, Assistant City Manager for Finance

RE: Consider for action an ordinance authorizing the issuance of City of Galveston, Texas, Tax and Revenue Emergency Anticipation Note; Prescribing the terms and form thereof; Providing for the payment of principal and interest thereon; Approving and authorizing the execution of a purchase agreement and other agreements related to the issuance and delivery of such note; and making other findings and provisions relating to such note and matters incident thereto

I. Background

- A. Between 2007 and 2014, the City maintained a \$20 million line of credit that provided emergency financing in the event of a major tropical storm or hurricane. This line of credit was used in the aftermath of Hurricane Ike and repaid during the same fiscal year.
- B. In 2015, the City negotiated and established a \$50 million line of credit for emergency financing through Frost Bank expires in September 2018.
- C. This financial arrangement is based on legislation passed in 2007 covering Texas cities located within 70 miles of the coast. The legislation, found now in sections 1431 and 1371 of the Government Code, authorizes "anticipation note" proceeds to be used for all types of repair, cleanup, and costs that are incurred by the City's directly impacting its operations staff as well as any contractors retained in the disaster response effort.
- D. Federal assistance should be available to repay the vast majority of any loan draws by the City, but the timing of the reimbursement, and the amount, are unpredictable given recent changes in FEMA rules. So the City needs maximum flexibility and control over its use of the emergency loan in a recovery situation.
- E. The notes are to be repaid and/or secured with local revenue, proceeds of bonds issued by the city, and/or federal or state funds granted to the city in the disaster recovery process.
- F. The law also provides a clause specifically addressing a conflict with a municipal charter, thereby enabling the anticipation notes to be issued on a ten year repayment schedule to address the effects of a storm.
- G. FEMA's standards and processes have changed since Ike. In 2008, the City of Galveston received 100 percent grant coverage on its debris removal. The City

also received its grant cash funding up front without having to provide audit worthy documentation to FEMA. Now, the advance cash funding documentation requirements are much more stringent and debris is being funded at ninety percent or less. The City must be prepared with its own cash reserves to keep city operations going, address any emergency debris or circumstances that exist, and wait out what could become elongated FEMA reimbursement processes.

II. Current Situation

- A. The recommendation to place the emergency bridge loan with Regions Bank was approved on July 26 to take advantage of several features that are favorable to the City. (See attached comparison sheet from the city's financial advisor, Jim Niederle of Hutchinson, Shockey, Erley & Co.).
- B. Subsequently, and at City Council's direction, Bracewell LLP and Orrick, Herrington & Sutcliffe LLP have prepared the contract documents for the new agreement incorporating the terms and conditions approved by City Council on July 26. (See original offer sheet also attached.)
 - 1. The security or collateral for the loan is based on the City's full faith and credit including any FEMA funds it may receive.
 - 2. It is the City's option as to timing and amounts to draw with no limitation or direct connection to FEMA eligible costs or reimbursement of those costs.
 - 3. Since the loan will not be negotiated annually as it has before, we will save on legal fees.
 - 4. The City's semiannual payments to maintain the line of credit will be in arrears and will not be paid as a startup origination fee.
 - 5. The city will pay lower interest rates on the loan and will have the ability to convert the outstanding loan amount to longer-term financing in the municipal bond market at any time.
- C. The City holds approximately \$50 million in operating fund balances that, together with the \$50 million bridge loan, would provide a pool of \$100 million cash upon which to draw in an emergency.
- D. Repayment of the loan would be interest only for two years with interest payments due every six months; however, the City could make principal payments sooner and/or in larger amounts than scheduled if it chose to do so.
- E. The Finance and Fiscal Affairs Committee voted at its April 25th meeting to support the recommended loan structure and proposal.

III. Issues

- A. Cost – approximately \$280,000 including:
 - 1. Semi-annual commitment fee payments of \$25,000 made in arrears and partially refundable on a pro rata basis should the City draw on the credit line,
 - 2. A one-time cost of \$40,000 for attorney's fees for Bracewell LLP (City's bond counsel) and Orrick, Herrington & Sutcliffe LLP (Region's counsel),
 - 3. A one-time Municipal Advisory Council fee estimated at \$5,400, and
 - 4. The Attorney General's one-time fee of \$9500.
 - 5. Annual renewals with Frost Bank have been approximately \$80,000 per year, including the origination fee of \$50,000 payable annually in advance, the



- Attorney General's fee of \$9,500 and attorney fees from the city and the bank's counsel. The current agreement if renewed annually and prorated for four and one-half years would cost approximately \$360,000
- B. Timing – The agreement will begin September 7, 2018 after the current credit facility expires. The recommended March 1, 2023 end date of the agreement is to ensure the agreement terminates ninety days before hurricane season begins. This will eliminate the uncertainty associated with an expiration date during hurricane season.
 - C. Given the uncertainty associated with the results of any particular storm event, or comparable disaster, maximum flexibility for the city in the financing of its response is paramount.
 - D. **Approval – Since the emergency loan would authorize the issuance of long-term notes, approval is required from six members of City Council (a three-fourths majority) as required by the City Charter and State law.**

IV. Alternatives

- A. City Council approves the documents prepared by counsel based on the term sheet approved by City Council on July 26 so that the Attorney General's approval can be secured before the current line of credit expires in September.
- B. Renegotiate a different agreement with Regions, Frost or some other lending institution and likely allow the temporary expiration of the City's emergency financing coverage.

V. Recommendation

Concur in alternative A and approve the final documents prepared at City Council's direction.

VI. Funding

- A. Total of up to \$110,000, including a combined total of \$40,000 legal fees from Bracewell LLP and Orrick, Herrington & Sutcliffe LLP; \$50,000 in commitment fees, \$5,400 for the Municipal Advisory Council fee, \$9,500 for the Texas Attorney General review and approval, and any unforeseen processing fees required.
- B. Source: Casualty & Liability Fund



THIRD PAGE NO LETTERHEAD

CITY OF GALVESTON ORDINANCE NO. 18-_____

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF GALVESTON, TEXAS, TAX AND REVENUE EMERGENCY ANTICIPATION NOTE; PRESCRIBING THE TERMS AND FORM THEREOF; PROVIDING FOR THE PAYMENT OF PRINCIPAL AND INTEREST THEREON; APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT AND OTHER AGREEMENTS RELATED TO THE ISSUANCE AND DELIVERY OF SUCH NOTE; AND MAKING OTHER FINDINGS AND PROVISIONS RELATING TO SUCH NOTE AND MATTERS INCIDENT THERETO

THE STATE OF TEXAS §
COUNTY OF GALVESTON §
CITY OF GALVESTON §

WHEREAS, the City is located within 70 miles of the Gulf of Mexico and is authorized to issue notes payable from and secured by any revenue, including sales taxes, other taxes, a combination of non-tax and tax revenue, the proceeds of bonds to be issued, and reimbursements or other funds to be received from the Federal Emergency Management Agency or other state or federal agency pursuant to Section 1431.015, Texas Government Code; and

WHEREAS, in the event of an Emergency (as defined herein), the City anticipates that expenditures necessary for the payment of certain expenses will exceed the funds and estimated revenue available for the payment thereof; and

WHEREAS, the City desires to issue its Tax and Revenue Emergency Anticipation Note, Series 2018-E (the “Note”) for the payment of such expenses, in the event of an Emergency, in accordance with the provisions of this Ordinance; and

WHEREAS, the Purchaser (as defined herein) agrees to purchase the Note upon the terms and conditions set out in this Ordinance and the Note Purchase Agreement (as defined herein); and

WHEREAS, the City anticipates that sufficient Pledged Security (as defined herein) for the payment of the Note will be available for such purpose on the date of payment specified herein; and

WHEREAS, the sale and delivery of the Note must occur prior to the termination of the Note Purchase Agreement; NOW, THEREFORE,

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

Section 1. Definitions. As used in this Ordinance, the following terms shall have the meanings set forth below:

“Act” means Chapter 1431, Texas Local Government Code, as amended, and to the extent the City qualifies during the term of the Note Purchase Agreement, Chapter 1371 Texas Local Government Code, as amended.

“Actual Principal Amount Owed” means, with respect to the Note, the aggregate amount of Draws; provided, however that such amount shall not exceed the Principal Amount.

“Adjustment Date” has the meaning set forth in the Note Purchase Agreement.

“Applicable Rate Period” has the meaning set forth in the Note Purchase Agreement.

“Bond Counsel” means a firm of nationally recognized attorneys experienced in the issuance of tax-exempt bonds, initially, Bracewell LLP, Houston, Texas.

“Business Day” has the meaning set forth in the Note Purchase Agreement.

“City” means the City of Galveston, Texas.

“City Council” means the City Council of the City, which is the governing body of the City.

“City Manager” means the person designated from time to time by the City Council to serve as the City Manager of the City.

“Closing Date” has the meaning set forth in the Note Purchase Agreement.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Dated Date” means the first day of the month that the Note is delivered to the Purchaser.

“Draw” or *“Draws”* has the meaning set forth in the Note Purchase Agreement.

“Emergency” means the occurrence of widespread or severe damage, injury or loss of life or property affecting an area in the jurisdiction of the City and resulting from a hurricane or tropical storm, including wind damage, fire damage, damage from wave action or flood damage resulting from the hurricane or tropical storm.

“Financial Advisor” means Hutchinson, Shockey, Erley & Company or such other firm appointed by the City from time to time.

“Fixed Tax-Exempt Rate” has the meaning set forth in the Note Purchase Agreement.

“Holder” means the person who is the registered owner of the Note, as shown in the registration books of the Registrar. The initial Holder shall be the Purchaser.

“Interest Rate” means a rate of interest to be determined separately for each Note in accordance with Section 4 hereof and the Note Purchase Agreement; provided, however, that such rate shall never exceed the Maximum Rate.

“*LIBOR Rate*” has the meaning set forth in the Note Purchase Agreement.

“*Maturity Date*” has the meaning set forth in the Note Purchase Agreement; provided, however, that Draws on the Note are subject to optional prepayment as provided in the form of the Note herein.

“*Maximum Rate*” means the maximum interest rate permitted by applicable law, including, but not limited to, Chapter 1204, Texas Government Code, as amended.

“*Mayor*” means the Mayor of the City.

“*Note*” or “*Notes*” means the City of Galveston Texas, Tax and Revenue Emergency Anticipation Note, Series 2018-E authorized and issued pursuant to this Ordinance.

“*Note Purchase Agreement*” means the Forward Delivery and Purchase Agreement in substantially the form attached hereto as **Exhibit A** or similar agreement between the City and the Purchaser with respect to the Note and executed by the Mayor.

“*Ordinance*” means this ordinance, including the exhibits attached hereto, authorizing the issuance of the Note.

“*Payment Date*” has the meaning specified in the Form of Note herein.

“*Pledged Security*” means (i) the proceeds from the sale of the Notes from time to time hereafter issued to pay principal of outstanding Notes (ii) proceeds from the sale of ad valorem tax refunding bonds issued by the City from time to time hereafter for the purpose of paying the principal of or interest on the Notes, (iii) loans drawn to pay the principal of and interest on outstanding Notes, and (iv) the proceeds of the tax levy set forth in Section 10 of this Ordinance and described in Section 1.1(j) of the Note Purchase Agreement.

“*Principal Amount*” means up to \$50,000,000.

“*Purchaser*” means Regions Capital Advantage, Inc., a Tennessee corporation or Regions Commercial Equipment Finance LLC, an Alabama limited liability company.

“*Registrar*” means the Purchaser acting as a Registrar for the Note.

“*Regulations*” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“*Request for Draw*” means a request for a Draw on the Note in the form attached hereto as **Exhibit B**.

“*Rule*” means United States Securities and Exchange Commission Rule 15c2-12, as amended from time to time.

“*Settlement Date*” has the meaning set forth in the Note Purchase Agreement.

“*Variable Tax-Exempt Rate*” has the meaning set forth in the Note Purchase Agreement.

Section 2. Recitals, Representations and Warranties.

(a) The City Council hereby finds and determines that the facts and recitations contained in the preamble of this Ordinance are true and correct.

(b) The City represents and warrants that it is a duly incorporated and existing home-rule city under the laws of the State of Texas, authorized under the laws of the State of Texas to issue the Note; that all actions prerequisite to the lawful issuance and delivery of the Note have been duly and effectively taken; that this Ordinance was duly adopted by the duly elected City Council of the City at a meeting at which a quorum was present and of which notice was given as required by law; that the Note and the Note Purchase Agreement have been or shall be signed by the duly elected Mayor of the City; that the Note is and will be a valid and enforceable obligation of the City in accordance with its terms and the terms of this Ordinance; and that upon delivery of the Note, the Purchaser will have a valid interest in the Pledged Security.

(c) The City represents that there is no litigation pending or, to its knowledge, threatened, which would challenge the legality of the City, the Ordinance, the Note, the Note Purchase Agreement, or the security therefor or that would have any material and adverse impact on the ability of the City to pay the Note at maturity or perform its obligations under this Ordinance when and as required.

(d) The covenants and representations made in this Section are for the benefit of the Purchaser, the Attorney General of the State of Texas, and all other persons interested in the issuance of the Note, and may be relied upon by such persons and by all others for all purposes.

Section 3. Name, Amount and Purpose. The Note, designated as the “City of Galveston, Texas Tax and Revenue Emergency Anticipation Note, Series 2018-E,” or as may be designated by the City Manager or his designee, is authorized under the Act and is payable from and secured by the Pledged Security and issued in registered form in the Principal Amount, for the purpose of providing funds to pay for any contractual obligation incurred or to be incurred as a result of or to address the effects of an Emergency and used for:

- (a) the construction of any public work;
- (b) the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the City’s authorized needs and purposes;
- (c) a professional service, including a service by a tax appraisal engineer, engineer, architect, attorney, mapmaker, auditor, financial advisor, or fiscal agent;
- (d) operating or current expenses;
- (e) the City’s cumulative cash flow deficit;
- (f) employee salaries;

- (g) the lease of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the City's authorized needs and purposes;
- (h) the demolition of dangerous structures or the restoration of historic structures;
- (i) economic development grants made under Chapter 380, Texas Local Government Code, as amended; or
- (j) the accomplishment of any other purpose the City considers necessary in relation to preserving or protecting public health and safety.

Section 4. Date, Maturity and Interest. The Note shall be dated the Dated Date and shall mature on the Maturity Date. Each Note under the Note Purchase Agreement shall bear interest at the Interest Rate for such Note from the date of delivery of such Note, payable, and calculated on the basis of actual number of days elapsed in a 360 day year. Each Note shall bear interest as set forth in the Note Purchase Agreement. If the LIBOR Rate is not available on any Adjustment Date for any reason, then the rate for the Applicable Rate Period will be determined by such alternate method as reasonably determined by the Tax-Exempt Lender for the Tax-Exempt Notes or the Taxable Lender for the Taxable Notes.

Section 5. Registrar; Payment of Principal and Interest.

(a) The Registrar is hereby appointed as the paying agent for the Note. The City covenants that at all times while the Note is outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state, which is duly qualified and legally authorized to serve as and perform the duties and services of Registrar for the Note. The Registrar, by acting in that capacity, is deemed to have agreed to the provisions of this Section.

(b) The principal and interest on the Note shall be payable as specified in the Form of Note set forth in this Ordinance. If the date for the payment of the principal of or interest on the Note is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

Section 6. Replacement Note.

(a) In the event that the Note is lost, apparently destroyed or wrongfully taken, the Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Note has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Note of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding, provided that the Holder first complies with the following requirements:

- (i) furnishes to the Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Note;

(ii) furnishes such security or indemnity as may be required by the Registrar and the City to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Registrar.

(b) Each replacement Note delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Note in lieu of which such replacement Note is delivered.

Section 7. Determination of Note Terms. The Note shall be payable, shall have the characteristics, and shall be signed, executed and sealed, all as provided in the manner indicated in the Form of Note set forth in this Ordinance. Draws on the Note are subject to prepayment prior to maturity, as provided in the Form of Note set forth in this Ordinance.

Prior to delivery of the Note either (a) the Governor of Texas must have issued an executive order or proclamation under Chapter 418, Texas Government Code, declaring a state of disaster in the City due to the Emergency or (b) City Council acting through the Mayor under Chapter 418, Texas Government Code must have declared a local state of disaster in the City due to the Emergency or (c) the Governor of Texas under Chapter 433, Texas Government Code must have proclaimed a state of emergency in the City due to the Emergency.

Section 8. Form of Note. The Note shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and permitted by this Ordinance and required by the Attorney General of the State of Texas.

(a) Form of Note.

NUMBER 1

DATED DATE

1

United States of America
State of Texas
County of Galveston

CITY OF GALVESTON, TEXAS,
TAX AND REVENUE EMERGENCY ANTICIPATION NOTE
SERIES 2018-E

¹ This Note shall be dated the first day of the month that the Note is delivered to the Purchaser.

THE CITY OF GALVESTON, TEXAS (the “City”), hereby acknowledges itself indebted to and promises to pay to the order of _____² (the “Purchaser”), from the hereinafter defined Pledged Security, an amount equal to the Actual Principal Amount Owed on this Note, as the aggregate amount of Draws actually made with respect to this Note under a Forward Delivery and Purchase Agreement (the “Note Purchase Agreement”) between the City and the Purchaser, which Draws are set out on the Schedule of Draws attached hereto. The City further promises to pay principal (beginning from the second anniversary of the Settlement Date through maturity) and interest (beginning six months after the issuance of each Notes through maturity), from the same source, on January 1 and July 1 (each a “Payment Date”) of each year this Note is outstanding, such principal amortized in accordance with the Principal Amortization Schedule on the reverse hereof, with such interest on each Draw being the per annum rate calculated in the manner set out in the Note Purchase Agreement and Ordinance adopted by the City Council of the City authorizing the issuance of the Note (collectively, the “Ordinance”), computed on the basis of a year of 360 days. All capitalized terms not otherwise defined in this Note are defined in the Note Purchase Agreement or Ordinance. The Actual Principal Amount Owed on this Note and the interest thereon shall be payable in any coin or currency which, on a Payment Date, is legal tender for the payment of debts due the United States of America, without exchange or collection charges, by wire transfer of immediately available funds, to the registered owner as shown on the registration books kept by the Registrar.

THIS NOTE is issued in the total Principal Amount of Fifty Million Dollars (\$50,000,000), is dated as set forth above, and is issued for the purpose of providing funds to pay for any contractual obligation incurred or to be incurred as a result of or to address the effects of an Emergency (as defined in the Ordinance) and used for: (1) the construction of any public work; (2) the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the City’s authorized needs and purposes; (3) a professional service, including a service by a tax appraisal engineer, engineer, architect, attorney, mapmaker, auditor, financial advisor, or fiscal agent; (4) operating or current expenses; (5) the City’s cumulative cash flow deficit; (6) employee salaries; (7) the lease of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the City’s authorized needs and purposes; (8) the demolition of dangerous structures or the restoration of historic structures; (9) economic development grants made under Chapter 380, Texas Local Government Code, as amended; or (10) the accomplishment of any other purpose the City considers necessary in relation to preserving or protecting public health and safety. Interest shall accrue on each Draw from the applicable Settlement Date. The principal of and interest on the Note are secured solely by a lien on and pledge of ad valorem taxes, proceeds of the Note and other obligations of the City, all as provided in the Ordinance (the “Pledged Security”).

WHETHER OR NOT THE ACTUAL PRINCIPAL AMOUNT OWED corresponds to the aggregate of the amounts shown on the Schedule of Draws on the reverse hereof, the Actual Principal Amount Owed shall never exceed the Principal Amount of this Note.

² Regions Capital Advantage, Inc., a Tennessee corporation or Regions Commercial Equipment Finance LLC, an Alabama limited liability company.

DRAWS UNDER THIS NOTE are subject to optional prepayment prior to maturity as set forth in the Note Purchase Agreement, upon three (3) days' written notice by the City to the Registrar.

THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

THIS NOTE shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Note is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

BY ACCEPTANCE HEREOF the Purchaser accepts and agrees to all the terms and conditions of the Ordinance, which terms and conditions are incorporated herein by reference for all purposes. The City may treat the Holder as the absolute owner of this Note for all purposes, and the City shall not be bound by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED AND COVENANTED that this Note has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in connection with the issuance and delivery of this Note have been performed, existed and have been done in accordance with law; that this Note does not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the interest on and principal of this Note, as such interest comes due and such principal matures, by an irrevocable pledge of the Pledged Security.

IN WITNESS WHEREOF, the City of Galveston, Texas, has caused this Note to be signed by the manual or facsimile signatures of its Mayor and City Secretary, and the official seal of the City to be impressed or placed in facsimile hereon.

James D. Yarbrough, Mayor
City of Galveston, Texas

ATTEST:

Janelle Williams, City Secretary
City of Galveston, Texas

(SEAL)

SCHEDULE OF DRAWS³

<u>DATE</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>INITIALS</u>
-------------	---------------	-------------	-----------------

PRINCIPAL AMORTIZATION SCHEDULE⁴

<u>PAYMENT DATE</u>	<u>AMOUNT</u>
---------------------	---------------

(b) Form of Comptroller's Registration Certificate.⁵

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT this Note has been examined, certified as to validity, and approved by the Attorney General of the State of Texas and that this Note has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this _____

³ To be completed for each Draw.

⁴ To be completed for each Draw. Principal amortization of each Draw shall be determined by dividing the principal amount of the Draw by the number of years between the date of the Draw and the Maturity Date to achieve approximately equal principal payments until Maturity.

⁵ To be included in the initial Note only.

Comptroller of Public Accounts
Of the State of Texas

(SEAL)

(c) Form of Registrar's Authentication Certificate.

AUTHENTICATION CERTIFICATE

It is hereby certified that this Note has been delivered pursuant to the Ordinance described in the text of this Note. The initial Note of this series was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

By: _____
Authorized Signatory

Date: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: _____) the within Note and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Note on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular and must be guaranteed in a manner acceptable to the Registrar.

Section 9. Pledge. The Principal Amount of the Note and the interest thereon shall be payable from and are secured solely by a lien on and pledge of the Pledged Security. The Pledged Security, as they shall be collected from time to time, are hereby irrevocably pledged to the extent required to provide for the payment of the principal of and interest on the Note. The pledge of Pledged Security to payment of the Note shall constitute a lien on the Pledged Security, and such pledge and lien shall be valid and binding on the City without any filing or recording thereof except in the records of the City, all as provided in Chapter 1201, Texas Government Code.

Section 10. Note Account; Tax Levy. There is hereby created a special account to be known as the Tax and Revenue Emergency Anticipation Note Account (the "Note Account"). The City hereby covenants and agrees to transfer to the Note Account, from the Pledged Security, amounts sufficient to accumulate in the Note Account by each Payment Date, the amount required to pay the principal and interest due on the Note on such Payment Date. The Note Account shall be established and maintained on the books of the City, shall be kept separate and apart from all other accounts of the City, shall be held irrevocably in trust for the equal and ratable benefit of the Holder of the Note, and shall be used only to pay the principal of and interest on the Note. To pay principal and interest on the Note and to fund a two percent sinking fund, there is hereby levied and there shall be annually assessed and collected in due time, form and manner a continuing direct annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the City. Pledged Security on deposit in the Note Account at the time of each annual tax levy may be considered in determining the amount required to be levied. Any amounts remaining in the Note Account after payment of the principal of and interest on the Note may be used for any lawful purpose.

Section 11. Collection of Revenues; Payment. The City covenants and agrees to use its best efforts (a) to collect the Pledged Security and apply the same to the payment of the principal of and interest on the Note and (b) to make payments, on or before each Payment Date, of amounts sufficient to pay the principal of and interest on the Note due on such Payment Date.

Section 12. Sale; Note Purchase Agreement. The sale and delivery of the Note to the Purchaser on the terms and provisions set out in the Note Purchase Agreement, in the form set forth in **Exhibit A** attached hereto, is hereby authorized and confirmed, with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the Mayor of the City, such approval to be evidenced by the execution and delivery of the Note Purchase Agreement. The Mayor is hereby authorized and directed to execute the Note Purchase Agreement, and all officers, agents, employees, and representatives of the City are authorized and directed to do any and all things necessary or convenient to carry out the provisions of this Ordinance, the Note, the Note Purchase Agreement and each Request for Draw.

Section 13. Request for Draw. Draws on the Note shall be initiated by the City by delivering to the Purchaser, at the address provided in the Note Purchase Agreement, a Request for Draw signed by the Mayor, in substantially the form attached hereto as **Exhibit B**, which delivery may be by facsimile or electronic transmission. Unless the Purchaser agrees to a shorter notice period, each Request for Draw shall be delivered to the Purchaser by 11:00 a.m. Texas time not later than two Business Days prior to the date such Draw is to be made. Each Request for

Draw shall be in an amount equal to \$1,000,000 or any integral multiple of \$100,000 in excess thereof, unless the Purchaser agrees to a lesser amount in writing (which may be by facsimile or electronic transmission).

It is expressly understood and agreed that the Purchaser shall be entitled to rely on representations and certifications in each Request for Draw and shall have no obligation to make inquiry into any such representation or certification and that any inquiry undertaken by or on behalf of the Purchaser shall not affect the Purchaser's ability to rely on such representations and certificates.

Section 14. Deposit, Confirmation and Notation of Draws. On the date specified in each Request for Draw, the Purchaser shall transfer the amount of the Draw requested by such Request for Draw, by wire transfer of immediately available funds, pursuant to the wire instructions set forth in the Request for Draw. The City shall cause written confirmation of the receipt of such amount, which may be by facsimile or electronic transmission, to be given to the Registrar and the Purchaser. Upon confirmation of receipt of each Draw, the Registrar shall (1) make notation on the Schedule of Draws on the reverse of the Note of the date, the amount and the Interest Rate of such Draw and (2) complete the Principal Amortization Schedule on the reverse of the Note relating to such Draw.

Section 15. Use of Proceeds. The proceeds of Draws on the Note shall be deposited into a segregated account within the City's General Fund and used for those purposes specified in Section 3 hereof and the applicable Request for Draw.

Section 16. Aggregate Amount of Draws. The aggregate amount of Draws shall not exceed the Principal Amount.

Section 17. Federal Income Tax Exclusion. To the extent the Note bears interest at the Fixed Tax-Exempt Rate or the Variable Tax-Exempt Rate, the City intends that the interest on the Note be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150, inclusive, of the Code, and the provisions of this Section 17 will apply.

(a) **General.** The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Note to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of section 103 and 141 through 150, inclusive, of the Code. In particular, the City covenants and agrees to comply with each requirement of this Section 17 provided, however, that the City will not be required to comply with any particular requirement of this Section 17 if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the excludability of interest on the Note from gross income for federal income tax purposes or (ii) compliance with some other requirement specified in such Counsel's Opinion will satisfy the applicable requirements of the Code, in which case compliance with such other requirement will constitute compliance with the corresponding requirement specified in this Section 17.

(b) No Private Use or Payment and No Private Loan Financing. The City covenants and agrees that it will make such use of the proceeds of the Note, including interest or other investment income derived from Note proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Note will not be a “private activity bond” within the meaning of section 141 of the Code. Moreover, the City will certify, through an authorized officer, employee or agent that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Note is delivered, the proceeds of the Note will not be used in a manner that would cause the Note to be a “private activity bond” within the meaning of section 141 of the Code.

(c) No Federal Guarantee. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Note to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Note to be a “hedge bond” within the meaning of section 149(g) of the Code.

(e) No-Arbitrage. The City covenants and agrees that it will make such use of the proceeds of the Note, including interest or other investment income derived from the Note proceeds, and take such other and further action as may be required so that the Note will not be an “arbitrage bond” within the meaning of section 148(a) of the Code. Moreover, the City will certify, through an authorized officer, employee or agent that, based upon all facts and estimates known or reasonably expected to be in existence on each Settlement Date, the proceeds of the Note will not be used in a manner that would cause the Note to be an “arbitrage bond” within the meaning of section 148(a) of the Code.

(f) Arbitrage Rebate. If the City does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, the City will take all steps necessary to comply with the requirement that certain amounts earned by the City on the investment of the “gross proceeds” of the Note (within the meaning of section 148(f)(6)(B) of the Code) be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Note as may be required to calculate the amount earned on the investment of the gross proceeds of the Note separately from records of amounts on deposit in the funds and accounts of the City allocable to other obligations of the City or moneys that do not represent gross proceeds of any obligations of the City, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Note that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Note, or on such other dates as may be permitted under the applicable Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Note that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if

the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Note is issued, an information statement concerning the Note, all under and in accordance with section 149(e) of the Code.

(h) Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Note until three years after the Note is redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Note by the Internal Revenue Service.

(i) Deliberate Actions. The City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Note to fail to meet any requirement of section 141 of the Code after the issue date of the Note unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations, the City takes such remedial action, and a Counsel's Opinion is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

(j) Continuing Obligation. The City's obligations under this section shall survive the defeasance and/or discharge of the Note for so long as such matters are relevant to the excludability of interest on the Note from gross income for federal income tax purposes.

Section 18. Qualified Tax-Exempt Obligations. If the interest on the Note bears interest at the Fixed Tax-Exempt Rate or the Variable Tax-Exempt Rate, the City may designate the Note as a "qualified tax-exempt obligation" for purposes of section 265(b) of the Code. In connection therewith, the City will represent that (a) the aggregate amount of tax-exempt obligations issued by the City during the applicable calendar year, including the Note, does not exceed the limit then in effect for purposes of applying section 265 of the Code and (b) the reasonably anticipated amount of tax-exempt obligations that will be issued by the City during such calendar year, including the Note, will not exceed the limit then in effect for purposes of applying section 265 of the Code. For purposes of this Section 18, the term "tax-exempt obligation" does not include (i) "private activity bonds" within the meaning of section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code and (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation. In

addition, for purposes of this Section 18, the City includes all entities that are aggregated with the City under the Code.

Section 19. Defaults and Remedies.

(a) Each of the following occurrences or events, for the purposes of this Ordinance, is hereby declared to be an Event of Default:

(i) the failure to make full payment of the principal and interest due on any Payment Date; and

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially and adversely affects the rights of the Holder, including, but not limited to, such Holder's prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by the Holder to the City.

(b) Upon the happening of an Event of Default, then and in every case the Holder or its authorized representatives may proceed against the City for the purpose of protecting and enforcing the rights of the Holder under this Ordinance, including but not limited to enforcing the pledge of, security interest in and lien and charge on the Pledged Security against all parties in possession of any Pledged Security at any time, by mandamus or other suit, action, or proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including, but not limited to, the specific performance of any covenant or agreement contained herein, or to enjoin any act or thing that may be unlawful or in violation of any right of the Holder, or any combination of such remedies.

Section 20. Continuing Disclosure of Certain Information. The City qualifies for an exemption from the Rule pursuant to section (d)(1) of the Rule. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

Section 21. Appointment of Certain Consultants. The appointment of Bond Counsel is hereby confirmed with respect to the approval and issuance of the Note and such other debt obligations as may be issued from time to time by the City, and the City Manager is hereby authorized to execute a supplemental engagement letter with respect to the Note. The appointment of the Financial Advisor is hereby confirmed with respect to the issuance of the Note, and the City Manager is hereby authorized to execute a supplemental contract with the Financial Advisor with respect to the Note.

Section 22. Further Proceedings. The Mayor, the City Manager, and other appropriate officials of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of the Note Purchase Agreement and this Ordinance. Additionally, Bond Counsel is hereby authorized to work with the Mayor, the City Manager, and all other appropriate officials of the City to submit a transcript of proceedings to the Attorney General of Texas for examination and approval. The Attorney General, in accordance with the

Act, shall provide preliminary approval of the issuance of the Note. Upon an Emergency affecting the City and other requirements of Section 7 of this Ordinance being satisfied, the Mayor, the Financial Advisor, Bond Counsel and other appropriate officials of the City are hereby authorized to submit additional necessary materials to the Attorney General of Texas to effectuate the approval and delivery of the Note, including any ministerial changes to this Ordinance, the Note Purchase Agreement or other related agreements or certificates relating to the Note. After the Note has been approved by the Attorney General of Texas they shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Note, the Comptroller (or the Comptroller's bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

Section 23. Legal Holidays. If the date fixed for payment of the Note is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date fixed for payment, and no interest shall accrue for the period from the date fixed for payment to the date of actual payment.

Section 24. Notices. Any notice, demand, request, or other instrument authorized or required to be given under this Ordinance shall be deemed to have been given only upon receipt. Notices may be given by first class mail, postage prepaid, or by overnight delivery service, or by facsimile transmission to the addresses provided in the Note Purchase Agreement.

Section 25. Severability. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 26. Open Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. Additionally, in accordance with the provisions of Sections 12 and 13 of Article II of the City Charter, this Ordinance has been publicly available in the Office of the City Secretary for not less than 72 hours prior to its adoption and may be read and published by descriptive caption only. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 27. No Recourse Against City Officials. No recourse shall be had for the payment of principal of or interest on the Note or for any claim based thereon or on this Ordinance or the Note Purchase Agreement against any official, employee, or agent of the City or against any person executing the Note.

Section 28. Repealer. All orders, resolutions and ordinances or parts thereof inconsistent with the provisions of this Ordinance are hereby repealed to the extent of such inconsistency.

Section 29. Iran, Sudan and Foreign Terrorist Organizations. The Purchasers will represent in the Note Purchase Agreement that, as of the date of the Note Purchase Agreement, to the extent the Note Purchase Agreement constitutes a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable Federal law, none of the Purchasers, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchasers is an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code. The term “foreign terrorist organization” in this paragraph the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

Section 30. Anti-Boycott Verification. The Purchasers will represent in the Note Purchase Agreement that, to the extent the Note Purchase Agreement constitutes a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2270 of the Texas Government Code, and subject to applicable Federal law, none of the Purchasers, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchasers (i) boycotts Israel or (ii) will boycott Israel through the term of the Note Purchase Agreement. The terms “boycotts Israel” and “boycott Israel” as used in this paragraph have the meanings assigned to the term “boycott Israel” in Section 808.001 of the Texas Government Code, as amended.

Section 31. Form 1295 Certificate. The Purchasers will be required by the Note Purchase Agreement to deliver the Certificate of Interested Parties Form 1295 and the certificate of filing generated by the Texas Ethics Commission electronic portal in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC in connection with the Purchasers entering into the Note Purchase Agreement with the City.

Section 32. Effective Date. This Ordinance shall be in full force and effect immediately upon its passage.

[Execution Page Follows]

PASSED AND APPROVED this 23rd day of August, 2018.

James D. Yarbrough, Mayor

ATTEST:

Janelle Williams, City Secretary

(SEAL)

APPROVED AS TO FORM:

Donald Glywasky, City Attorney

Exhibit A - Form of Note Purchase Agreement
Exhibit B - Form of Request for Draw

EXHIBIT A

NOTE PURCHASE AGREEMENT

[Attached]

EXHIBIT B

FORM OF REQUEST FOR DRAW

NOTE PURCHASER: Regions Capital Advantage, Inc., a Tennessee corporation, and
Regions Commercial Equipment Finance, LLC, an Alabama limited
liability company

DATE OF NOTICE: _____, 20__

BORROWER: City of Galveston, Texas (the "City")

PERTAINING TO: Forward Delivery and Purchase Agreement

This Request for Draw is delivered pursuant to City of Galveston, Texas Ordinance 18-_____ (the "Ordinance") adopted by the City Council of the City, and the Forward Delivery and Purchase Agreement. All capitalized terms used and not otherwise defined herein shall have the same meaning as those set forth in said Ordinance.

The City hereby requests a Draw (the "Requested Draw") as follows:

1. The amount of the Requested Draw is \$_____.
2. (a) The aggregate amount of all previous Draws is: \$_____.
 (b) The aggregate amount of the Requested Draw is \$_____.
 (c) The sum of 3(a) and 3(b) is \$_____, which is less than or equal to
 the Principal Amount of the Note.
3. The Requested Draw is for the issuance of :

 Taxable Note

 Tax-Exempt Note
4. The Interest Rate on the Note represented by the Requested Draw is:

 Fixed Rate Taxable

 Fixed Rate Tax-Exempt

 Variable Rate Taxable

 Variable Rate Tax-Exempt

5. The maturity date for the Note for the Requested Draw is:

_____ 5 years

_____ 7 years

_____ 10 years

6. The purchase price for the Note represented by the Requested Draw is to be deposited, in immediately available funds by wire transfer to City of Galveston, Texas, ABA Routing #_____, Account _____.

7. By execution hereof, the undersigned certifies that the Ordinance has not been amended, rescinded, supplemented or otherwise modified since the date thereof and that no ordinance conflicting with the terms of the Ordinance has been adopted by the City Council since such date.

8. On and as of the date hereof the undersigned hereby certifies that (a) each and every representation and warranty of the City contained in the Ordinance, including those regarding arbitrage, and contained in the Forward Delivery and Purchase Agreement is true, correct, and accurate in all respects, (and each such representation and warranty is hereby affirmatively made and restated on and as of the date of this Request for Draw) and (b) the City is not in default under any provision of the Ordinance, the Forward Delivery and Purchase Agreement or the Note.

9. This Draw will be used for following purpose(s) authorized by and set forth in the Ordinance:

[Purposes of the Draw to come]

10. This Draw is necessary as a result of or to address the effects of the Emergency.

CITY OF GALVESTON, TEXAS

Mayor

City of Galveston, Texas

FORWARD DELIVERY AND PURCHASE AGREEMENT

September 1, 2018

Honorable Mayor and City Council
City of Galveston, Texas
832 Rosenberg
Galveston, Texas 77550

Ladies and Gentlemen:

The undersigned, Regions Capital Advantage, Inc., a Tennessee corporation (the “*Tax-Exempt Lender*”), and Regions Commercial Equipment Finance, LLC, an Alabama limited liability company (the “*Taxable Lender*”) each acting on its own behalf and not acting as a fiduciary or agent for you, offers to enter into this Forward Delivery and Purchase Agreement (this “*Agreement*”) with the City of Galveston, Texas (the “*Issuer*”), for the purchase by the Tax-Exempt Lender for the Tax-Exempt Notes (as defined herein) and the Taxable Lender for the Taxable Notes (as defined herein) and sale by the Issuer of the Notes specified below. This offer is made subject to the Issuer’s written acceptance on or before 11:00 p.m., Galveston, Texas time, on the date first written above, and upon such acceptance this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, Tax-Exempt Lender and Taxable Lender.

Capitalized terms not otherwise defined herein shall have the same meanings as are set forth in the Ordinance (as defined herein). In addition to the terms defined elsewhere in this Agreement, the following terms shall have the indicated meanings:

“*1933 Act*” shall mean the Securities Act of 1933, as the same shall from time to time be supplemented or amended.

“*1939 Act*” shall mean the Trust Indenture Act of 1939, as the same shall from time to time be supplemented or amended.

“*Act*” shall mean Chapter 1431, Texas Local Government Code, and to the extent the Issuer qualifies during the term of this Agreement, Chapter 1371 Texas Local Government Code.

“*Adjustment Date*” means the Settlement Date for any Note and every ninety (90) days thereafter.

“*Applicable Fixed Rate Taxable Margin*” shall mean:

<u>Applicable Fixed Rate Taxable Margins</u>	
5 Years	1.39%
7 Years	1.51%
10 Years	1.76%

“*Applicable Fixed Rate Tax-Exempt Margin*” shall mean:

<u>Applicable Fixed Rate Tax-Exempt Margins</u>	
5 Years	1.07%
7 Years	1.17%
10 Years	1.37%

“*Applicable Rate Period*” for each Note shall mean the period commencing on the Settlement Date of a Note and ending on an Adjustment Date; provided that: (i) the Applicable Rate Period must commence on a Business Day; and (ii) the last day for the Applicable Rate Period and the actual number of days during the Applicable Rate Period shall be determined by the Tax-Exempt Lender for the Tax-Exempt Notes and by the Taxable Lender for the Taxable Notes using the practices of the London interbank market.

“*Applicable Variable Rate Taxable Margin*” shall mean:

<u>Applicable Taxable Margins</u>	
5 Years	1.22%
7 Years	1.30%
10 Years	1.50%

“*Applicable Variable Rate Tax-Exempt Margin*” shall mean:

<u>Applicable Tax-Exempt Margins</u>	
5 Years	0.95%
7 Years	1.01%
10 Years	1.16%

“*Bond Counsel*” shall mean Bracewell LLP or any nationally recognized bond counsel appointed by the Issuer and acceptable to the Purchaser.

“*Business Day*” shall mean any day of the year other than (i) a Saturday, Sunday or legal holiday, (ii) a day on which banks located in the city in which the principal corporate trust office of the Registrar is located are required or authorized to close, (iii) a day on which banks located in Texas are required or authorized to close or (iv) a day on which banks cannot deal in United States deposits in the interbank market in London, England.

“*Change in Law*” shall mean (i) any change in or addition to applicable federal or State (as defined herein) law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or State agencies (if such change or addition becomes effective on or before each Settlement Date), (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date which is on or before each Settlement Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date which is on or before each Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case, would, as to the Tax-Exempt Lender or Taxable Lender, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes from purchasing the Notes as provided herein, as to the Issuer, make the issuance, sale or delivery of the Notes illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized); provided, however, that such change in or addition to law, legislation, rule, regulation, judgment, ruling or order shall have become effective, or been enacted, introduced, recommended, proposed or issued, as the case may be, subsequent to the date of this Agreement.

“*Closing*” shall have the meaning specified in Section 1.2 hereof; “*Closing Date*” shall mean the date on which the Closing occurs.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended, and the regulations, rulings and proclamations promulgated and proposed thereunder.

“*Commitment Amount*” shall mean \$50,000,000.

“*Commitment Fee*” shall mean a non-refundable fee payable one-half to the Taxable Lender and one-half to the Tax-Exempt Lender computed at a rate per annum equal to 0.10% of the amount equal to the difference between the Commitment Amount and the outstanding Notes delivered by the Issuer, calculated based on the actual number of days elapsed in a 360-day year.

“*Dated Date*” shall mean the first day of the month that the Notes are delivered to the Tax-Exempt Lender or the Taxable Lender (as defined herein).

“*Default Rate*” shall mean the then current maximum rate permitted by Texas law, including Chapter 1204, Texas Government Code, as amended.

“Draw” or “Draws” shall mean, with respect to the Notes, the request for Notes to be delivered by the Issuer to the Tax-Exempt Lender or Taxable Lender, respectively, pursuant to the Ordinance and this Agreement.

“Emergency” shall have the meaning specified in the Act.

“Fixed Taxable Rate” shall mean a simple rate per annum equal to the ICE 5, 7, or 10-Year SWAP rate plus the Applicable Fixed Rate Taxable Margin.

“Fixed Tax-Exempt Rate” shall mean a simple rate per annum equal to 79% of the ICE 5, 7, or 10-year SWAP rate) plus the Applicable Fixed Rate Tax-Exempt Margin.

“ICE” shall mean the rate published daily by the Intercontinental Exchange, Inc. at: <https://www.theice.com/marketdate/reports/180>.

“Interest Rate” shall mean a rate of interest to be determined separately for each Note in accordance with Section 1.1 hereof; provided, however, that such rate shall never exceed the Maximum Rate.

“Lender’s Counsel” shall mean the law firm of Orrick, Herrington & Sutcliffe LLP, or any successor to such firm appointed by the Tax-Exempt Lender or Taxable Lender.

“LIBOR Period” shall mean the London Interbank Offered Rate for three (3) months or (12) months.

“LIBOR Rate” shall mean, with respect to any Applicable Rate Period, that rate for deposits in U.S. Dollars for a period comparable to the term of such Applicable Rate Period which appears on Reuters Screen LIBOR01 Page (or such other page that may replace that page on that service or on such other comparable financial information reporting service used by the Tax-Exempt Lender and/or the Taxable Lender, in its discretion, at the time such rate is determined) as of 11:00 a. m., London, England time on the day (the “Pricing Date”) that is two LIBOR Business Days preceding the first day of such Applicable Rate Period (or if not so reported, then as determined by the Tax-Exempt Lender and/or the Taxable Lender from another recognized source or from one or more interbank quotations, in Tax-Exempt Lender and/or the Taxable Lender’s discretion).

“Maturity Date” shall mean five (5), seven (7), or ten (10) years from the Note delivery date, at Issuer’s option.

“Maximum Rate” shall mean the maximum interest rate permitted by applicable law, including, but not limited to, Chapter 1204, Texas Government Code, as amended.

“Note” or “Notes” shall mean the Taxable Notes and the Tax-Exempt Notes.

“Ordinance” shall mean the City of Galveston Ordinance No. 18-[_____] adopted by the City Council of the Issuer on August 23, 2018.

“Paying Agent/Registrar” shall mean the paying agent/registrar appointed and designated under the Ordinance.

“*Pledged Security*” shall mean (i) the proceeds from the sale of the Notes from time to time hereafter issued to pay principal of outstanding Notes (ii) proceeds from the sale of general obligation ad valorem tax and refunding bonds issued by the Issuer from time to time hereafter for the purpose of paying the principal of or interest on the Notes, (iii) loans drawn to pay the principal of and interest on outstanding Notes, and (iv) the proceeds of the tax levy set forth in Section 10 of the Ordinance and described in Section 1.1(j) hereof.

“*Request for Draw*” shall mean the request for a Draw hereunder, in the form of Exhibit A hereto.

“*Settlement*” shall mean each Settlement described in Section 1.3 hereof.

“*Settlement Date*” shall mean the dates on which each Settlement occurs.

“*State*” shall mean the State of Texas.

“*Taxable Lender*” shall have the meaning assigned to it in the introductory paragraph.

“*Taxable Notes*” shall mean the Notes issued by the Issuer to the Taxable Lender, the interest on which is not excludable from gross income under the Code.

“*Tax-Exempt Lender*” shall have the meaning assigned to it in the introductory paragraph.

“*Tax-Exempt Notes*” shall mean the Notes issued by the Issuer to the Tax-Exempt Lender, the interest on which is excludable from gross income under the Code.

“*Termination Date*” shall mean March 1, 2023, as extended pursuant to the provisions of Section 3.5 hereof.

“*Variable Taxable Rate*” shall mean, for the Applicable Rate Period for each Note, a simple rate per annum equal to the 3 or 12-Month LIBOR Rate plus the Applicable Variable Rate Taxable Margin.

“*Variable Tax-Exempt Rate*” shall mean a simple rate per annum equal to 79% of the 3 or 12-Month LIBOR Rate plus the Applicable Variable Rate Tax-Exempt Margin.

ARTICLE I

SALE AND PURCHASE; CLOSING; SETTLEMENT

1.1 Purchase and Sale of the Notes.

(a) From the Closing Date through the Termination Date, and upon and subject to the terms and conditions and on the basis of the representations, warranties and agreements contained herein, the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes, the Issuer’s Tax-Exempt or Taxable Notes in the aggregate maximum principal amount of \$50,000,000 upon issuance thereof.

(b) Each Note shall be dated the Dated Date and mature on the Maturity Date. Each Note under this Agreement shall bear interest at the Interest Rate for such Note from the Settlement Date of such Note, payable, and calculated on the basis of actual number of days elapsed in a 360 day year. Each Note shall bear interest at (i) a Fixed Tax-Exempt Rate, the Fixed Taxable Rate, the Variable Tax-Exempt Rate, or the Variable Taxable Rate, as selected by the Issuer, based on the purpose for which such Note will be used, and subject to the opinion of Bond Counsel.

The United Kingdom's Financial Conduct Authority ("FCA") has announced it will phase out its support of LIBOR. LIBOR may be sustained until the end of 2021. The Issuer acknowledges that if during the term of this Agreement, LIBOR is no longer published, becomes unavailable, or cannot be lawfully maintained, Issuer's variable interest rate will be determined based on an alternate interest rate index in accordance with Section 1.1(b). The effect of the FCA's decision to no longer support LIBOR cannot be predicted, or, if changes are ultimately made to the LIBOR, the effect of those changes cannot be predicted. In addition, Issuer acknowledges the impact of any interest rate index change related to this loan due to the FCA's decision to phase out its support of the LIBOR, should this occur, cannot be predicted and may or may not be advantageous to Issuer

If the LIBOR rate is not available on any Adjustment Date for any reason, then the rate for the Applicable Rate Period will be determined by such alternate method as reasonably determined by the Tax-Exempt Lender for the Tax-Exempt Notes or the Taxable Lender for the Taxable Notes.

If the ICE rate is not available on any Adjustment Date for any reason, then the rate for the Applicable Rate Period will be the swap rate corresponding to the applicable to the Maturity Date as reported on the Bloomberg Reporting Services.

The variable interest rate on the Notes resets at the end of each Applicable Rate Period.

(c) In the event that at any time during the term of this Agreement, the Issuer's long-term rating by any of Moody's S&P or Fitch on its outstanding ad valorem tax supported obligations decreases below "Baa3" by Moody's or "BBB-" by S&P or Fitch, the Fixed Tax-Exempt Rate applicable or that will be applicable to any Notes shall be increased by 15 basis points for so long as such long-term rating by any rating agency shall remain in effect below such levels, subject to the Maximum Rate.

(d) The principal on the Notes shall be payable in equal semi-annual installments on January 1 and July 1 beginning from the second anniversary of the Settlement Date through maturity. Interest on the Notes shall be payable semi-annually beginning six (6) months after the issuance of each Notes through maturity. The Maturity Date of each Note shall also be an interest payment date. If the date for the payment of the principal of or interest on the Notes is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(e) The Notes are authorized pursuant to the provisions of the Act and the Ordinance, and is to be issued for the purpose of the payment of expenses in the event of an Emergency and paying costs of issuance related to the Notes. Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on the Notes are payable from and secured by a lien on and pledge of the Pledged Security (as further defined in the Ordinance), subject to the terms and conditions of the Ordinance. (For clarity purposes, it is agreed and understood by the Issuer, the Tax-Exempt Lender and the Taxable Lender that the Tax-Exempt Lender and the Taxable Lender are not obligated to purchase more than the aggregate maximum principal amount of \$50,000,000 in combined Tax-Exempt Notes or Taxable Notes.)

(f) Pursuant to and subject to the terms of this Agreement, the Notes shall be privately placed with the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes, and the Tax-Exempt Lender or the Taxable Lender, respectively, shall purchase the Notes on each respective Settlement Date.

(g) In regard to the private placement of the Notes, the Tax-Exempt Lender and the Taxable Lender acknowledges that the Issuer has furnished the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes with all information necessary and requested by the Tax-Exempt Lender and the Taxable Lender to permit the Tax-Exempt Lender and the Taxable Lender to make an informed decision concerning its purchase of the Notes, and the Tax-Exempt Lender and the Taxable Lender has made such inspections and investigations as it has deemed necessary to determine the credit quality of the Issuer and its ability to perform under the Ordinance and to assess all risk factors associated with the purchase of the Notes. The Notes are being purchased for the account of the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes as evidence of a loan for the Issuer (and not on behalf of another), and the Tax-Exempt Lender and the Taxable Lender have no present intention of reselling its rights under the Notes, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however-that the Tax-Exempt Lender and the Taxable Lender reserves the right with notice to the Issuer to sell, pledge, transfer, convey, hypothecate, dispose of, or participate, its rights under the Notes at some future date to a financial institution.

(h) The Tax-Exempt Lender and the Taxable Lender hereby acknowledges and represents that it has an on-going business relationship with the Issuer and that it is familiar with the financial condition of the Issuer and the ability of the Issuer to timely pay the principal of and interest on the Notes. The Tax-Exempt Lender and the Taxable Lender has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of the prospects and value of the Notes. The Tax-Exempt Lender and the Taxable Lender have had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make the decision to purchase the Notes. The Tax-Exempt Lender and the Taxable Lender are not relying on the Issuer or Bond Counsel as to the completeness or accuracy of any financial information provided to the Tax-Exempt Lender and the Taxable Lender by the Issuer in connection with its determination to purchase the Notes.

(i) All amounts payable to the Tax-Exempt Lender and the Taxable Lender and/or any of their affiliates in connection with the Notes will be an unconditional, irrevocable, and absolute obligation of the Issuer payable from the Pledged Security. The Notes constitutes direct obligations of the Issuer, payable from the Pledged Security.

(j) The Issuer may repay the outstanding principal of any Notes that bears interest at the Fixed Tax-Exempt Rate or the Fixed Taxable Rate at any time at par plus accrued interest to the date of prepayment provided that the Issuer shall have provided three (3) Business Days' prior written notice of the intention to prepay, the amount to be prepaid, and the date on which the prepayment will be made. All partial prepayments of principal shall be applied in the inverse order of maturities. The issuer may repay the outstanding principal of any Notes that bears interest at the Variable Tax-Exempt Rate or the Variable Taxable Rate in full at any time or in part from time to time on the last day of the Applicable Rate Period, provided that: (a) Tax-Exempt Lender and/or the Taxable Lender shall have actually received from the Issuer three (3) Business Days' prior written notice of the intention to prepay, the amount to be prepaid, and the date on which the prepayment will be made, which may only be at the end of a Applicable Rate Period; (b) each prepayment shall be in the amount of \$1,000,000 or larger integral multiple of \$100,000 (unless the prepayment is in full); and (c) each prepayment shall be in the amount of 100% of the principal to be prepaid, plus accrued unpaid interest thereon to the day of prepayment, plus any other sums which have become due to the Tax-Exempt Lender for a Tax-Exempt Notes and the Taxable Lender for a Taxable Notes on or before the date of prepayment but have not been paid. All partial prepayments of principal shall be applied in the inverse order of maturities.

(k) Upon the occurrence of a determination of taxability of a Tax-Exempt Notes, the Issuer agrees to pay the Tax-Exempt Lender a rate of interest from the date of the Notes funding that would the Tax-Exempt Lender with an after-tax yield on the then outstanding principal amount of this Notes at least equal to the after-tax yield the Tax-Exempt Lender could have received if a determination of taxability had not occurred.

(l) The Issuer shall not make a Request for Draw for the Notes under the Ordinance more than six (6) times each calendar year during the term of this Agreement.

(m) The Tax-Exempt Lender and the Taxable Lender shall have no obligation to grant a Request for Draw for the Notes if an Event of Default exists regarding the Notes or the Ordinance.

1.2 Closing. On September [___], 2018, or such other date as shall have been mutually agreed upon by the Issuer, the Tax-Exempt Lender and the Taxable Lender, the certificates, opinions and other documents required by Section 3.2 below shall be executed and delivered (all of the foregoing actions are herein referred to collectively as the "*Closing*"). The Closing shall take place at the offices of Bond, or at such other location as shall be mutually agreed upon by the Issuer, the Tax-Exempt Lender and the Taxable Lender. Assuming the Closing is completed in accordance with the provisions of this Agreement then, subject to the provisions of this Agreement and upon the approval of the Notes by the Attorney General of the State of Texas, the Issuer shall issue the Notes to the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable

Notes and the Tax-Exempt Lender or the Taxable Lender shall purchase the Notes and pay the purchase price therefore pursuant to Draws at each Settlement.

1.3 Settlement.

(a) On dates as may be mutually agreed upon by the Issuer and the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes, (i) the Issuer will, subject to the terms and conditions hereof and of Section 13 of the Ordinance, deliver a Request for Draw to the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes in the form of Exhibit B to the Ordinance, and deliver or cause to be delivered to the Tax-Exempt Lender or the Taxable Lender the other documents required by Section 3.3 hereof; and (ii) the Tax-Exempt Lender or the Taxable Lender will, subject to the terms and conditions hereof, accept such delivery and pay or cause to be paid the amount specified in the Request for Draw by wire transfer in immediately available funds to the Issuer (all of the foregoing described transactions are herein referred to collectively as the “*Settlement*”); provided that the Tax-Exempt Lender or the Taxable Lender may, at its option and its expense, engage in-house or independent inspectors to review any Request for Draw to validate the amount of such requested Draw; provided further, that such review shall not exceed a period of two (2) Business Days from the receipt of all requested claim documentation. Delivery and payment as aforesaid shall be made at the offices of Bond Counsel, or at such other location as shall be mutually agreed upon by the Issuer and the Tax-Exempt Lender or the Taxable Lender.

(b) The Issuer will have no obligation to request a Draw and the Tax-Exempt Lender or the Taxable Lender will have no obligation to honor a Draw if, because of a Change in Law, such request would be illegal as to the Issuer. In such event, the Issuer will have no liability whatsoever for its failure to request a Draw and the Tax-Exempt Lender or the Taxable Lender will have no liability for its failure to honor a Draw if such failure is due to a Change in Law.

1.4 Transfer Provisions.

(a) The Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes shall maintain the right to transfer and/or assign, in whole or in part, its rights hereunder, the Notes and/or the Agreement, or, in either case, any interest therein, to any person or entity in its sole and absolute discretion.

(b) The Issuer may not assign its rights hereunder or under any of the Notes documents to any person without prior written consent of the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE ISSUER

The Issuer hereby represents and warrants to and covenants with the Tax-Exempt Lender and the Taxable Lender that:

2.1 The Issuer is a home rule city, operating as such under its home-rule charter, the Constitution and laws of the State, and a political subdivision of the State, duly created, organized and existing under the Constitution and laws of the State and has, and (except as may result from a Change in Law) at each Settlement Date will have, full legal right, power and authority under the Act and the Issuer's home rule charter to: (a) execute, deliver and perform this Agreement; (b) pass and adopt the Ordinance; (c) issue, sell and deliver the Notes to the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes, as provided herein; (d) pledge and collect the Pledged Security pledged to the payment of the principal of and interest on the Notes pursuant to the Ordinance; and (e) carry out and consummate the transactions contemplated by this Agreement and the Ordinance;

2.2 The Issuer has complied and will, at each Settlement Date, be in compliance (except as may result from a Change in Law) in all respects with the obligations on its part contained in the Ordinance and this Agreement and the laws of the State, including the Act;

2.3 By official action of the Issuer on or prior to the date hereof, the Issuer has (a) duly adopted the Ordinance, (b) duly authorized and approved the execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Notes, the Ordinance and this Agreement and (c) duly authorized and approved the consummation by it of all other transactions contemplated by this Agreement; and the Ordinance and this Agreement constitute the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

2.4 The Notes, if and when issued, authenticated and delivered in accordance with the Ordinance and sold to the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes as provided herein, will be a validly issued and outstanding obligation of the Issuer, entitled to the benefits of the Ordinance; and upon such issuance, authentication and delivery, the Ordinance will provide, for the benefit of the owners from time to time of the Notes, a legally valid and binding pledge of and lien on the Pledged Security pledged under the Ordinance, subject only to the provisions of the Ordinance permitting the application thereof on the terms and conditions set forth in the Ordinance;

2.5 The Issuer is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State (or any agency thereof) or the United States (or any agency thereof) or of any applicable judgment or decree, or any loan agreement, note, resolution, ordinance, agreement or other instrument to which the Issuer is a party or to which it or any of its property is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a material default or event of default under any such instrument; and the execution and delivery of this Agreement and the Notes and the adoption of the Ordinance, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, note, resolution, ordinance, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property is otherwise subject; nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any

nature whatsoever upon any of the property or assets of the Issuer or under the terms of any such law, regulation or instrument, except as provided by the Notes, the Ordinance and this Agreement;

2.6 All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of, its obligations in connection with the issuance, sale and delivery of the Notes under this Agreement and the Ordinance have been duly obtained, except the approval of the Notes by the Attorney General of the State of Texas and the registration of the Notes by the Comptroller of Public Accounts of the State of Texas;

2.7 There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer or others (a) affecting the Issuer or the corporate existence of the Issuer or the titles of its officers to their respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Notes or the pledge or collection of Pledged Security for the payment of the principal of and interest on the Notes, or the pledge thereof, (c) in any way contesting or affecting the transactions contemplated hereby or the validity or enforceability of the Notes, the Ordinance, or this Agreement, or (d) contesting the powers or authority of the Issuer for the issuance of the Notes, the adoption of the Ordinance or the execution and delivery of this Agreement;

2.8 The Issuer will not take or omit to take any action that will in any way cause the proceeds from the sale of the Notes and other moneys of the Issuer to be transferred on the date of issuance of the Notes, to be applied, or result in such proceeds and other moneys being applied in a manner other than as provided in or permitted by the Ordinance and the Act;

2.9 Any certificate signed by an authorized officer of the Issuer and delivered to the Tax-Exempt Lender and the Taxable Lender at or prior to the Closing and each Settlement Date shall be deemed a representation and warranty by the Issuer in connection with this Agreement to the Tax-Exempt Lender and the Taxable Lender as to the statements made therein upon which the Tax-Exempt Lender and the Taxable Lender shall be entitled to rely;

2.10 (a) The Issuer's most recent annual financial report prepared by the independent auditor of the Issuer for the fiscal year ended September 30, 2017, is a fair presentation of the financial position of the Issuer as of the dates indicated and the periods specified.

(b) There has been no material adverse change in the condition, financial or otherwise, of the Issuer from that set forth in such annual financial report as of and for the period ended September 30, 2017, or, if applicable, since the date of the most recent annual financial report prepared by the independent auditor of the Issuer and provided to the Tax-Exempt Lender and the Taxable Lender. Notwithstanding the foregoing, for purposes of this Agreement, the representation and warranty set forth in paragraph (b) of this Section 2.10 shall not apply in the event that a material adverse change in the condition, financial or otherwise, of the Issuer results from the occurrence of an Emergency.

2.11 The Ordinance creates a valid pledge of the Pledged Security for the benefit of the owners of the Notes hereafter issued, as provided in the Ordinance.

ARTICLE III

TAX-EXEMPT LENDER AND TAXABLE LENDER'S CONDITIONS

3.1 Certain Conditions to Tax-Exempt Lender and Taxable Lender's Obligations. The Tax-Exempt Lender and the Taxable Lender have entered into this Agreement in reliance upon the representations and warranties of the Issuer contained herein and to be contained in the documents and instruments to be delivered at the Closing and each Settlement, and upon the performance by the Issuer of its obligations hereunder, as-of the date hereof and as of the Closing Date and each Settlement Date. Accordingly, the Tax-Exempt Lender and the Taxable Lender's obligations under this Agreement to purchase, to accept delivery of and to pay for the Notes shall be subject to performance by the Issuer of its obligations to be performed hereunder and the delivery of the documents and instruments required to be delivered hereby at or prior to the Closing and each Settlement, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof, on the Closing Date and on each Settlement Date;

(b) Both at the time of the conditions to Section 3.1 and Section 3.2 hereof are satisfied and at the time of each Settlement, this Agreement and the Ordinance (subject to final approving opinion of the Attorney General Office of the State of Texas) shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any manner which will adversely affect (i) the ability of the Issuer to issue the Notes or perform its obligations thereunder or under this Agreement or (ii) the security for the Notes;

(c) Both at the time of the Closing and at the time of each Settlement, all official action of the Issuer relating to this Agreement, the Notes and the Ordinance (and all official action of the other parties thereto) shall have been taken and shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material adverse respect; and

(d) At the time of each Settlement, other than those material adverse changes resulting from the occurrence of an Emergency, there shall have been no material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer.

3.2 Closing Conditions.

(a) The Tax-Exempt Lender and the Taxable Lender's obligations under this Agreement shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder, and the applicable conditions of Section 3.1 hereof having been satisfied, and the tender by the Issuer of its performance at the Closing as described in

Section 3.2 hereof, which Closing shall not be completed unless the Tax-Exempt Lender and the Taxable Lender shall receive at the time of the Closing the following:

(i) The Ordinance certified as having been duly adopted by the Issuer and as being in full force and effect, with such supplements or amendments as may have been agreed to by the Tax-Exempt Lender and the Taxable Lender;

(ii) An opinion of Bond Counsel, dated the Closing Date and addressed to the Tax-Exempt Lender and the Taxable Lender, to the effect that (A) the Issuer has authority under the laws of the State of Texas to issue the Notes and execute and deliver this Agreement; (B) the Ordinance has been duly adopted and is in full force and effect (subject to final approving opinion of the Attorney General Office of the State of Texas); (C) this Agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid and binding obligation of the Issuer in accordance with its terms; (D) assuming no change in applicable law from the laws in effect on the date of such opinion, the Notes, if issued, will not be subject to the registration requirements of the 1933 Act and the Ordinance, on such date of issuance, will be exempt from qualification pursuant to the 1939 Act; and (E) interest on the Tax-Exempt Notes is excludable from gross income of the holders thereof for federal income tax purposes;

(iii) A certificate, dated the date of the Closing, of an appropriate official of the Issuer to the effect that (A) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date, as if made on the Closing Date; (B) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or, to the best of his or her knowledge, threatened, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or seeking to prohibit, restrain or enjoin the issuance, delivery or sale of the Notes or the levy and collection of Pledged Security pledged or to be pledged to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Notes, the Ordinance, this Agreement, or contesting the powers of the Issuer or any authority for the issuance of the Notes, the pledge of the Pledged Security pursuant to the Ordinance, the adoption of the Ordinance or the execution of this Agreement, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Notes, the Ordinance or this Agreement; (C) the Ordinance has been duly passed and adopted by the governing body of the Issuer, has not been modified, amended or repealed since its passage and adoption and is in full force and effect as of the Closing Date; and (D) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

(iv) The Commitment Fee shall have been paid;

(v) The Tax-Exempt Lender and the Taxable Lender's Counsel fees and expenses (not to exceed \$20,000) shall have been paid;

(vi) Any Municipal Advisory Council fees (estimated at \$5,400) shall have been paid;

(vii) Such additional legal opinions, certificates, instruments and other documents as the Tax-Exempt Lender and the Taxable Lender may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Issuer's representations and warranties contained herein and the due performance or satisfaction by the Issuer on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by it.

(b) All the opinions, letters, certificates, instruments and other documents mentioned above shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Tax-Exempt Lender and the Taxable Lender.

3.3 Settlement Conditions.

(a) The Tax-Exempt Lender and the Taxable Lender's obligations under this Agreement to purchase, to accept delivery of and to purchase the Notes at each Settlement Date shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder, including, without limitation, the Closing having been completed, and the Issuer having tendered performance of its obligations under this Section 3.3 hereof with respect to each Settlement, which Settlement shall not be completed unless the Tax-Exempt Lender and the Taxable Lender shall receive at the time of each Settlement the following:

(i) a Request for Draw executed by an appropriate official in form satisfactory to the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes;

(ii) a certificate, dated each Settlement Date, signed by an appropriate official of the Issuer in substantially the form of the certificate of the Issuer delivered at the Closing pursuant to Section 3.2(a)(iii), with such modifications thereto as are necessary to refer to each Settlement Date and each Settlement (rather than the Closing Date), and reflect the passage of time from the Closing to each Settlement;

(iii) an opinion of Bond Counsel, dated the Settlement Date and addressed to the Tax-Exempt Lender and the Taxable Lender, to the effect that (A) the Ordinance has been duly adopted and is in full force and effect and (B) for any Notes bearing interest at the Fixed Tax-Exempt Rate or the Variable Tax-Exempt Rate, the interest on the Notes is excludable from gross income of the holder under the Code;

(iv) such additional legal opinions, certificates, instruments and other documents as the Tax-Exempt Lender and the Taxable Lender may reasonably request to evidence the truth and accuracy, as of the date hereof and as of each Settlement Date, of the Issuer's representations and warranties contained herein and

the due performance or satisfaction by the Issuer on or prior to each Settlement Date of all the agreements then to be performed and conditions then to be satisfied by it;

(v) with respect to the initial Draw only, the final approving opinion of the Texas Attorney General approving the issuance of the Notes and a copy of the registration certificate of the Comptroller of Public Accounts of the State of Texas.

3.4 Termination of Agreement.

(a) The Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes shall have the right to cancel its obligation to purchase and make payment for the Notes without liability therefor as provided in Section 5.1(d) if, between the date of this Agreement and the Closing Date and each Settlement Date, the value of the Notes shall be materially adversely affected, in the sole reasonable judgment of the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes reasonably exercised, by the occurrence of any of the following:

(i) upon the occurrence of an event of default as provided in Section 6.1;

(ii) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Notes, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of the 1939 Act, or that the issuance, offering, or sale of obligations of the general character of the Notes, including any or all underlying arrangements, as contemplated hereby, is or would be in violation of the federal securities law, as amended and then in effect;

(iii) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the Pledged Security to pay principal of and interest on the Notes;

(iv) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, other than as a result of an Emergency;

(v) the purchase of and payment for the Notes by the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, provided that such prohibition shall not be due to any action or inaction by the Tax-Exempt Lender or the Taxable Lender.

(b) The Tax-Exempt Lender or the Taxable Lender may terminate this Agreement, without liability therefor as provided in Section 5.1(d) hereof, by notification to the Issuer if, at any time on or prior to each Settlement Date, as a result of a Change in Law, the Tax-Exempt Lender or the Taxable Lender is or would be prohibited from lawfully purchasing the Notes as provided herein, provided that such prohibition shall not be due to any action or inaction by the Tax-Exempt Lender or the Taxable Lender.

3.5 Renewal. The Issuer may request a renewal of the Tax-Exempt Lender and the Taxable Lender's obligations hereunder by written notice not less than six (6) months prior to the Termination Date. Failure by Issuer to notify the Tax-Exempt Lender and the Taxable Lender of an extension of the Termination Date within such time frame shall be deemed a denial of such extension.

3.6 Satisfaction or Waiver of Conditions. All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Tax-Exempt Lender and the Taxable Lender, and the Tax-Exempt Lender and the Taxable Lender shall have the right to waive any condition set forth in this Article III other than in Section 3.2(a)(iii).

ARTICLE IV

EXPENSES

4.1 Issuer's Obligation. The Tax-Exempt Lender and the Taxable Lender shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder including, but not limited to: (a) the cost of preparation, printing and delivery of the Ordinance; (b) the cost of preparation and printing of the Notes; (c) the fees and disbursements of Bond Counsel, the Tax-Exempt Lender and the Taxable Lender and the Tax-Exempt Lender and the Taxable Lender's Counsel; and (d) any Municipal Advisory Council fees.

ARTICLE V

TERMINATION AND EFFECT

5.1 Termination and Effect.

(a) In the event the Issuer is unable, after using its best efforts, to satisfy the conditions herein to the completion of the Closing (unless waived by the Tax-Exempt Lender and the Taxable Lender) by the time such completion is required, then this Agreement shall terminate, and neither the Issuer nor the Tax-Exempt Lender and the Taxable Lender shall have any further obligation or liability to, or any rights against, the other.

(b) If the Closing shall have occurred, in the event the Issuer is unable, after using its best efforts, to satisfy the conditions herein to the completion of each Settlement (unless waived by the Tax-Exempt Lender and the Taxable Lender) by the time such

completion is required or is otherwise unable, after using its best efforts, to satisfy the conditions to the obligation of the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes to purchase, accept delivery of and pay for the Notes as set forth in this Agreement (unless waived by the Tax-Exempt Lender and the Taxable Lender) by the time such completion is required, then this Agreement shall terminate, and neither the Issuer nor the Tax-Exempt Lender and the Taxable Lender shall have any further obligation or liability to, or any rights against, the other except as otherwise provided in this Agreement.

(c) In the event the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes fails to purchase, accept delivery of and pay for the Notes as provided herein for a reason permitted hereunder, then this Agreement shall terminate, and neither the Tax-Exempt Lender and the Taxable Lender nor the Issuer shall have any further obligation or liability to, or rights against, the other except as otherwise provided in this Agreement.

(d) In the event the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes terminates this Agreement as permitted in Section 3.4 hereof, then this Agreement shall terminate, and neither the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes nor the Issuer shall have any further obligation or liability to, or rights against, the other.

(e) Notwithstanding the foregoing, the provisions of Section 7.2 hereof and Articles IV and V hereof shall survive any termination of this Agreement.

ARTICLE VI

DEFAULTS AND REMEDIES

6.1 Events of Default. Each of the following occurrences or events, for the purposes of this Agreement, is hereby declared to be an Event of Default:

- (a) the Issuer fails to pay any principal or interest on any Note when due;
- (b) the Issuer fails to pay within ten (10) days any fee or expenses due and payable under this Agreement;
- (c) any representation, warranty, certification, or statement made by the Issuer in the Ordinance, this Agreement or in any certificate, financial statement, or other document delivered pursuant to the Ordinance or this Agreement shall prove to have been incorrect in any material respect when made;
- (d) default by the Issuer in the payment of any ad valorem tax supported obligations when due or within any applicable grace period;
- (e) the occurrence of any event under any ordinance, resolution, agreement or instrument giving rise to or entered in connection with any ad valorem tax supported obligations, which results in or would entitle the obligee thereof or a trustee on behalf of

such obligee to pursue any remedies against the Issuer, including the right to declare the acceleration of any maturity thereof;

(f) any material provision of this Agreement shall at any time for any reason cease to be valid and binding on the Issuer as a result of federal or state legislative or administrative action, or shall be declared in a final unappealable judgment by any court having jurisdiction over the Borrower to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be contested by the Borrower;

(g) the powers of the Issuer shall be limited in any way or the Ordinance shall be modified or amended in any way which prevents the Issuer from fixing, charging or collecting the ad valorem taxes in an amount sufficient to pay ad valorem tax supported obligations or ad valorem tax supported obligations as they become due; or

(h) Issuer's long-term rating by any of Moody's, S&P or Fitch on its Outstanding ad valorem tax supported obligations decreases below "Baa3" by Moody's or "BBB-" by S&P or Fitch.

6.2 Remedies. The Tax-Exempt Lender and the Taxable Lender may take any action permitted by law or equity, including without limitation actions to petition a court of competent jurisdiction to issue a mandamus order to the Issuer and compel specific performance of the covenants and agreements of the Issuer contained in this Agreement or the Ordinance.

ARTICLE VII

GENERAL

7.1 Financial Reports. For so long as the Notes is outstanding and held by the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes, the Issuer shall furnish or cause to be furnished to the Tax-Exempt Lender and the Taxable Lender the following:

(a) within 180 days after the close of each fiscal year of the Issuer, the audited annual financial report of the Issuer (dated as of the close of such fiscal year);

(b) from time to time, additional financial information the Tax-Exempt Lender and the Taxable Lender reasonably requests.

7.2 Notices. Any notice or other communication to be given to the Tax-Exempt Lender and the Taxable Lender under this Agreement may be given by delivering the same in writing to Regions Bank, Attn: John D. Taylor, 3773 Richmond Ave., Suite 1000, Houston, Texas 77046, or to such different address for the Tax-Exempt Lender and the Taxable Lender as the Tax-Exempt Lender and the Taxable Lender shall have notified the Issuer as aforesaid. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Galveston, Texas, 823 Rosenberg, Galveston, Texas 77553, Attention: City Manager, or to such different address for the Issuer as the Issuer shall have notified the Tax-Exempt Lender and the Taxable Lender as aforesaid. The approval or other action or exercise of judgment

by the Tax-Exempt Lender and the Taxable Lender shall be evidenced by a writing signed on behalf of the Tax-Exempt Lender and the Taxable Lender and delivered to the Issuer.

7.3 Parties in Interest; Survivability of Representations, Warranties and Agreements. This Agreement is made solely for the benefit of the Issuer and the Tax-Exempt Lender and the Taxable Lender (including its successors) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Issuer's representations, warranties, covenants and agreements contained in this Agreement shall remain operative and in full force and effect and shall survive delivery of and payment for the Notes hereunder and regardless of any investigation made by the Tax-Exempt Lender and the Taxable Lender or on its behalf or any termination of this Agreement.

7.4 Role of Tax-Exempt Lender and the Taxable Lender. In connection with the potential purchase of the Notes, the Tax-Exempt Lender for the Tax-Exempt Notes and the Taxable Lender for the Taxable Notes shall act solely as purchaser of the Notes for its own loan account (without a present intent to reoffer), and neither the Tax-Exempt Lender or the Taxable Lender nor any of its affiliates shall act as a fiduciary for the Issuer or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor. Neither the Tax-Exempt Lender or the Taxable Lender nor any of its affiliates has provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the Issuer with respect to the proposed issuance of the Notes. The Issuer represents that it has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the proposed issuance of the Notes from its financial, legal and other advisors (and not the Tax-Exempt Lender or the Taxable Lender nor any of its Affiliates) to the extent that the Issuer desired to obtain such advice. Without limiting the generality of the foregoing, (a) neither the Tax-Exempt Lender or the Taxable Lender nor any of its affiliates is recommending an action to the Issuer or any other person or entity obligated with respect to the Notes; (b) neither the Tax-Exempt Lender or the Taxable Lender nor any of its affiliates is acting as an advisor to the Issuer, and none of the Tax-Exempt Lender, the Taxable Lender and its affiliates owes a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the Issuer or any such obligated person or entity with respect to the information and material contained in this Agreement; (c) the Tax-Exempt Lender and the Taxable Lender and its applicable affiliates are acting for their own respective interests; and the Note shall not be assigned a CUSIP number by Standard & Poor's CUSIP Service.

7.5 Compliance with Sections 2270.002 and 2252.152, Texas Government Code. In accordance with Section 2270.002, Texas Government Code, the Tax-Exempt Lender and the Taxable Lender hereby verifies that the Tax-Exempt Lender and the Taxable Lender: (i) does not Boycott Israel (as such term is defined in Section 2270.001, Texas Government Code) and (ii) subject to or as otherwise required by applicable Federal law, including, without limitation, 50 U.S.C. Section 4607, will not Boycott Israel during the term of this Agreement.

Pursuant to Section 2252.152, Texas Government Code, neither the Tax-Exempt Lender or the Taxable Lender nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Tax-Exempt Lender or the Taxable Lender is a company currently listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code.

For purposes of this Section, “Company” shall have the meaning given such term in Section 808.001(2) of the Texas Government Code.

7.6 Governing Law. This Agreement shall be governed by the laws of the State of Texas.

7.7 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

7.8 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

7.9 Effectiveness. This Agreement shall become effective upon the execution by the Tax-Exempt Lender and the Taxable Lender and the acceptance hereof by the Issuer

7.10 Headings. The headings of the Sections of this Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

Respectfully submitted,

REGIONS BANK CAPITAL ADVANTAGE, INC.,
as Tax-Exempt Lender

By _____
Bo Buckner, President

REGIONS COMMERCIAL EQUIPMENT
FINANCE, LLC., as Taxable Lender

By _____
Name: _____
Title: _____

Accepted:

CITY OF GALVESTON, TEXAS

Mayor

EXHIBIT A

FORM OF REQUEST FOR DRAW

NOTE PURCHASER: Regions Capital Advantage, Inc., a Tennessee corporation, and
Regions Commercial Equipment Finance, LLC, an Alabama limited
liability company

DATE OF NOTICE: _____, 20__

BORROWER: City of Galveston, Texas (the “City”)

PERTAINING TO: Forward Delivery and Purchase Agreement

This Request for Draw is delivered pursuant to City of Galveston, Texas Ordinance 18-_____ (the “Ordinance”) adopted by the City Council of the City, and the Forward Delivery and Purchase Agreement. All capitalized terms used and not otherwise defined herein shall have the same meaning as those set forth in said Ordinance.

The City hereby requests a Draw (the “Requested Draw”) as follows:

1. The amount of the Requested Draw is \$_____.
2. (a) The aggregate amount of all previous Draws is: \$_____.
- (b) The aggregate amount of the Requested Draw is \$_____.
- (c) The sum of 3(a) and 3(b) is \$_____, which is less than or equal to the
Principal Amount of the Note.
3. The Requested Draw is for the issuance of :

 _____ Taxable Note

 _____ Tax-Exempt Note
4. The Interest Rate on the Note represented by the Requested Draw is:

 _____ Fixed Rate Taxable

 _____ Fixed Rate Tax-Exempt

 _____ Variable Rate Taxable

 _____ Variable Rate Tax-Exempt

5. The maturity date for the Note for the Requested Draw is:

_____ 5 years

_____ 7 years

_____ 10 years

6. The LIBOR Period initially selected is ____ 3 months or ____ 12 months (NOTE: The Applicable Rate Period selected shall not exceed the Termination Date).

7. The purchase price for the Note represented by the Requested Draw is to be deposited, in immediately available funds by wire transfer to City of Galveston, Texas, ABA Routing #_____, Account _____.

8. By execution hereof, the undersigned certifies that the Ordinance has not been amended, rescinded, supplemented or otherwise modified since the date thereof and that no ordinance conflicting with the terms of the Ordinance has been adopted by the City Council since such date.

9. On and as of the date hereof the undersigned hereby certifies that (a) each and every representation and warranty of the City contained in the Ordinance, including those regarding arbitrage, and contained in the Forward Delivery and Purchase Agreement is true, correct, and accurate in all respects, (and each such representation and warranty is hereby affirmatively made and restated on and as of the date of this Request for Draw) and (b) the City is not in default under any provision of the Ordinance, the Forward Delivery and Purchase Agreement or the Note.

10. This Draw will be used for following purpose(s) authorized by and set forth in the Ordinance:

[Purposes of the Draw to come]

11. This Draw is necessary as a result of or to address the effects of the Emergency.

CITY OF GALVESTON, TEXAS

Mayor

City of Galveston, Texas

Comparison of \$50 Million Emergency Line of Credit Proposals		
	<u>Regions Bank</u>	<u>Frost Bank</u>
Amount	\$50 million	\$50 million
Term of Facility	5 years	1 year renewable yearly
Local Bank Participation	Yes	Yes
Loan Origination Fee	10 basis points = \$50,000/yr payable semi-annual in arrears	10 basis points = \$50,000/yr payable annually in advance
Security	G.O. of the City	FEMA repayments plus subordinate pledge of G.O.
Tax Exempt 5 Year Variable Rate	79% of 3M or 12M LIBOR plus 0.95%	79% of 3M LIBOR Plus 1.381%
Tax Exempt 7 Year Variable Rate	79% of 3M or 12M LIBOR plus 1.01%	79% of 3M LIBOR Plus 1.381%
Tax Exempt 10 year Variable Rate	79% of 3M or 12M LIBOR plus 1.16%	79% of 3M LIBOR Plus 1.381%
Tax Exempt 5 Year Fixed Rate Term	79% ICE 5 Year SWAP rate plus 1.07%	None
Tax Exempt 7 Year Fixed Rate Term	79% ICE 7 Year SWAP rate plus 1.17%	None
Tax Exempt 10 year Fixed Rate Term	79% ICE 10 Year SWAP rate plus 1.37%	None
Term Out Period	Up to 10 years	Up to 10 years
Additional Covenants	None	1) maintain \$10 million emergency fund 2) No draws until \$2.5 million of emergency fund is spent
Additional Fees	\$40,000 legal one time 5 Year total \$40,000	\$35,000 legal annually 5 year total \$175,000

ORDINANCE NO. 18-_____

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, AMENDING THE CODE OF THE CITY OF GALVESTON 1982 CHAPTER 2, ARTICLE IV “BOARDS COMMISSIONS AND COMMITTEES” DIVISION 4 “INTERMODAL TRANSPORTATION COMMITTEE” TO ELIMINATE THE INTERMODAL TRANSPORTATION COMMITTEE, REPEALING CITY CODE SECTIONS 2-190 THROUGH 2-196; REPEALING ALL ORDINANCES OR PARTS THEREOF IN CONFLICT TO THE EXTENT OF SUCH CONFLICT ONLY; PROVIDING FOR AN EFFECTIVE DATE AND MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT.

WHEREAS, the City of Galveston first created the Intermodal Transportation Committee by Ordinance No. 03-041 and has from time to time amended aspects of the Committee through the passage of subsequent Ordinances; and

WHEREAS, the Committee has through the years been a hardworking advisory committee run by dedicated citizens appointed by Council to consider the various transportation issues confronting the City; and

WHEREAS, the transportation needs of the City have changed dramatically and City staff has a greater expertise in dealing with transportation issues in the City; and

WHEREAS, it appears that there is no longer a need for a standing Intermodal Transportation Committee to continue in existence and that if in the future there is a need for a committee to consider a transportation issue for the City Council it could be convened on an ad hoc basis, and

WHEREAS, the City Council finds that the efficiency of the City and its staff will be promoted by dissolving the Intermodal Transportation Committee and deleting references to the Committee from the Code of the City of Galveston;

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. “The Code of the City of Galveston 1982, as amended,” Chapter 2, Article IV, “Boards, Commissions and Committees,” Division 4, Intermodal Transportation Committee” Sections 2-190 through 2-196 is hereby amended to repeal those sections and to read as follows:

Sec. 2-190. -- Established.

- (a) ~~There is hereby established the City of Galveston Intermodal Transportation Committee to review and evaluate the following traffic and transportation issues:~~
- ~~(1) -- To cause to be prepared, review and recommend to the city council a formal street system thoroughfare plan and to review and recommend subsequent changes to such plan. The Intermodal Transportation Committee should be the keeper of the thoroughfare plan.~~
 - ~~(2) -- To recommend to the city council concerning infrastructure reduction strategies. Existing low traffic volume roadways in the city should be identified, abandoned and redeveloped. Street closures and other traffic calming techniques, upon implementation will reduce impact loading on the roadway.~~
 - ~~(3) -- To cause to be prepared, review and recommend to the city council a formal hike and bike system plan and to review and recommend subsequent changes to such plan.~~
 - ~~(4) -- To cause to be prepared, review and recommend to the city council a safe walk to school and park sidewalk trail program and to review and recommend subsequent changes to such plan.~~
 - ~~(5) -- To work with city staff to select and prioritize projects that may be most eligible for funding under the Federal Transportation Efficiency Act 21st Century (TEA 21) and make recommendations to the city council regarding the suitability for such a funding request relative to other priorities the city may identify.~~
 - ~~(6) -- To seek out and advocate Intermodal Transportation Funding for the implementation of the above plans through the local council of governments (Houston Galveston Area Council -- HGAC and Texas Department of Transportation -- TXDOT) and to participate in the search of local obligation matching funds for such projects.~~
 - ~~(7) -- To review and make recommendations to the city council concerning the acceptability of all formal planning reports regarding the various modes of transportation in the city.~~
 - ~~(8) -- To review data and information developed to support Livable Communities Initiative ("LCI") improvements through the Federal Transit Administration (FTA) for the enhanced interaction between transit facilities and the surrounding community through improvement of access, streetscapes, safety, security, lighting, landscaping, and related items using leveraged federal funds for improvements ("LCI improvement program").~~
- (b) ~~The intermodal transportation committee shall be composed of seven (7) voting members and three (3) ex-officio non-voting members to include one (1) councilmember, one (1) owner or designee of a commercial property located within an identified Livable Communities Initiative Program area, and one (1) owner or designee of a large employer of fifty (50) or more employees, located within an identified Livable Communities Initiative Program area. All members shall be appointed by the city council.~~
- (c) ~~The director of transportation, the director of public works, and the city engineer or their designee shall attend all meetings to provide information to the committee.~~

~~(Ord. No. 03-041, § 3, 4-24-03; Ord. No. 05-045, § 2, 7-28-05; Ord. No. 07-009, § 2, 2-8-07; Ord. No. 09-064, § 2, 11-5-09)~~

~~Sec. 2-191.—Qualifications.~~

~~At the time of appointment, each committee member shall be a citizen of the United States and shall have resided in the city for at least one (1) year immediately prior thereto. With the exception of the ex-officio members, no committee member shall hold an elective public office, and no member shall be appointed who is an employee of the city.~~

~~(Ord. No. 03-041, § 3, 4-24-03)~~

~~Sec. 2-192.—Terms.~~

- ~~(a) —The committee members shall be appointed by the city council for a term of three (3) years, except, of the first eleven (11) members appointed, five (5) shall serve for a term of two (2) years. All other members shall serve for a term of three (3) years. Thereafter, all members of the committee shall be appointed by the city council for a term of three (3) years in accordance with this Code.~~
- ~~(b) —Members of the committee shall elect a chairperson from among its voting members and any vacancy in an unexpired term shall be filled by council appointment for the remainder of the term. All appointees shall serve at the discretion of city council. No member may serve for more than two (2) consecutive full terms, or for any consecutive period greater than the period allowed by the City Charter.~~

~~(Ord. No. 03-041, § 3, 4-24-03)~~

~~Sec. 2-193.—Powers.~~

~~The committee shall be an advisory committee and shall make all recommendations and suggestions directly to city council.~~

~~(Ord. No. 03-041, § 3, 4-24-03)~~

~~Sec. 2-194.—Quorum and voting.~~

- ~~(a) —A majority of the voting membership shall constitute a quorum for the conduct of business.~~
- ~~(b) —The ex-officio council members and city staff shall not have the right to vote nor shall they be counted to determine the quorum.~~

~~(Ord. No. 03-041, § 3, 4-24-03)~~

~~Sec. 2-195.— Meetings.~~

- ~~(a) — The committee shall meet as often as necessary to discuss matters within the concern of the committee; however, the committee shall meet no less than four (4) times during each fiscal year.~~
- ~~(b) — The chairperson of the committee or any two (2) members of the committee may call a special meeting as necessary to conduct business.~~
- ~~(c) — The meeting shall be held at city hall and in accordance with the Texas Open Meetings Act. Provided, however, the committee may convene into executive session on matters which are allowed to be closed to the public under the Texas Open Meetings Act. The city secretary or designee shall record minutes of the committee's meetings and post notice of the meeting in accordance with the law.~~

~~(Ord. No. 03-041, § 3, 4-24-03)~~

~~Sec. 2-196.— Rules of procedure.~~

~~The committee may adopt its own rules for the conduct of business before it. Should the committee fail to adopt its own rules of procedure, the conduct and procedure of the committee meetings shall conform to and be governed by the City Charter, this Code, and Robert's Rules of Order, Revised.~~

~~(Ord. No. 03-041, § 3, 4-24-03)~~

Secs. 2-197—2-199. - Reserved

SECTION 3. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

SECTION 4. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 5. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 6. This Ordinance shall become effective and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

APPROVED AS TO FORM:

DONALD S. GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its special meeting held on the 23rd day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____ day of August 2018.

JANELLE WILLIAMS
Secretary for the City Council
Of the City of Galveston

ORDINANCE NO. 17-__

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, AUTHORIZING THE SALE OF THE CITY'S VACANT LAND LOCATED IN THE CITY OF GALVESTON, TEXAS DESCRIBED AS 3,182 SQUARE FEET OF VACANT LAND COMMONLY KNOWN AS 2601 AVENUE Q AND LEGALLY DESCRIBED AS N 74' OF LOT 7, NW BLOCK 116, GALVESTON OUTLETS IN THE CITY AND COUNTY OF GALVESTON TEXAS; GRANTING AUTHORITY TO THE CITY MANAGER TO EXECUTE NECESSARY DOCUMENTS RELATED TO THE TRANSACTION; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Sean Kahn, has requested the City sell unused City property located in the City of Galveston, Texas depicted on the appraisal attached hereto as Exhibit A; and,

WHEREAS, pursuant to Tex. Loc. Gov't Code 272.001(b)(1), city owned property which consists of narrow strips of land, or land that because of its shape, or lack access to public roads or small in area, cannot be independently used under its current zoning, may be sold without an auction; and,

WHEREAS, pursuant to Tex. Loc. Gov't Code 272.001(c)(1) allows for the sale of such small parcels of property to abutting landowners and the Applicant will qualifies for such status at this time; and,

WHEREAS, Tex. Loc. Gov't Code 272.001 requires the property be acquired by sale for fair market value based on an appraisal obtained by the City; and,

WHEREAS, after conducting a public hearing, the City Council of the City of Galveston, Texas, deems it in the public interest to abandon this property to Applicant, subject to the conditions listed in Section 3 below.

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are adopted by the City Council and made a part hereof for all purposes.

SECTION 2. Subject to the conditions set forth in Section 3 below, the City Council of the City of Galveston, Texas, hereby authorizes the sale of the City's vacant land located in the City of Galveston, Texas described as 3,182 Square Feet of vacant land commonly known as 2601 Avenue Q and legally described as N 74' of Lot 7, NW Block 116, Galveston Outlots in the City and County of Galveston, Texas, subject to the conditions set forth in Section 3 herein.

SECTION 3. This sale is subject to the following conditions:

1. The applicant shall pay for an opinion letter, from a licensed real estate broker or appraiser, regarding the market value of the subject property. The licensed real estate broker or appraiser shall be appointed by the City;
2. The applicant shall dedicate all easements necessary during the platting process to access any public/private utilities and services determined to be present;
3. The applicant shall pay the value of the property as determined by the licensed real estate broker or appraiser, after it is reviewed and approved by the City Manager; and,
4. The applicant shall bear the cost of the preparation of the quitclaim deed and all recording fees.

SECTION 4. This sale is made expressly subject to, and is not intended in any way to affect the rights of owners of other public or private utilities, if any, to continue to occupy and to have access to all of said abandoned property, and all such rights shall continue in full force and effect until released by owners of such utility facilities, nor shall this abandonment effect any private easement rights. The City of Galveston retains any mineral rights it may have in the property abandoned as a result of this Ordinance.

SECTION 5. Applicants shall accept the provisions of this Ordinance by signing as indicated below within sixty (60) days after this Ordinance is adopted by City Council. In the event said acceptance is not signed as provided for, this abandonment shall be of no further effect and shall be considered as having been entirely canceled.

SECTION 6. The City Manager is authorized to execute the necessary deed in form and content approved by the City Attorney. The deed shall convey the abandoned property as described above to applicant. The deed shall be subject to the easements and reservations set forth in this Ordinance.

SECTION 7. It is declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable. If any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by a final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Ordinance.

SECTION 8. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 9. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 10. This Ordinance shall be and become effective from and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

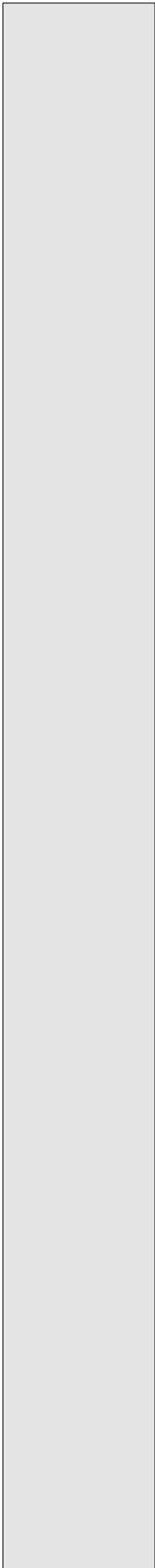
APPROVED AS TO FORM:

MEHRAN JADIDI
ASSISTANT CITY ATTORNEY

I, Janelle Williams, City Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its regular meeting held on the 23rd day of August, 2018 as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this _____ day of _____, 2018.

Secretary for the City Council
Of the City of Galveston



APPRAISAL OF
THE PROPERTY LOCATED AT
2601 AVE. Q
GALVESTON, TX 77550

as of
JULY 3, 2018

for
SEAN KAHN

by
The Wilkenfeld Company
617 8th Ave N
Texas City, TX 77590

The Wilkenfeld Company
617 8th Ave N
Texas City, TX 77590
409-945-8336

July 9, 2018

SEAN KAHN

Property - 2601 AVE. Q
GALVESTON, TX 77550
Client - SEAN KAHN
File No. - 16563
Case No. -

Dear :

In accordance with your request, I have prepared an appraisal of the real property located at 2601 AVE. Q, GALVESTON, TX.

The purpose of the appraisal is to provide an opinion of the market value of the property described in the body of this report.

Enclosed, please find the report which describes certain data gathered during our investigation of the property. The methods of approach and reasoning in the valuation of the various physical and economic factors of the subject property are contained in this report.

An inspection of the property and a study of pertinent factors, including valuation trends and an analysis of neighborhood data, led the appraiser to the conclusion that the market value, as of JULY 3, 2018 is :

\$12,000

The opinion of value expressed in this report is contingent upon the Limiting Conditions attached to this report.

It has been a pleasure to assist you. If I may be of further service to you in the future, please let me know.

Respectfully submitted,

The Wilkenfeld Company



Richard Robert Wilkenfeld
TX Certification #1321349

LAND APPRAISAL REPORT

File No.16563

IDENTIFICATION

OwnerSEAN KAHN

Census Tract7241

Map ReferenceCITY

Property Address2601 AVE. Q

CityGALVESTON

CountyGALVESTON

StateTX

Zip Code77550

Legal DescriptionN 74' LOT 7, NW BLOCK 116, GALVESTON OUTLOTS

Sale Price\$NA

Date of SaleN/A

Property RightsAppraised☒Fee☐Leasehold☐De Minimis PUD

Actual Real Estate Taxes\$529

(yr.)

ClientSEAN KAHN

Address

OccupantVACANT

AppraiserRichard Robert Wilkenfeld

Instructions to AppraiserMARKET VALUE

Intended User:SEAN KAHN

Intended Use:MARKET VALUE

NEIGHBORHOOD

Location☐ Urban☒ Suburban☐ Rural

Built Up☐ Over 75%☒ 25% to 75%☐ Under 25%

Growth Rate☐ Fully Dev.☐ Rapid☒ Steady☐ Slow

Property Values☐ Increasing☒ Stable☐ Declining

Demand/Supply☐ Shortage☒ In Balance☐ Over Supply

Marketing Time☐ Under 3 Mos.☒ 4-6 Mos.☐ Over 6 Mos.

Present Land Use80% 1 Family% 2-4 Fam% Apts.% Condo10% Commercial

100.000000% Industrial10% Vacant%

Change in Present Land Use☒ Not Likely☐ Likely (*)☐ Taking Place (*)

(*) FromTo

Predominant Occupancy☒ Owner☐ Tenant% Vacant

Single Family Price Range\$ 150,000to \$ 400,000Predominant Value \$ 250,000

Single Family Age0yrs. to60yrs. Predominant Age25yrs.

Employment Stability☐ Good☒ Avg.☐ Fair☐ Poor

Convenience to Employment☐ ☒ ☐ ☐

Convenience to Shopping☐ ☒ ☐ ☐

Convenience to Schools☐ ☒ ☐ ☐

Adequacy of Public Transportation☐ ☒ ☐ ☐

Recreational Facilities☐ ☒ ☐ ☐

Adequacy of Utilities☐ ☒ ☐ ☐

Property Compatibility☐ ☒ ☐ ☐

Protection from Detrimental Conditions☐ ☒ ☐ ☐

Police and Fire Protection☐ ☒ ☐ ☐

General Appearance of Properties☐ ☒ ☐ ☐

Appeal to Market☐ ☒ ☐ ☐

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, noise)THE SUBJECT IS LOCATED IN CLOSE PROXIMITY TO CHURCHES, SCHOOLS, SHOPPING CENTERS AND EMPLOYMENT AREAS.

SITE

DimensionsNO SURVEY PROVIDED= 3182 S.F.☒ Corner Lot

Zoning ClassificationCENTRAL BUSINESSPresent improvements☒ do☐ do not conform to zoning regulations

Highest and best use:☒ Present use☐ Other (specify)

PublicOther (Describe)

Elec.☐

Gas☐

Water☐

San. Sewer☐

☐ Underground Elect. & Tel.

OFF SITE IMPROVEMENTS

Street Access:☒ Public☐ Private

SurfaceCONCRETE

Maintenance:☒ Public☐ Private

☒ Storm Sewer☒ Curb/Gutter

☒ Sidewalk☒ Street Lights

TopoLEVEL

SizeAVERAGE

ShapeRECTANGULAR

ViewAVERAGE

DrainageADEQUATE

Is the property located in a HUD Identified Special Flood Hazard Area?☒ No☐ Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions)THE SUBJECT IS LOCATED IN ZONE X OF FEMA MAP #4854690026E DATED 12/6/2002.

MARKET DATA ANALYSIS

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject.

For the Market Data Analysis☐ See grid below.☐ See narrative attachment.

ITEM	Subject Property	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address	2601 AVE. Q GALVESTON, TX	6614 AVE. Q GALVESTON, TX 77550		5322 AVE. L GALVESTON, TX 77550		AVE. M 1/2 GALVESTON, TX 77550	
Proximity to Subj.		0.74 miles W		2.06 miles W		0.69 miles W	
Sales Price	\$ NA		\$ 10,000		\$ 11,600		\$ 7,000
Price	\$		\$ 3		\$ 4		\$ 3
Data Source		MLS/GCAD		MLS/GCAD		MLS/GCAD	
Date of Sale and Time Adjustment	DESCRIPTION N/A	DESCRIPTION 7/7/2016	+ (-) \$ Adjustment +1,000	DESCRIPTION 3/23/2018	+ (-) \$ Adjustment	DESCRIPTION 1/19/2018	+ (-) \$ Adjustment
Location	GALVESTON	GALVESTON		GALVESTON		GALVESTON	
Site/View	AVERAGE	AVERAGE		AVERAGE		AVERAGE	
Site Area	3182 S.F.	4000 S.F.	-3,300	3000 S.F.	+750	2706 S.F.	+1,900
Sales or Financing Concessions		CONV.		CONV.		CONV.	
Net Adj. (Total)		☐ Plus ☒ Minus \$	-2,300	☒ Plus ☐ Minus \$	750	☒ Plus ☐ Minus \$	1,900
Indicated Value of Subject		Gross 43.0% Net -23.0% \$ 7,700		Gross 6.5% Net 6.5% \$ 12,350		Gross 27.1% Net 27.1% \$ 8,900	

Comments on Market Data:ALL COMPARABLES ARE CONSIDERED REPRESENTATIVE OF THE PRICES BEING PAID IN THE AREA.

RECONCILIATION

Comments and Conditions of Appraisal:THE SALES INDICATE AN APPROPRIATE PRICE FOR THE SUBJECT PROPERTY UNDER APPRAISAL.

Final Reconciliation:THE FINAL VALUE WAS SUPPORTED BY ALL THREE COMPARABLE SALES.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OFJuly 3, 2018to be \$12,000

The Wilkenfeld Company

PHOTOGRAPH ADDENDUM

Intended User	SEAN KAHN				
Property Address	2601 AVE. Q				
City	GALVESTON	County	GALVESTON	State	TX
				Zip Code	77550
Client	SEAN KAHN				



View of site



Street Scene



Street Scene

Location Map

Intended User	SEAN KAHN		
Property Address	2601 AVE. Q		
City	GALVESTON	County	GALVESTON
		State	TX
		Zip Code	77550
Client	SEAN KAHN		

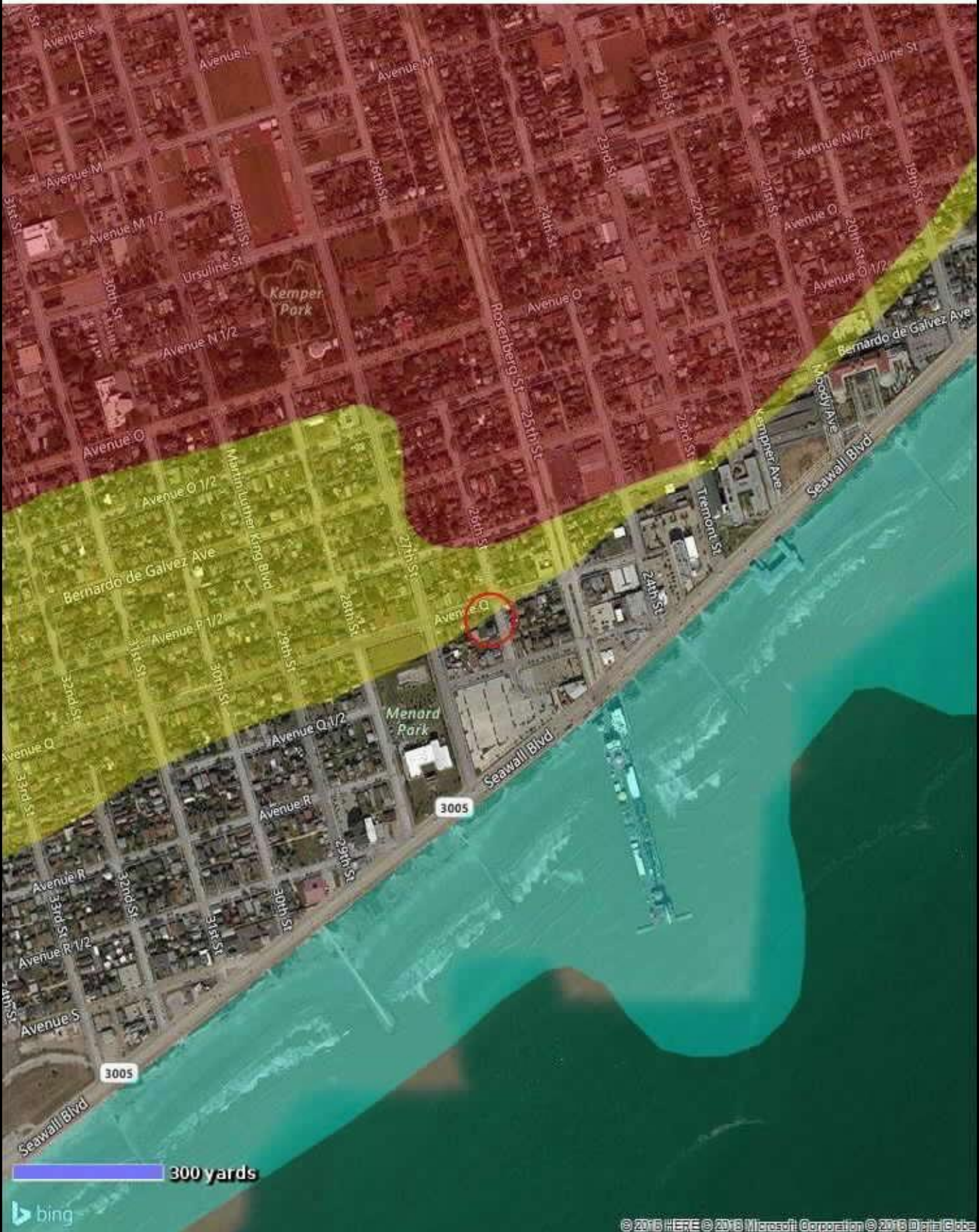


FLOOD MAP

Intended User	SEAN KAHN			
Property Address	2601 AVE. Q			
City	GALVESTON	County	GALVESTON	State TX Zip Code 77550
Client	SEAN KAHN			

InterFlood by a la mode

Prepared for: THE WILKENFELD CO.
2601 Avenue Q
Galveston, TX 77550-7852



MAP DATA

FEMA Special Flood Hazard Area: No
Map Number: 4854690026E
Zone: X
Map Date: December 06, 2002
FIPS: 48167

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard

- Protected Areas
- Floodway
- Subject Area

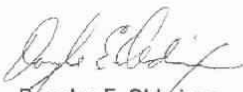
Powered by CoreLogic®

Intended User	SEAN KAHN				
Property Address	2601 AVE. Q				
City	GALVESTON	County	GALVESTON	State	TX
				Zip Code	77550
Client	SEAN KAHN				

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified General Real Estate Appraiser

Number: **TX 1321349 G**
Issued: **06/13/2017** Expires: **06/30/2019**
Appraiser: **RICHARD ROBERT WILKENFELD**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

This appraisal report is subject to the scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
3. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
4. The appraiser has noted in this appraisal report any adverse conditions (such as the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent deficiencies or adverse conditions of the property (such as, but not limited to, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

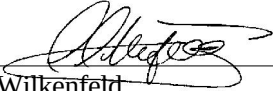
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the subject property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
9. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale of the subject property.
10. I have knowledge and experience in appraising this type of property in this market area.
11. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
12. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
13. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
14. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
15. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
16. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
17. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event.
18. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
19. I identified the client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.
20. I am aware that any disclosure or distribution of this appraisal report by me or the client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.
21. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

SUPERVISORY APPRAISER’S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an “electronic record” containing my “electronic signature,” as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature 

Name Richard Robert Wilkenfeld

Company Name The Wilkenfeld Company

Company Address 617 8th Ave N

Texas City, TX 77590

Telephone Number 409-945-8336

Email Address Wilkenfeldco@aol.com

Date of Signature and Report 07/09/2018

Effective Date of Appraisal JULY 3, 2018

State Certification # 1321349

or State License #

or Other State #

State TX

Expiration Date of Certification or License 06/30/2019

ADDRESS OF PROPERTY APPRAISED

2601 AVE. Q

GALVESTON, TX 77550

APPRAISED VALUE OF SUBJECT PROPERTY \$ 12,000

CLIENT

Name

Company Name SEAN KAHN

Company Address

Email Address

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature

Name

Company Name

Company Address

Telephone Number

Email Address

Date of Signature

State Certification #

or State License #

State

Expiration Date of Certification or License

SUBJECT PROPERTY

☐ Did not inspect subject property

☐ Did inspect exterior of subject property from street

Date of Inspection

☐ Did inspect interior and exterior of subject property

Date of Inspection

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street

☐ Did inspect exterior of comparable sales from street

Date of Inspection

STAFF REPORT

TO: Mayor Yarbrough and Members of City Council
FROM: Kim Coogan, Assistant City Attorney
DATE: July 10, 2018
RE: Request for Abandonment of Vacant Land at 2601 Ave. Q.

Mr. Sean Khan, a homeowner of at 2605 Ave. Q, contacted the city and asked to purchase the corner half lot adjacent to his property at 2601 Avenue Q. He intends to use it in conjunction with his home.

In 1995, the 3182 s.f. residential lot at 2601 Ave. Q was conveyed to the City of Galveston. There are no tax or other liens on the property. The City has not used the half lot in the 23 years it has owned it, collects no tax revenue, but uses city funds to mow the property.

The lot was appraised at Mr. Kahn's expense. It has an appraised value of \$12,000, and Mr. Kahn has agreed to pay the amount of \$21,380.00. This proposed sale is not subject to the notice and bidding requirements of Local Gov't Code Chapter 272 because the lot is a half lot, and its shape or small area cannot be used independently under applicable subdivision ordinances, per §272.001.

As this vacant land is not necessary to the City, the applicant requests to purchase the vacant land. The city recommends that the lot be sold to Mr. Khan for \$21,380.00.



City of Galveston

DEVELOPMENT SERVICES DEPARTMENT

823 Rosenberg | Galveston, TX 77550
409-797-3660 planningcounter@galvestonTX.gov

Date: August 30, 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Catherine Gorman, AICP, Assistant Director/Historic Preservation Officer, Development Services Department

RE: **18PA-042** Request to Amend Chapter 32 – Streets, Sidewalks, and Public Places, of the Code of Ordinances of the City of Galveston clarifying items related to plantings.
Applicant: City of Galveston

I. Background

- A. Section 32-5(e)(2) of Galveston Municipal Code provides standards for planting in the City's right-of-way.
- B. Following Hurricane Ike and the related tree removal, the Tree Committee in coordination with Public Works, Planning and Community Development, Parks and Recreation, and Texas Parks and Wildlife recommended that permission to plant specified trees within the City easement under certain conditions be allowed. The planting standards were adopted by City Council on November 9, 2009.
- C. Prior to this change, all plantings placed in the right-of-way required a License to Use which was issued by staff. Currently, a License to Use is not required provided all standards are being met.

II. Current Situation

- A. In coordination with the City Marshal's Office, staff has determined a need to clarify the language in Section 32-5(e)(2) of the Municipal Code.





City of Galveston

DEVELOPMENT SERVICES DEPARTMENT

823 Rosenberg | Galveston, TX 77550
409-797-3660 planningcounter@galvestonTX.gov

III. Issues

- A. Clarify that no plantings are allowed in alleys. Alleys are working spaces and planting may interfere with garbage pickup and utilities.
- B. Clarify that the planting standards apply to palms. Trees and palms share the same visibility issues,
- C. Add Canary Date Palm to the recommended tree species. This is an effort to align the recommended trees in City Code with the recommended trees in the ReLeaf Plan.

IV. Alternatives in Order of Priority

- A. Approval of proposed changes to the Municipal Code.
- B. Do not approve the changes.

V. Recommendation

Approval of proposed changes to the Municipal Code

VI. Fiscal Impact Report

Requested by:

Catherine Gorman, AICP
Assistant Director/Historic Preservation Officer
Development Services Department

Funding Source:

n/a

Costs of Implementation:

minimal staff time

VII. Attachments

- A. Proposed code changes



ORDINANCE NO. 18-__

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, AMENDING “THE CODE OF THE CITY OF GALVESTON 1982, AS AMENDED”, CHAPTER 32, “STREETS, SIDEWALKS, AND PUBLIC SPACES” BY AMENDING SECTION 32-5 TO CLARIFY THAT NO PLANTING OF ANY FLORA IS ALLOWED IN ALLEYWAYS, CLARIFY THAT PLANTING STANDARDS APPLY TO PALMS, AND ADD CANARY DATE PALM TO THE RECOMMENDED TREE SPECIES; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Section 32-5(e)(2) of the City Code provides standards for the planting in the City’s right-of-way; and,

WHEREAS, following Hurricane Ike and the related tree removal, the Tree Committee in coordination with Public Works, Planning and Community Development, Parks and Recreation, and Texas Parks and Wildlife recommended that permission to plant specified trees within the City easement under certain conditions be allowed. The planting standards were adopted by City Council on November 9, 2009; and,

WHEREAS, prior to this change, all plantings placed in the right-of-way required a License to Use which was issued by staff. Currently, a License to Use is not required provided all standards are being met; and,

WHEREAS, in coordination with the City Marshal’s Office, staff has determined a need to clarify the language in Section 32-5(e)(2) of the Municipal Code; and,

WHEREAS, the City Council of the City of Galveston, Texas, deems it in the public interest to amend the Code to provide that no plantings are allowed in alleys, planting standards apply to palms, and adding a Canary Date Palm to the recommended tree species.

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. Section 32-5, “Placement of items within the city right-of-way.” Of the Code of the City of Galveston 1982, as amended, is hereby amended to read and provide as follows:

Please see the attached Exhibit A for changes.

SECTION 3. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any

phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

SECTION 4. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 5. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 6. This Ordinance shall be and become effective from and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

APPROVED AS TO FORM:

MEHRAN JADIDI
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its regular meeting held on the 23rd Day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____ day of ____, 2018.

Secretary for the City Council
Of the City of Galveston

Tree lawn: An area between the curb and the sidewalk, or property line and sidewalk. If there is no sidewalk or curb within seven (7) feet from the curb line, or within seven (7) feet from the property line.

Chapter 32 - STREETS, SIDEWALKS AND PUBLIC PLACES¹

(e) Exceptions.

- (1) Upon approval by the director of public works, persons who wish to place city approved bins for the storage of city garbage containers on city rights-of-way west of 7½ Mile Road shall not be required to obtain a license-to-use. The property owner shall place the bin on city right-of-way as directed by the director of public works.
- (2) Permission is granted to abutting property owners or their agents ("the property owner") to plant tree and palm species that are listed on the table annexed hereto in the city's street right-of-way easement, not alleys, in compliance with this provision without the necessity of obtaining a license to use:
 - a. The property owner assumes responsibility and liability for all claims of personal injury or death, or property damage due to planting trees or palms in the city's right-of-way.
 - b. The property owner must first locate all underground utility lines including underground city water and sewer mains or service lines by calling the department of public works and by calling 811 to obtain the location of gas, electric, and other underground service lines. Planting is not permitted over these underground utilities.
 - c. Planting of large/medium trees is allowed in tree lawns that are between four (45) and seven (7) feet wide.
 - d. Only small trees and palms may be planted in tree lawns less than five (5) feet wide, or in tree lawns with overhead power or service lines.
 - e. Tree pPlanting in the tree lawn must be at least two and one-half (2.5) feet and no more than three and one-half (3.5) feet from the curb; it is recommended that planting be in the center of the tree lawn.
 - f. Trees and palms must be planted at least forty-five (45) feet from the corner curb on the side of streets having a traffic control sign.
 - g. Trees and palms must be planted at least thirty (30) feet from the corner curb on the side of streets having no traffic control sign.
 - h. Trees and palms must be planted at least fifteen (15) feet from alleys along intersecting roadways.
 - i. Trees and palms must be planted at least ten (10) feet from hydrants, utility poles, and street lights.
 - j. Trees and palms must be planted at least five (5) feet from driveways or walkways other than sidewalks.
 - k. Small trees and palms must be planted at least twenty (20) feet apart.
 - l. Medium to large trees and palms must be planted at least thirty (30) feet apart.
 - m. All trees must have trunk sizes between one (1) and three (3) inches in diameter, or come in fifteen (15) to sixty-five (65) gallon pots at the time of planting.
 - n. Palms must be at least five (5) feet (in "brown-trunk-feet") tall.
 - o. If there is no sidewalk and the roadway is thirty-two (32) feet wide or less, no trees or palms may be planted within the right-of-way.
 - p. No plantings of any kind (trees, or palms, flowers, shrubs, etc.) is allowed in alleys.

- q. Tree lawns may not encroach at all upon the minimum five (5) feet of pedestrian access in the right-of-way.
- r. Properties may only have one tree lawn between the property line and the right of way.
- prq. A written application for a variance from these requirements, with the exception of subsection (r.) below, may be made through the department of planning development services for administrative approval by its director or through the city's planning commission by request for a license to use. In making his/her administrative determination, the director shall consider intersection visibility and sidewalk accessibility in consultation with the director of public works, the suitability of other tree species, or planting in restricted areas, as well as the benefit to the community provided by planting trees.
- r. No variance or LTU may be requested for items located in the alleyway.

Appendix List of Recommended Trees

Recommended Tree Species for ROW Plantings in Galveston, TX

Large/Medium Trees and Palms
live oak (<i>Quercus virginiana</i>)
baldcypress (<i>Taxodium distichum</i>)
Montezuma baldcypress (<i>Taxodium mucronatum</i>)
cedar elm (<i>Ulmus crassifolia</i>)
pecan (<i>Carya illinoensis</i>)
magnolia (<i>Magnolia grandiflora</i>)
bur oak (<i>Quercus macrocarpa</i>)
overcup oak (<i>Quercus lyrata</i>)
Compton's oak (<i>Quercus x comptoniae</i> = <i>Q. virginiana</i> X <i>Q. lyrata</i>)
Mexican sycamore (<i>Platanus mexicana</i>)
anacua (<i>Ehretia anacua</i>)
Texas ebony (<i>Ebenopsis ebano</i> or <i>Pithecellobium flexicaule</i>)
Italian stone pine (<i>Pinus pinea</i>)

Texas sabal palm (<i>Sabal mexicana</i>)
California fanpalm (<i>Washingtonia filifera</i>)
Florida sabal palm (<i>Sabal palmetto</i>)
Canary Island date palm (<i>Phoenix canariensis</i>)
Small Trees (<20' tall at maturity)
yaupon (<i>Ilex vomitoria</i>)
crapemyrtle (<i>Lagerstroemia indica</i>)
Jerusalem-thorn or retama (<i>Parkinsonia aculeata</i>)
desert-willow (<i>Chilopsis linearis</i>)
possumhaw (<i>Ilex decidua</i>)
Eve's-necklace (<i>Sophora affinis</i> or <i>Styphnolobium affine</i>)
orchidtree (<i>Bauhinia</i> spp.)
Japanese black pine (<i>Pinus thunbergii</i>)
flameleaf sumac (<i>Rhus lanceolata</i>)

(f) Penalty.

- (1) *Health and safety violations.* Any person, firm or corporation who violates section 32-5 or who fails to comply with any requirement of this section or any license issued under this section relating to fire safety, zoning, or public health and sanitation shall be liable upon conviction by a fine not to exceed the sum of up to two thousand dollars (\$2,000.00) per day.
- (2) *Other violations.* Any person, firm or corporation who violates any provision of these regulations, or who fails to comply with any non-health and safety requirements of these regulations or a license issued under these regulations shall be liable, upon conviction, by a fine not to exceed the sum of up to five hundred dollars (\$500.00) per day.
- (3) *Separate offenses.* Each day a violation is continued shall constitute a separate offense.

(Code 1960, §§ 19-45, 19-46; Ord. No. 80-56, § 1, 7-17-80; Ord. No. 91-15, § 2, 2-28-91; Ord. No. 91-89, § 2, 11-14-91; Ord. No. 93-34, § 2, 4-8-93; Ord. No. 94-18, §§ 2, 3, 3-24-94; Ord.

No. 96-38, §§ 2, 3, 3-28-96; Ord. No. 96-48, § 2, 4-18-96; Ord. No. 97-95, §§ 2, 3, 11-13-97;
Ord. No. 98-67, § 2, 8-13-98; Ord. No. 99-66, § 2, 8-12-99; Ord. No. 09-066, § 2, 11-5-09; Ord.
No. 11-008, § 2, 1-27-11; Ord. No. 12-070, § 2, 12-13-12; [Ord. No. 14-028, § 2, 4-10-14](#).)



City of Galveston

DEVELOPMENT SERVICES DEPARTMENT

823 Rosenberg | Galveston, TX 77550
409-797-3660 planningcounter@galvestonTX.gov

Date: August 30, 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Catherine Gorman, AICP, Assistant Director/Historic Preservation Officer, Development Services Department

RE: **18PA-044** Request to Amend Chapter 32 – Streets, Sidewalks, and Public Places, of the Code of Ordinances of the City of Galveston to provide a Tree Care Ordinance for public trees.
Applicant: City of Galveston

I. Background

- A. One of the duties of the Tree Commission is to: develop and implement an educational outreach program and a partnership with an established tree program, such as Tree City, USA.
- B. The Committee has been working with the Arbor Day Foundation on the Tree City, USA application. The feedback from the Arbor Day Foundation is that Galveston lacks a Tree Care Ordinance for public trees.

II. Current Situation

- A. Currently the Municipal Code states the following: It shall be unlawful for any person to cut, break, bruise, mutilate or injure any tree, shrub or flower growing or planted on any public property (Section 32-4). This language is too vague to meet the Tree City, USA application standards.
- B. The Committee and Staff have modified the model ordinance provided by the Foundation to suit Galveston. The purpose of the ordinance is to clearly establish the authority and responsibility of managing public trees.
- C. The Tree Committee has reviewed and is recommending approval.





City of Galveston

DEVELOPMENT SERVICES DEPARTMENT

823 Rosenberg | Galveston, TX 77550
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III. Issues

- A. The proposal does not include any changes. Rather, it codifies current practices and responsibilities.

IV. Alternatives in Order of Priority

- A. Approval of proposed changes to the Municipal Code.
- B. Do not approve the changes.

V. Recommendation

Approval of proposed changes to the Municipal Code

VI. Fiscal Impact Report

Requested by:	Catherine Gorman, AICP Assistant Director/Historic Preservation Officer Development Services Department
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Funding Source:	n/a
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Costs of Implementation:	minimal staff time
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VII. Attachments

- A. Proposed code changes



ORDINANCE NO. 18-__

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, AMENDING “THE CODE OF THE CITY OF GALVESTON 1982, AS AMENDED”, CHAPTER 32, “STREETS, SIDEWALKS, AND PUBLIC SPACES” BY AMENDING SECTION 32-4 TO PROVIDE A TREE CARE ORDINANCE FOR PUBLIC TREES; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, The Galveston Tree Committee has reviewed and is recommending changes to clearly codify the authority and responsibility of managing public trees; and,

WHEREAS, currently the City Code states It shall be unlawful for any person to cut, break, bruise, mutilate or injure any tree, shrub, or flower growing or planted on any public property; and,

WHEREAS, such language is vague to the point of being unenforceable; and,

WHEREAS, the Galveston Tree Committee has been working with the Arbor Day Foundation on the Tree City, USA application, and the feedback from the Arbor Day Foundation is that the City of Galveston lacks a proper Tree Care ordinance; and,

WHEREAS, the proposed language below satisfies the need for proper care of public trees; and

WHEREAS, the City Council of the City of Galveston, Texas, deems it in the public interest to amend the Code to provide tree care for public trees.

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. Section 32-4, “Injuring trees, shrubs, or flowers.” Of the Code of the City of Galveston 1982, as amended, is hereby amended to read and provide as follows:

Section 32-4. ~~Injuring trees, shrubs, or flowers.~~ **Trees on Public Property.**

~~It shall be unlawful for any person to cut, break, bruise, mutilate or injure any tree, shrub or flower growing or planted on any public property.~~

a. Purpose.

To enhance the quality of life and the present and future health, safety, and welfare of all citizens, to enhance property values, and to ensure proper planting and care of trees on public property, the City Council herein delegates the authority and responsibility for managing public trees, and establishes practices governing the planting and care of trees on public property. Please refer to Article 9 of the Land Development Regulations for regulations pertaining to trees on private property.

b. Definitions.

As used in this Section, the following words and phrases shall have the meanings indicated:

Damage – any injury to or destruction of a tree, including but not limited to: uprooting; severance of all or part the root system or main trunk; storage of material on or compaction of surrounding soil; a substantial change in the natural grade above a root system or around a trunk; surrounding the tree with impervious paving materials; or any trauma caused by accident or collision.

Nuisance – any tree, or limb thereof, that has an infectious disease or insect; is dead or dying; obstructs the view of traffic signs or the free passage of pedestrians or vehicles; or threatens public health, safety and welfare. Any tree of any size that appears on the Invasive and Noxious Weeds list for the State of Texas promulgated by the United States Department of Agriculture or on the Texas Noxious and Invasive Plants list promulgated by the Texas Department of Agriculture will be considered a “Nuisance”. Identification by an International Society of Arboriculture Certified Arborist and/or degreed Forester is recommended.

Tree Lawn – the area along a public street between the curb and the sidewalk; or if there is no curb or sidewalk, the unpaved portion of the area between the street right-of-way line and the paved portion of the street or alley.

Public property – all grounds and rights-of-way (ROWs) owned or maintained by the City.

Public tree – any tree or woody vegetation on city-owned or city-maintained property or rights-of-way.

Top or Topping – the non-standard practice of cutting back of limbs to stubs within a tree’s crown to such a degree so as to remove the normal canopy and disfigure the tree.

Lion-tailing or stripping – unbalances the tree’s crown by distributing foliage and future growth uncharacteristically toward branch ends. Lions-tailing substantially weakens branches which may break easily in storms or under their own weight.

c. Authority and power.

- 1) *Delegation of authority.* The Parks and Recreation Director or designee, with the Galveston Tree Committee in an advisory role, hereinafter referred to as the “Director”, shall have the authority to plant, prune, maintain and remove trees and woody plants growing in or upon all city streets, rights-of-ways, city parks, and other public property. This shall include the removal of trees that may threaten electrical, telephone, gas, or any municipal water or sewer line, or any tree that is affected by fungus, insect, or other pest disease. This section shall not alleviate any property owner of the duties of maintenance established in Section 32-11.
- 2) *Coordination among city departments.* All city departments will coordinate as necessary with the Director and will provide services as required to ensure compliance with this Ordinance as it relates to streets, alleys, rights-of-way, drainage, easements and other public properties not under direct jurisdiction of the Director.
- 3) *Interference.* No person shall hinder, prevent, delay, or interfere with the Director or his or her agents while engaged in carrying out the execution or enforcement of this Section.
- 4) The Galveston Tree Committee shall advise the Director on decisions relating to the care of public trees. The Director reserves the right to refer any decision regarding public trees to the Galveston Tree Committee for consideration.

d. Tree planting and care standards.

- 1) *Standards.* All planting and maintenance of public trees shall conform to the American National Standards Institute (ANSI) A-300 "Standards for Tree Care Operations" and shall follow all tree care Best Management Practices (BMPs) published by the International Society of Arboriculture.
- 2) *Location Standard.* All new plantings shall conform to the location and spacing requirements in Article 32, Section 32-5(e)(2).
- 3) *Requirements of franchise utility companies.* Franchise utility companies shall provide advance notice to the City of their intended non-emergency tree pruning schedule and location of impacted area. The maintenance of public trees for utility clearance shall conform to all applicable utility industry standards.
- 4) *Tree species list.* The Director shall reference Article 32, Section 32-5(e)(2), Appendix: List of Recommended Trees for desirable tree species for planting on public property. Only trees from this approved list may be planted without written approval from the Director.
- 5) *Protection of public trees during construction.* Director. Any person, firm, corporation, or city department performing construction in the area of any public tree must employ appropriate measures to protect the tree according to ANSI A300 Standards: management of Trees and Shrubs during Site Planning, Site Development and Construction.

e. Prohibition against harming public trees.

- 1) It shall be unlawful for any person, firm or corporation to damage, remove, or cause the damage or removal of a tree on public property without written permission from the Director.

- 2) It shall be unlawful for any person, firm or corporation to attach any cable, wire or signs or any other object to any street, park, or public tree.
- 3) It shall be unlawful for any person, firm or corporation to “top” or “lion-tail” any public tree. Trees severely damaged by storms or other causes, where best pruning practices are impractical may be exempted from this provision at the determination of the Director.

f. Violations and penalty.

Any person, firm or corporation violating any provision of this Ordinance shall be deemed guilty of a misdemeanor and shall be subject to a fine not to exceed five hundred dollars (\$500.00) for each offense.

SECTION 3. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

SECTION 4. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 5. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 6. This Ordinance shall be and become effective from and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

APPROVED AS TO FORM:

MEHRAN JADIDI
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its regular meeting held on the 23rd Day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____ day of ____, 2018.

Secretary for the City Council

Of the City of Galveston

ORDINANCE NO. 18-

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, AMENDING “THE CODE OF THE CITY OF GALVESTON 1982, AS AMENDED”, CHAPTER 2, “ADMINISTRATION”, ARTICLE III, CITY COUNCIL, SECTION 2-134 “AGENDA”, TO REQUIRE SUBMISSION OF AGENDA ITEMS NO LATER THAN NOON OF THE SEVENTH DAY PRECEDING THE CITY COUNCIL MEETING FOR WHICH THE AGENDA IS BEING PREPARED FOR AN EFFECTIVE DATE; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT.

WHEREAS, the preparation of the agenda and accompanying information is a critical activity to allow the City Council to function efficiently and within the confines of the Charter and laws of the State of Texas. There is limited time within which to prepare for meetings of Council. Last minute addition of items to a present agenda undermines the ability to properly prepare and assemble needed documentation for City Council meetings; and

WHEREAS, the City Council desires to maximize staff efficiency in the preparation of the materials for Council workshops and sessions; and,

WHEREAS, the typical City Council meeting is scheduled for a Thursday and Council prefers the agenda be fixed and presented to them on the preceding Friday to allow extra preparation time for the meeting; and

WHEREAS, the City Council of the City of Galveston, Texas deems it to be in the public interest to amend Chapter 2, “Administration”, Article III, City Council, Section 2-134 “Agenda”, to require submission of agenda items to the City Secretary, no later than noon on the 7th day preceding the date of the meeting for which the agenda is being prepared so the final agenda can be issued by the City Secretary on the following day.

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The Code of the City of Galveston Chapter 2, “Administration”, Art. III “City Council” Section 2-134 “Agenda”, is hereby amended to add and provide as follows:

Sec. 2-134. - Agenda.

No ordinance or resolution will be placed on the workshop or regular session agendas of the city council for discussion unless two (2) members of the council, or the mayor, indicate their support in writing or orally for placing an item on the agenda. Provided, that neither the city manager nor the city attorney shall be required to obtain the consent of the city council to place an ordinance, resolution or other item on the city council regular, special, workshop or executive session agendas. Provided further, nothing herein shall prevent the mayor or two (2) members of the city council from calling special meetings of the city council consistent with article II of the Charter.

~~Items presented to the city secretary for inclusion on the agenda shall be submitted no later than 3:00 p.m. on the day before the seventy-two (72) hour posting period required by the Open Meetings Act. To the city secretary for inclusion on the agenda, items may not be submitted on a Saturday, Sunday or city observed holiday.~~ Items submitted to the City Secretary on a Saturday, Sunday or city observed holiday for placement on the agenda shall be considered to have been submitted to the city secretary on the next regular business day of the City. (Example: a council meeting scheduled for Thursday June 30, would require receipt of agenda items by 3:00 p.m., Friday June 24).

Except in the instance of public emergency, items presented to the city secretary for inclusion on the agenda shall be submitted no later than 3:00 p.m. on the day before the seventy-two (72) hour posting period required by the Open Meetings Act. To noon seven days prior to the scheduled meeting of City Council, the city secretary for inclusion on the agenda, items In the instance of a public emergency declared by the Mayor, items must be submitted to the city secretary no later than three hours before the city secretary must post the agenda in compliance with the Texas Open Meetings Act.

SECTION 3. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Ordinance.

SECTION 4. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 5. In accordance with the provisions of Sections 12 and 13 of Article II of The City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 6. This Ordinance shall be and become effective upon its adoption and publication in accordance with the provisions of The Charter of the City of Galveston.

APPROVED AS TO FORM:

DONALD S. GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its regular meeting held on August 23, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this _____ day of _____, 2018.

Secretary for the City Council
of the City of Galveston

ORDINANCE NO. 18-_____

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, AMENDING THE CODE OF THE CITY OF GALVESTON 1982 CHAPTER 2, ARTICLE III “CITY COUNCIL” SECTION 2-135 TO CLARIFY THE PROCEDURES REGRADING MOTIONS TO RECONSIDER; REPEALING ALL ORDINANCES OR PARTS THEREOF IN CONFLICT TO THE EXTENT OF SUCH CONFLICT ONLY; PROVIDING FOR AN EFFECTIVE DATE AND MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT.

WHEREAS, Section 11 of Article II of the Charter of the City of Galveston provides that the Council shall by Ordinance determine its own rules and order of business; and

WHEREAS,; Section 11 of Article II of the Charter of the City of Galveston provides that “[I]f an action fails for lack of four (4) favorable votes Councilmembers who voted for or against the action may have Council reconsider the action by placing it on the agenda for the next regularly scheduled meeting in accordance with rules for placing items on agendas” but is otherwise silent on the number of times a matter may be reconsidered; and

WHEREAS, it is in the public interest to clarify this procedural point to promote the efficient use of Council and staff time on matters before it.

WHEREAS, the City Council finds that the adoption of a procedural rule on the number of times a motion to reconsider may be entertained is permitted by the Charter and should be adopted.

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

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. Chapter 2 “Administration” Article III “City Council” Section 2-135 of the “Code of the City of Galveston 1982 as amended” is hereby amended to rename the Section and include regulations providing a failed agenda item matter may be subject to a motion for reconsideration only one time, such amendment read and provide as follows:

Sec. 2-135. - ~~Robert's Rules~~ **of Procedure**.

1. Except as otherwise provided in this section or by the City Charter, the conduct and procedure of city council meetings shall conform to and be governed by Robert's Rules of Order, Revised.
2. If an action fails for lack of four (4) favorable votes Councilmembers the action may be reconsidered by Council by placing it on the agenda for the

next regularly scheduled meeting in accordance with rules for placing items on agendas.. A matter may be the subject of a motion to reconsider only one time.

SECTION 3. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

SECTION 4. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 5. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 6. This Ordinance shall become effective and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

APPROVED AS TO FORM:

DONALD S. GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its special meeting held on the 23rd day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____ day of August 2018.

JANELLE WILLIAMS
Secretary for the City Council
Of the City of Galveston

RESOLUTION NO. 18-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS ("THE CITY"), APPROVING AN INTERLOCAL AGREEMENT WITH THE GULF COAST CENTER ("THE CENTER") PROVIDING VEHICLES AND DRIVERS FOR THE USE OF THE -CITY IN THE EVENT OF A FORMAL MANDATORY EVACUATION; AUTHORIZING THE CITY MANAGER TO EXECUTE THE INTERLOCAL AGREEMENT; PROVIDING FOR FINDINGS OF FACT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Galveston, Texas ("the City") desires to enter an Interlocal Agreement with the Gulf Coast Center ("the Center") providing vehicles and drivers for the use of the City in the event of a formal mandatory evacuation; and,

WHEREAS, the City and the Center are authorized to enter into this agreement in accordance with the Interlocal Cooperation Act, Chapter 791, et seq., of the Texas Government Code and by Section 534.015 of the Texas Health and Safety Code; and,

WHEREAS, the Parties find that the public interest is benefitted by having this Agreement for emergency evacuation purposes in place prior to the occurrence of an emergency or disaster, to assure prompt response; and,

WHEREAS, in accordance with the Texas Interlocal Cooperation Agreement Act, the City and the Center recognize that any payments for the performance of governmental functions or services shall be from available current revenues; and,

WHEREAS, the City Council deems it in the public's interest to obtain the use of the vehicles and drivers under the terms and conditions of the Agreement between the City and the Center, attached hereto as Exhibit A.

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

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby approves the Interlocal Agreement, in substantially the same form as "Exhibit A" attached to and incorporated herein for all intents and purposes in accordance with State law.

SECTION 3. The City Council of the City of Galveston hereby authorizes the City Manager to execute the Interlocal Agreement attached hereto as Exhibit A, as approved by the City Attorney.

SECTION 4. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

MEHRAN JADIDI
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its regular meeting held on the 23rd day of August 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this the _____ day of _____, 2018.

Secretary for the City Council
Of the City of Galveston

EXHIBIT A

**INTERLOCAL AGREEMENT BY AND BETWEEN
THE GULF COAST CENTER AND THE CITY OF GALVESTON**

THIS INTERLOCAL AGREEMENT (Agreement), effective June 1, 2018, is entered into by and between **the Gulf Coast Center**, a community center and an Authority of the State of Texas under the provisions of Chapter 534 of the Texas Health and Safety Code, as amended, (the "CENTER") and the **City of Galveston**, Texas, (the "CITY"), a home-rule municipal corporation existing under the laws of the State of Texas and situated in Galveston County, Texas, as duly authorized by its City Council.

RECITALS

WHEREAS, The Gulf Coast Center is the State of Texas designated mental health and intellectual and developmental disabilities local authority established to plan, coordinate, develop policy, develop and allocate resources, supervise, and ensure the provision of community based mental health and developmental disabilities services for the residents of Galveston and Brazoria Counties, Texas; and

WHEREAS, The CENTER and the CITY are both collaborators of the Hurricane Preparedness Committee for the City of Galveston; and,

WHEREAS, the CITY deems it advisable and in the public interest to execute an agreement with the CENTER for emergency evacuation coordination during a disaster; and,

WHEREAS, this Agreement is made under the authority of the Interlocal Cooperation Act as amended, Chapter 791, Texas Government Code; and,

WHEREAS, the CENTER warrants that it is legally authorized by Section 534.015 of the Texas Health and Safety Code to enter into this Agreement; and,

NOW, THEREFORE, in consideration of the mutual promises, covenants, agreements, undertakings, and benefits herein set forth, the CITY and the CENTER contract and agree as follows:

ARTICLE I [CENTER's Duties]

Subject to the remaining terms, conditions, and provisions hereof, the CENTER agrees to provide two (2) CENTER-owned handicap accessible vehicles including a qualified driver for each in the event a formal mandatory evacuation is ordered for the City of Galveston. Said vehicles will at all times remain the property of the CENTER and utilization and accessibility shall be deemed temporary and only for use during a mandatory evacuation.

CENTER agrees that the Drivers provided shall be under the supervision of the City and shall drive evacuees designated by the City to the City's Host Shelter, and shall return the evacuees to the City after the Mayor permits re-entry onto Galveston Island as directed by the City. Drivers will return residents to the Community Center and other designated drop-off points at the designated time.

ARTICLE II [City's Duties]

1. The City shall be responsible for overall management and direction of this Agreement

- through its City Manager or his designee; and,
2. The City shall be responsible for fuel and other costs associated with the CENTER's vehicles during the time each vehicle is in the City's possession; and,
3. The City shall provide food and housing for the CENTER's drivers at the City's Host Shelter.

In the event the CITY subcontracts any portion of requested service, the CITY agrees any subcontractors or employees of Contractor are the direct responsibility of Contractor. The CITY further agrees that all such agreements related to the performance of this agreement subsequent to the date of this Agreement shall include a statement that the parties thereto recognize and agree that the CENTER shall have no liability, financial or otherwise, under such Agreement to any third party to pay eligible costs or expenses incurred under such agreement, or otherwise. Any and all recourses will reside between the CITY and that subcontractor.

In the event the CITY chooses not to utilize the CENTER's driver or a CENTER driver is not available, the following apply:

1. The CITY will not make any changes or adaptations to any vehicle component without written approval by the Center; and,
2. The CITY will immediately notify the CENTER of any accident and or incident involving the CENTER vehicle(s); and,
3. The CITY understands fully that the vehicle(s) are being "temporarily loaned" from The CENTER for the named purpose (see Article I) and therefore CITY does not have access to the title of the vehicle(s) being utilized; and,
4. The CITY understands that it is fully responsible for any and all costs associated with the vehicles use (including but not limited to fuel, oil changes, tire repairs, etc); and,
5. The CITY is aware that it shall abide by the State and Federal Drug and Alcohol policies while receiving state and/or federal assistance.

ARTICLE III [Purpose]

The purpose of this agreement is to provide bus transportation for certain residents of the City of Galveston who are without means of other transportation, to a short-term shelter in the City of Austin (Host Shelter) or other designated Host Shelter in the event of a mandatory evacuation. The parties will use their best efforts to facilitate the transportation of those residents when it appears that a mandatory evacuation is ordered.

ARTICLE IV [Term]

This Agreement becomes effective when fully executed by the CITY and the CENTER and shall remain in force for a period of one year from the date of final execution, and shall automatically renew annually for a one year period, unless modified by mutual agreement of the Parties or terminated by either Party upon providing ninety (90) days written notice to the other Party.

ARTICLE V [Finances]

1. The CENTER shall advance and, if necessary, disburse monies from its current funds as required for the provision of requested service. The CENTER shall prepare all documentation necessary to submit to the CITY for reimbursement. The CITY shall approve, execute, and promptly pay such funds to the CENTER out of current funds; and,
2. Except as specifically provided in this Agreement, the City and CENTER shall be solely responsible for the costs, planning, support and all aspects of the operation of the services respectively performed by each one and contemplated by this Agreement; and,
3. The CITY and CENTER agree to mutually cooperate with the process of seeking direct reimbursement from the Federal Emergency Management Agency of the United States and the State of Texas. The CITY and CENTER shall maintain records to show actual time in the provision of the services, and the cost incurred for the period of time specified. To the extent applicable to the service, the CITY and CENTER shall cooperate in good faith to provide records satisfactory to the Federal and State governments.

ARTICLE VI [Regulations]

Subject to the terms and requirements of this Agreement, the CITY is aware that the two (2) vehicles which are the subject of this Agreement are funded with TxDOT and/or FTA funds. Thus all applicable Federal and State laws, regulations and policies shall apply as required by the respective entities. In the event any conflict arises due to contractual requirements with TxDOT or FTA, the Agreements with either entity shall override this Agreement.

In the event FTA or TxDOT denies the use of CENTER Vehicles for the specified purpose of a mandatory evacuation, the CENTER shall immediately notify the City and the CENTER shall not be responsible for purchasing, leasing or borrowing additional vehicle transportation to meet the requirements of this Agreement.

ARTICLE VII [Insurance]

The CENTER shall secure and maintain all liability insurance required by the State of Texas to provide public transportation services, including but not limited to, employer's liability and comprehensive general liability.

To the extent authorized by the Constitution and laws of the State of Texas, and without waiving any defenses or consequences whatever, under the same, the CITY agrees to hold the CENTER and its officers, employees, and agents harmless from and indemnify each against any and all claims, actions, damages, suits, proceedings, judgments and liabilities, including attorney's fees and costs of suit, for personal injury, death or property damage resulting from the acts or omissions of the CITY or acts or omissions of others under the CITY'S supervision or control.

The CENTER shall not be responsible for damages to property or injuries to the person of the CITY's officer, agents, contractors, servants, or employees. In no event shall any provision of this Agreement be construed to impose, create, or increase any liability to any third party whatsoever, and in no manner shall this Agreement be deemed or construed to operate for the benefit of any third party.

ARTICLE VIII [Changes in Regulations]

The CENTER and CITY acknowledge that Federal laws, regulations, policies, and related administrative practices applicable to Hurricane Preparedness and Mandatory Evacuation may change and that such changes may apply to the CENTER and this Agreement. To the extent it has actual knowledge of same; the parties agree to promptly notify each other of any such changes which materially and adversely affect the CENTER's provision of transportation services or the responsibility or obligation of the CENTER under this Agreement. In the absence of notification of any such changes, neither Party shall be deemed to be in default, breach, or noncompliance under this Agreement by reason, of non-compliance with such changes. Otherwise, this Agreement shall be subject to change or modification only with mutual, written consent of the parties hereto.

ARTICLE IX [No Third Party Beneficiaries]

This Agreement shall bind and inure to the benefit of the CITY and the CENTER and their respective legal successors, but, shall not otherwise be assignable, in whole or in part, by any party hereto without the express, written consent of the other parties.

ARTICLE X [Severable]

If any provision or the application of this Agreement shall be finally held illegal, invalid, or unenforceable by any court of competent jurisdiction, the invalidity of such provision or application shall not affect or impair any of the remaining provisions and applications hereof.

ARTICLE XI [Notices]

Any notices necessitated by this Agreement shall be sent by Certified Mail, Return Receipt Requested, postage prepaid, to the following addresses:

To the CITY:

City of Galveston
City Mayor
James D. Yarbrough
P.O. Box 779
Galveston, Texas 77553

Location:

City Hall
823 Rosenberg, Suite 201
Galveston, TX 77550

To the CENTER:

Gulf Coast Center
General Counsel
Linda Bell, JD, BSN, RN
10000 E.F. Lowry Expwy #1220
Texas City, Texas 77591
(409) 944-4314

ARTICLE XII [Applicable law and Venue]

This Agreement shall be construed under the laws of the State of Texas and venue shall lie in Galveston County, Texas.

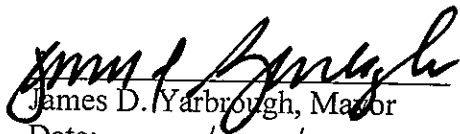
ARTICLE XIII [Liability]

The parties expressly agree and understand that the members of the City Council, the City's officers, agents, and employees, and the CENTER'S officers, agents and employees shall not either singularly or collectively, be personally liable for any activities associated herewith or any breach thereof.

IN WITNESS WHEREOF, this Agreement has been executed in multiple counterparts, each of equal dignity and effect, as of the date and year first hereinabove written.

THE CITY OF GALVESTON

THE GULF COAST CENTER


James D. Yarbrough, Mayor
Date: ____/____/____


Melissa Tucker, Chief Executive Officer
Date: 07 / 25 / 2018

ATTEST:

City Secretary: _____

RESOLUTION NO. 18-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, ENDORSING THE APPOINTMENTS OF CERTAIN INDIVIDUALS TO THE "GALVESTON COUNTY UNITED BOARD OF HEALTH"; DIRECTING THE CITY SECRETARY TO SEND A CERTIFIED COPY OF THIS RESOLUTION TO THE GALVESTON COUNTY HEALTH DISTRICT; PROVIDING FOR FINDINGS OF FACT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, members of the Galveston County United Board of Health are nominated by the Galveston County Commissioners' Court and confirmed by the Member Governments of the Health District; and,

WHEREAS, on August 8, 2018, by the Galveston County Commissioners' Court nominated for reappointment of four current members of the Board and three new members of the Board; and

WHEREAS, the City Council of the City of Galveston, Texas, deems it in the public interest to confirm the appointment of the nominated individuals;

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

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby confirms the appointment/reappointment of the following individuals to the "Galveston County United Board of Health":

Term will be May 1, 2017 – April 30, 2019

<u>Name</u>	<u>Represents</u>
Holly Lilley	Food Service (new appointment)
Della Grusendorf Brown	Registered Nurse (new appointment)

Term will be May 1, 2017 – April 30, 2019

Tripp Montalbo	Mainland Medical Center (re-appointment)
Curtis Klages, DVM	Veterinarian UTMB (re-appointment)
Mary Jo Godinich, MD	Medical Society (re-appointment)
Patrick McGinnis, MD	Citizen at Large (re-appointment)

Dewey H. Brunt, PE

Engineer (new appointment)

SECTION 3. The City Council of the City of Galveston, Texas, hereby directs the City Secretary to send a certified copy of this Resolution to Amanda Wolff, Executive Office Coordinator/Assistant to the CEO, Galveston County Health District, P. O. Box 939, La Marque, Texas 77568.

SECTION 4. This Resolution shall become effective upon its adoption by the City Council of the City of Galveston..

APPROVED AS TO FORM:

DONALD S. GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its regular meeting held on the 28th day of August 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____ day of _____, 2018.

Secretary for the City Council
of the City of Galveston

City of Galveston



P. O. Box 779 / Galveston, Texas 77553-0779

August 1st, 2018

To: Brian Maxwell, City Manager
Honorable Mayor and City Council Members

From: Daniel Christodoss, P.E., City Engineer

RE: Consideration of an Advanced Funding Agreement between the City of Galveston, Texas and the Texas Department of Transportation (TxDOT) in support of Mill and Overlay Project for Seawall Blvd, from Boddecker Drive to SH 87, and adopting an updated Resolution of Local Share Matching Funds in an amount not to exceed \$600,000.

I. Background

- A. TxDOT and H-GAC have selected Seawall Drive, from Boddecker Drive to SH 87 for Mill and Overlay.
- B. This segment of Seawall is a City-owned facility.
- C. TxDOT additionally requires the execution of an Advanced Funding Agreement (AFA) between the local project sponsor and TxDOT.
- D. This agreement also includes a total payment of \$43,053.00 from the City to TxDOT in support of TxDOT review fees, broken into an initial payment of \$15,200.00, and a separate payment of \$27,853.00 at the time of construction.
- E. An updated Resolution reflecting the current estimated local share cost not to exceed \$600,000 (rather than the \$400,000 originally estimated at the time of submittal in 2017) is also required, and Attached.

II. Current Situation

City Council is requested to consider approval of an Advanced Funding Agreement between the City and TxDOT for the Seawall Mill and Overlay Project, and adopting an updated Resolution of Local Share Matching Funds.

III. Alternatives in order of priority

A. City Council approves the Interlocal Agreement.

1. Cost – \$600,000 Local-Est., \$1,544,400 Federal, \$53,362 State (Total \$2,207,762)
2. Timing – As soon as possible.
3. Divisional Improvements – Advances Seawall Mill and Overlay to the design phase.

B. City Council does not approve the AFA.

4. Cost – None
5. Timing – N/A
6. Divisional Improvements – None
7. Impacts – Loss of \$1,607,762 Federal and State Grant Funding for Road Improvements

IV. Recommendation

Concur in Alternative A and approve the Advanced Funding Agreement (AFA) and the associated Resolution.

V. Fiscal Impact Report

Requested by	Daniel Christodoss City Engineer
Funding Source	Infrastructure & Debt Service Fund
Savings Estimation	\$1,607,762 Grant Funding from Federal and State
Total Cost to City	\$600,000 local match

Respectfully Submitted,



Daniel Christodoss
City Engineer

RESOLUTION NO. 18-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, SUPPORTING A REQUEST TO THE HOUSTON -GALVESTON AREA COUNCIL FOR TWO MILLION TWO HUNDRED AND SEVEN THOUSAND, SEVEN HUNDRED AND SIXTY TWO DOLLARS (\$2,207,762.00) OF LOCAL, FEDERAL AND STATE FUNDING TO COMPLETE THE PHASE 3 SEAWALL BOULEVARD REPAVING PROGRAM PURSUANT TO THE FY2015-FY2018 TRANSPORTATION IMPROVEMENT PROGRAM CALL FOR PROJECTS; COMMITTING THE REQUIRED LOCAL SHARE OF SIX HUNDRED THOUSAND (\$600,000) NOT TO EXCEED SIX HUNDRED THOUSAND DOLLARS (\$600,000.00) INCLUDING CONTINGENCIES; THE LOCAL SHARE BEING A PART OF THE TOTAL ESTIMATED COST OF TWO MILLION TWO HUNDRED AND SEVEN THOUSAND, SEVEN HUNDRED AND SIXTY TWO DOLLARS (\$2,207,762.00). AUTHORIZING THE CITY MANAGER TO SUBMIT ALL REQUIRED INFORMATION AND DATA TO SUPPORT SAME; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Galveston has completed Phase 2 of the Seawall Repaving Program from 39th Street to Ferry Road; and

WHEREAS, the City of Galveston desires to complete the final link (Phase 3) of the Seawall Repaving Program from Ferry Road to Boddeker Drive; and

WHEREAS, the Houston-Galveston Area Council (H-GAC) has issued a call for projects for the FY2015-FY2018 Transportation Improvement Program; and

WHEREAS, the City is seeking two million two hundred and seven thousand, seven hundred and sixty two dollars and no cents (\$2,207,762.00) of Surface Transportation Program (STP) funding through the H-GAC call to support the federal and state share of the total project cost; and

WHEREAS, the H-GAC call for projects requires that the proposer provide a local match of six hundred thousand dollars and no cents (\$600,000.00) of the total project cost of two million two hundred and seven thousand, seven hundred and sixty two dollars and no cents (\$2,207,762.00); and

WHEREAS, the City of Galveston agrees to provide six hundred thousand dollars and no cents (\$600,000) not to exceed six hundred thousand dollars and no cents (\$600,000.00) to support the local share cost of the proposed project and contingencies; and

WHEREAS, the City of Galveston agrees to maintain the Phase 3 improvements proposed for Seawall Boulevard; and

WHEREAS, the City Council of the City of Galveston deems it in the public interest to provide the local share of six hundred thousand dollars and no cents (\$600,000) not to exceed six

hundred thousand dollars and no cents (\$600,000.00) for the Phase 3 Seawall Repaving Program in response to H-GAC's call for projects and to authorize the City Manager to submit all required information and data to support same.

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS:

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby authorizes the City Manager to submit all required data and documentation to support a request by the City of Galveston for the pursuit of \$2,207,762.00 local, federal and state funds to facilitate Phase 3 of the Seawall Repaving Project.

SECTION 3. The City Council hereby further authorizes the City Manager to represent that the City of Galveston commits \$600,600 not to exceed \$600,000.00 in non-federal/non-state resources to provide the local match requirement for the Seawall Phase 3 Repaving Project to fund the project cost including contingencies.

SECTION 4. The City Council hereby further authorizes the City Manager to represent that the City of Galveston will, if Seawall Repaving Phase 3 is approved, agree to maintain such improvements.

SECTION 5. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

DONALD GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular Meeting held on the 23rd day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this _____ day of August, 2018.

Secretary for the City Council

of the City of Galveston

City of Galveston



P. O. Box 779 / Galveston, Texas 77553-0779

August 1st, 2018

To: Brian Maxwell, City Manager
Honorable Mayor and City Council Members

From: Daniel Christodoss, P.E., City Engineer

RE: Consideration of an Advanced Funding Agreement between the City of Galveston, Texas and the Texas Department of Transportation (TxDOT) in support of Mill and Overlay Project for Seawall Blvd, from Boddecker Drive to SH 87, and adopting an updated Resolution of Local Share Matching Funds in an amount not to exceed \$600,000.

I. Background

- A. TxDOT and H-GAC have selected Seawall Drive, from Boddecker Drive to SH 87 for Mill and Overlay.
- B. This segment of Seawall is a City-owned facility.
- C. TxDOT additionally requires the execution of an Advanced Funding Agreement (AFA) between the local project sponsor and TxDOT.
- D. This agreement also includes a total payment of \$43,053.00 from the City to TxDOT in support of TxDOT review fees, broken into an initial payment of \$15,200.00, and a separate payment of \$27,853.00 at the time of construction.
- E. An updated Resolution reflecting the current estimated local share cost not to exceed \$600,000 (rather than the \$400,000 originally estimated at the time of submittal in 2017) is also required, and Attached.

II. Current Situation

City Council is requested to consider approval of an Advanced Funding Agreement between the City and TxDOT for the Seawall Mill and Overlay Project, and adopting an updated Resolution of Local Share Matching Funds.

III. Alternatives in order of priority

A. City Council approves the Interlocal Agreement.

1. Cost – \$600,000 Local-Est., \$1,544,400 Federal, \$53,362 State (Total \$2,207,762)
2. Timing – As soon as possible.
3. Divisional Improvements – Advances Seawall Mill and Overlay to the design phase.

B. City Council does not approve the AFA.

4. Cost – None
5. Timing – N/A
6. Divisional Improvements – None
7. Impacts – Loss of \$1,607,762 Federal and State Grant Funding for Road Improvements

IV. Recommendation

Concur in Alternative A and approve the Advanced Funding Agreement (AFA) and the associated Resolution.

V. Fiscal Impact Report

Requested by	Daniel Christodoss City Engineer
Funding Source	Infrastructure & Debt Service Fund
Savings Estimation	\$1,607,762 Grant Funding from Federal and State
Total Cost to City	\$600,000 local match

Respectfully Submitted,



Daniel Christodoss
City Engineer

RESOLUTION NO. 18-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, SUPPORTING A REQUEST TO THE HOUSTON -GALVESTON AREA COUNCIL FOR TWO MILLION TWO HUNDRED AND SEVEN THOUSAND, SEVEN HUNDRED AND SIXTY TWO DOLLARS (\$2,207,762.00) OF LOCAL, FEDERAL AND STATE FUNDING TO COMPLETE THE PHASE 3 SEAWALL BOULEVARD REPAVING PROGRAM PURSUANT TO THE FY2015-FY2018 TRANSPORTATION IMPROVEMENT PROGRAM CALL FOR PROJECTS; COMMITTING THE REQUIRED LOCAL SHARE OF SIX HUNDRED THOUSAND (\$600,000) NOT TO EXCEED SIX HUNDRED THOUSAND DOLLARS (\$600,000.00) INCLUDING CONTINGENCIES; THE LOCAL SHARE BEING A PART OF THE TOTAL ESTIMATED COST OF TWO MILLION TWO HUNDRED AND SEVEN THOUSAND, SEVEN HUNDRED AND SIXTY TWO DOLLARS (\$2,207,762.00). AUTHORIZING THE CITY MANAGER TO SUBMIT ALL REQUIRED INFORMATION AND DATA TO SUPPORT SAME; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Galveston has completed Phase 2 of the Seawall Repaving Program from 39th Street to Ferry Road; and

WHEREAS, the City of Galveston desires to complete the final link (Phase 3) of the Seawall Repaving Program from Ferry Road to Boddeker Drive; and

WHEREAS, the Houston-Galveston Area Council (H-GAC) has issued a call for projects for the FY2015-FY2018 Transportation Improvement Program; and

WHEREAS, the City is seeking two million two hundred and seven thousand, seven hundred and sixty two dollars and no cents (\$2,207,762.00) of Surface Transportation Program (STP) funding through the H-GAC call to support the federal and state share of the total project cost; and

WHEREAS, the H-GAC call for projects requires that the proposer provide a local match of six hundred thousand dollars and no cents (\$600,000.00) of the total project cost of two million two hundred and seven thousand, seven hundred and sixty two dollars and no cents (\$2,207,762.00); and

WHEREAS, the City of Galveston agrees to provide six hundred thousand dollars and no cents (\$600,000) not to exceed six hundred thousand dollars and no cents (\$600,000.00) to support the local share cost of the proposed project and contingencies; and

WHEREAS, the City of Galveston agrees to maintain the Phase 3 improvements proposed for Seawall Boulevard; and

WHEREAS, the City Council of the City of Galveston deems it in the public interest to provide the local share of six hundred thousand dollars and no cents (\$600,000) not to exceed six hundred

thousand dollars and no cents (\$600,000.00) for the Phase 3 Seawall Repaving Program in response to H-GAC's call for projects and to authorize the City Manager to submit all required information and data to support same.

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS:

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby authorizes the City Manager to submit all required data and documentation to support a request by the City of Galveston for the pursuit of \$2,207,762.00 local, federal and state funds to facilitate Phase 3 of the Seawall Repaving Project.

SECTION 3. The City Council hereby further authorizes the City Manager to represent that the City of Galveston commits \$600,600 not to exceed \$600,000.00 in non-federal/non-state resources to provide the local match requirement for the Seawall Phase 3 Repaving Project to fund the project cost including contingencies.

SECTION 4. The City Council hereby further authorizes the City Manager to represent that the City of Galveston will, if Seawall Repaving Phase 3 is approved, agree to maintain such improvements.

SECTION 5. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

DONALD GLYWASKY

CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular Meeting held on the 9th day of November, 2017, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate

seal of the City of Galveston this _____ day of November, 2017.

Secretary for the City Council
of the City of Galveston

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

STATE OF TEXAS §

COUNTY OF TRAVIS §

**ADVANCE FUNDING AGREEMENT
For A
SURFACE TRANSPORTATION BLOCK GRANT PROGRAM
Off-System**

THIS AGREEMENT is made by and between the State of Texas, acting by and through the **Texas Department of Transportation** called the "State", and the **City of Galveston**, acting by and through its duly authorized officials, called the "Local Government". The State and Local Government shall be collectively referred to as "the parties" hereinafter.

WITNESSETH

WHEREAS, federal law establishes federally funded programs for transportation improvements to implement its public purposes, and

WHEREAS, the Texas Transportation Code, Section 201.103 establishes that the State shall design, construct and operate a system of highways in cooperation with local governments, and Section 222.052 authorizes the Texas Transportation Commission to accept contributions from political subdivisions for development and construction of public roads and the state highway system within the political subdivision, and

WHEREAS, federal and state laws require local governments to meet certain contract standards relating to the management and administration of State and federal funds, and

WHEREAS, the Texas Transportation Commission passed Minute Order Number **115005** authorizing the State to undertake and complete a highway improvement generally described as **Roadway Rehabilitation of Seawall Boulevard from Boddecker Rd to SH 87/Ferry Road**, and

WHEREAS, the Governing Body of the Local Government has approved entering into this Agreement by resolution or ordinance dated **January 09, 2015**, which is attached to and made a part of this Agreement as Attachment A, Resolution or Ordinance, for the improvement covered by this Agreement. A map showing the Project location appears in Attachment B, Location Map Showing Project (Attachment B), which is attached to and made a part of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, to be by them respectively kept and performed as set forth in this Agreement, it is agreed as follows:

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

AGREEMENT

1. Responsible Parties:

The parties shall be responsible for the following work as stated in the article of the Agreement referenced in the table below:

1.	Local Government	Utilities	Article 8
2.	Local Government	Environmental Assessment and Mitigation	Article 9
3.	Local Government	Architectural and Engineering Services	Article 11
4.	Local Government	Construction Responsibilities	Article 12
5.	Local Government	Right of Way and Real Property	Article 14

2. Period of the Agreement

This Agreement becomes effective when signed by the last party whose signing makes the Agreement fully executed. This Agreement shall remain in effect until the Project is completed or unless terminated as provided below.

3. Scope of Work

The Project consists of construction for the mill and inlay of an existing four lane roadway, Seawall Boulevard, from Boddecker Rd to SH 87/Ferry Road.

4. Project Sources and Uses of Funds

The total estimated cost of the Project is **\$2,198,562.00** as shown in Attachment C, Project Budget, (Attachment C) which is attached to and made a part of this Agreement.

- A. If the Local Government will perform any work under this Agreement for which reimbursement will be provided by or through the State, the Local Government must complete training. If federal funds are being used, the training must be completed before federal spending authority is obligated. Training is complete when at least one individual who is working actively and directly on the Project successfully completes and receives a certificate for the course entitled "Local Government Project Procedures and Qualification for the Texas Department of Transportation" and retains qualification in accordance with applicable TxDOT procedures. Upon request, the Local Government shall provide the certificate of qualification to the State. The individual who receives the training certificate may be an employee of the Local Government or an employee of a firm that has been contracted by the Local Government to perform oversight of the Project. The State in its discretion may deny reimbursement if the Local Government has not continuously designated in writing a qualified individual to work actively on or to directly oversee the Project.
- B. The expected cash contributions from the federal government, the State, the Local Government, or other parties are shown in Attachment C. The State will pay for only those Project costs that have been approved by the Texas Transportation Commission. The State and the federal government will not reimburse the Local Government for any

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

- work performed before the federal spending authority is formally obligated to the Project by the Federal Highway Administration (FHWA). After federal funds have been obligated, the State will send to the Local Government a copy of the formal documentation showing the obligation of funds including federal award information. The Local Government is responsible for 100% of the cost of any work performed under its direction or control before the federal spending authority is formally obligated.
- C. Attachment C shows, by major cost categories, the cost estimates and the party responsible for performing the work for each category. These categories may include but are not limited to: (1) costs of real property; (2) costs of utility work; (3) costs of environmental assessment and remediation; (4) cost of preliminary engineering and design; (5) cost of construction and construction management; and (6) any other local project costs.
 - D. The State will be responsible for securing the federal and State share of the funding required for the development and construction of the local Project. If the Local Government is due funds for expenses incurred, these funds will be reimbursed to the Local Government on a cost basis.
 - E. The Local Government will be responsible for all non-federal or non-State participation costs associated with the Project, unless otherwise provided for in this Agreement or approved otherwise in an amendment to this Agreement. Where Special Approval has been granted by the State under 43 TAC §15.52, the Local Government shall only in that instance be responsible for overruns in excess of the amount specified in Attachment C to be paid by the Local Government.
 - F. If the Project has been approved for a specified percentage or a periodic payment non-standard funding or payment arrangement under 43 TAC §15.52, the budget in Attachment C will clearly state the specified percentage or the periodic payment schedule.
 - G. When Special Approval has been granted by the State so that the Local Government bears the responsibility for paying cost overruns, the Local Government shall make payment to the State within thirty (30) days from the receipt of the State's written notification of those amounts.
 - H. Prior to the performance of any engineering review work by the State, the Local Government will pay to the State the amount specified in Attachment C. At a minimum, this amount shall equal the Local Government's funding share for the estimated cost of preliminary engineering performed or reviewed by the State for the Project. At least sixty (60) days prior to the date set for receipt of the construction bids, the Local Government shall remit its remaining financial share for the State's estimated construction oversight and construction cost.
 - I. The State will not execute the contract for the construction of the Project until the required funding has been made available by the Local Government in accordance with this Agreement.
 - J. Whenever funds are paid by the Local Government to the State under this Agreement, the Local Government shall remit a check or warrant made payable to the "Texas Department of Transportation" or may use the State's Automated Clearing House (ACH) system for electronic transfer of funds in accordance with instructions provided

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

- by TxDOT's Finance Division. The funds shall be deposited and managed by the State and may only be applied by the State to the Project.
- K. The State will not pay interest on any funds provided by the Local Government.
 - L. If a waiver for the collection of indirect costs for a service project has been granted under 43 TAC §15.56, the State will not charge the Local Government for the indirect costs the State incurs on the local Project, unless this Agreement is terminated at the request of the Local Government prior to completion of the Project.
 - M. If the Local government is an Economically Disadvantaged County (EDC) and if the State has approved adjustments to the standard financing arrangement, this Agreement reflects those adjustments.
 - N. Where the Local Government is authorized to perform services under this Agreement and be reimbursed by the State, the Local Government is authorized to submit requests for reimbursement by submitting the original of an itemized invoice in a form and containing all items required by the State no more frequently than monthly, and no later than ninety (90) days after costs are incurred. If the Local Government submits invoices more than ninety (90) days after the costs are incurred and if federal funding is reduced as a result, the State shall have no responsibility to reimburse the Local Government for those costs.
 - O. Upon completion of the Project, where Special Approval has been granted by the State under 43 TAC 15.52, the State will perform a final accounting of the Project costs. Any funds due by the Local Government, the State, or the federal government will be promptly paid by the owing party.
 - P. The state auditor may conduct an audit or investigation of any entity receiving funds from the State directly under this Agreement or indirectly through a subcontract under this Agreement. Acceptance of funds directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.
 - Q. Payment under this Agreement beyond the end of the current fiscal biennium is subject to availability of appropriated funds. If funds are not appropriated, this Agreement shall be terminated immediately with no liability to either party.

5. Termination of This Agreement

This Agreement shall remain in effect until the Project is completed and accepted by all parties, unless:

- A. The Agreement is terminated in writing with the mutual consent of the parties;
- B. The Agreement is terminated by one party because of a breach, in which case any costs incurred because of the breach shall be paid by the breaching party;
- C. The Local Government elects not to provide funding after the completion of preliminary engineering, specifications, and estimates (PS&E) and the Project does not proceed because of insufficient funds, in which case the Local Government agrees to reimburse the State for its reasonable actual costs incurred during the Project; or

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

D. The Project is inactive for thirty-six (36) consecutive months or longer and no expenditures have been charged against federal funds, in which case the State may in its discretion terminate this Agreement.

6. Amendments

Amendments to this Agreement due to changes in the character of the work, terms of the Agreement, or responsibilities of the parties relating to the Project may be enacted through a mutually agreed upon, written amendment.

7. Remedies

This Agreement shall not be considered as specifying the exclusive remedy for any agreement default, but all remedies existing at law and in equity may be availed of by either party to this Agreement and shall be cumulative.

8. Utilities

The party named in Article 1, Responsible Parties, under AGREEMENT shall be responsible for the adjustment, removal, or relocation of utility facilities in accordance with applicable state laws, regulations, rules, policies, and procedures, including any cost to the State of a delay resulting from the Local Government's failure to ensure that utility facilities are adjusted, removed, or relocated before the scheduled beginning of construction. The Local Government will not be reimbursed with federal or State funds for the cost of required utility work. The Local Government must obtain advance approval for any variance from established procedures. Before a construction contract is let, the Local Government shall provide, at the State's request, a certification stating that the Local Government has completed the adjustment of all utilities that must be adjusted before construction is completed.

9. Environmental Assessment and Mitigation

Development of a transportation project must comply with the National Environmental Policy Act and the National Historic Preservation Act of 1966, which require environmental clearance of federal-aid projects. The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

- A. The identification and assessment of any environmental problems associated with the development of a local project governed by this Agreement.
- B. The cost of any environmental problem's mitigation and remediation.
- C. Providing any public meetings or public hearings required for the environmental assessment process. Public hearings will not be held prior to the approval of the Project schematic.
- D. The preparation of the NEPA documents required for the environmental clearance of this Project.

If the Local Government is responsible for the environmental assessment and mitigation, before the advertisement for bids, the Local Government shall provide to the State written documentation from the appropriate regulatory agency or agencies that all environmental clearances have been obtained.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

10. Compliance with Accessibility Standards

All parties to this Agreement shall ensure that the plans for and the construction of all projects subject to this Agreement are in compliance with standards issued or approved by the Texas Department of Licensing and Regulation (TDLR) as meeting or consistent with minimum accessibility requirements of the Americans with Disabilities Act (P.L. 101-336) (ADA).

11. Architectural and Engineering Services

The party named in Article 1, Responsible Parties, under AGREEMENT has responsibility for the performance of architectural and engineering services. The engineering plans shall be developed in accordance with the applicable State's *Standard Specifications for Construction and Maintenance of Highways, Streets and Bridges* and the special specifications and special provisions related to it. For projects on the State highway system, the design shall, at a minimum conform to applicable State manuals. For projects not on the State highway system, the design shall, at a minimum, conform to applicable American Association of State Highway and Transportation Officials (AASHTO) design standards.

In procuring professional services, the parties to this Agreement must comply with federal requirements cited in 23 CFR Part 172 if the Project is federally funded and with Texas Government Code 2254, Subchapter A, in all cases. Professional contracts for federally funded projects must conform to federal requirements, specifically including the provision for participation by Disadvantaged Business Enterprises (DBEs), ADA, and environmental matters. If the Local Government is the responsible party, the Local Government shall submit its procurement selection process for prior approval by the State. All professional services contracts must be reviewed and approved by the State prior to execution by the Local Government.

12. Construction Responsibilities

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

- A. Advertise for construction bids, issue bid proposals, receive and tabulate the bids, and award and administer the contract for construction of the Project. Administration of the contract includes the responsibility for construction engineering and for issuance of any change orders, supplemental agreements, amendments, or additional work orders that may become necessary subsequent to the award of the construction contract. In order to ensure federal funding eligibility, projects must be authorized by the State prior to advertising for construction.
- B. If the State is the responsible party, the State will use its approved contract letting and award procedures to let and award the construction contract.
- C. If the Local Government is the responsible party, the Local Government shall submit its contract letting and award procedures to the State for review and approval prior to letting.
- D. If the Local Government is the responsible party, the State must concur with the low bidder selection before the Local Government can enter into a contract with the vendor.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

- E. Upon completion of the Project, the party constructing the Project will issue and sign a "Notification of Completion" acknowledging the Project's construction completion and submit certification(s) sealed by a professional engineer(s) licensed in the State of Texas.
- F. For federally funded contracts, the parties to this Agreement will comply with federal construction requirements cited in 23 CFR Part 635 and with requirements cited in 23 CFR Part 633, and shall include the latest version of Form "FHWA-1273" in the contract bidding documents. If force account work will be performed, a finding of cost effectiveness shall be made in compliance with 23 CFR 635, Subpart B.

13. Project Maintenance

The Local Government shall be responsible for maintenance of locally owned roads and locally owned facilities after completion of the work. The State shall be responsible for maintenance of the State highway system after completion of the work if the work was on the State highway system, unless otherwise provided for in existing maintenance agreements with the Local Government.

14. Right of Way and Real Property

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the provision and acquisition of any needed right of way or real property.

The Local Government shall be responsible for the following:

- A. Right of way and real property acquisition shall be the responsibility of the Local Government. Title to right of way and other related real property must be acceptable to the State before funds may be expended for the improvement of the right of way or real property.
- B. If the Local Government is the owner of any part of the Project site under this Agreement, the Local Government shall permit the State or its authorized representative access to occupy the site to perform all activities required to execute the work.
- C. All parties to this Agreement will comply with and assume the costs for compliance with all the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Title 42 U.S.C.A. Section 4601 et seq., including those provisions relating to incidental expenses incurred by the property owners in conveying the real property to the Local Government and benefits applicable to the relocation of any displaced person as defined in 49 CFR Section 24.2(g). Documentation to support such compliance must be maintained and made available to the State and its representatives for review and inspection.
- D. The Local Government shall assume all costs and perform necessary requirements to provide any necessary evidence of title or right of use in the name of the Local Government to the real property required for development of the Project. The evidence of title or rights shall be acceptable to the State, and be free and clear of all encroachments. The Local Government shall secure and provide easements and any needed rights of entry over any other land needed to develop the Project according to

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

- the approved Project plans. The Local Government shall be responsible for securing any additional real property required for completion of the Project.
- E. In the event real property is donated to the Local Government after the date of the State's authorization, the Local Government will provide all documentation to the State regarding fair market value of the acquired property. The State will review the Local Government's appraisal, determine the fair market value and credit that amount towards the Local Government's financial share. If donated property is to be used as a funding match, it may not be provided by the Local Government. The State will not reimburse the Local Government for any real property acquired before execution of this Agreement and the obligation of federal spending authority.
 - F. The Local Government shall prepare real property maps, property descriptions, and other data as needed to properly describe the real property and submit them to the State for approval prior to the Local Government acquiring the real property. Tracings of the maps shall be retained by the Local Government for a permanent record.
 - G. The Local Government agrees to make a determination of property values for each real property parcel by methods acceptable to the State and to submit to the State a tabulation of the values so determined, signed by the appropriate Local Government representative. The tabulations shall list the parcel numbers, ownership, acreage and recommended compensation. Compensation shall be shown in the component parts of land acquired, itemization of improvements acquired, damages (if any) and the amounts by which the total compensation will be reduced if the owner retains improvements. This tabulation shall be accompanied by an explanation to support the determined values, together with a copy of information or reports used in calculating all determined values. Expenses incurred by the Local Government in performing this work may be eligible for reimbursement after the Local Government has received written authorization by the State to proceed with determination of real property values. The State will review the data submitted and may base its reimbursement for parcel acquisitions on these values.
 - H. Reimbursement for real property costs will be made to the Local Government for real property purchased in an amount not to exceed eighty percent (80%) of the cost of the real property purchased in accordance with the terms and provisions of this Agreement. Reimbursement will be in an amount not to exceed eighty percent (80%) of the State's predetermined value of each parcel, or the net cost of the parcel, whichever is less. In addition, reimbursement will be made to the Local Government for necessary payments to appraisers, expenses incurred in order to assure good title, and costs associated with the relocation of displaced persons and personal property as well as incidental expenses.
 - I. If the Project requires the use of real property to which the Local Government will not hold title, a separate agreement between the owners of the real property and the Local Government must be executed prior to execution of this Agreement. The separate agreement must establish that the Project will be dedicated for public use for a period of not less than 10 (ten) years after completion. The separate agreement must define the responsibilities of the parties as to the use of the real property and operation and maintenance of the Project after completion. The separate agreement must be

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

approved by the State prior to its execution. A copy of the executed agreement shall be provided to the State.

15. Insurance

If this Agreement authorizes the Local Government or its contractor to perform any work on State right of way, before beginning work, the entity performing the work shall provide the State with a fully executed copy of the State's Form 1560 Certificate of Insurance verifying the existence of coverage in the amounts and types specified on the Certificate of Insurance for all persons and entities working on State right of way. This coverage shall be maintained until all work on the State right of way is complete. If coverage is not maintained, all work on State right of way shall cease immediately, and the State may recover damages and all costs of completing the work.

16. Notices

All notices to either party shall be delivered personally or sent by certified or U.S. mail, postage prepaid, addressed to that party at the following address:

Local Government:	State:
City of Galveston ATTN: Director of Public Works 823 Rosenberg, Room 205 Galveston, TX 77550	Texas Department of Transportation ATTN: Director of Contract Services 125 E. 11 th Street Austin, TX 78701

All notices shall be deemed given on the date delivered in person or deposited in the mail, unless otherwise provided by this Agreement. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that notices shall be delivered personally or by certified U.S. mail, and that request shall be carried out by the other party.

17. Legal Construction

If one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions and this Agreement shall be construed as if it did not contain the invalid, illegal, or unenforceable provision.

18. Responsibilities of the Parties

The State and the Local Government agree that neither party is an agent, servant, or employee of the other party, and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

19. Ownership of Documents

Upon completion or termination of this Agreement, all documents prepared by the State shall remain the property of the State. All data prepared under this Agreement shall be made available to the State without restriction or limitation on their further use. All documents produced or approved or otherwise created by the Local Government shall be transmitted to the State in the form of photocopy reproduction on a monthly basis as required by the State. The originals shall remain the property of the Local Government. At the request of the State, the Local Government shall submit any information required by the State in the format directed by the State.

20. Compliance with Laws

The parties to this Agreement shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this Agreement. When required, the Local Government shall furnish the State with satisfactory proof of this compliance.

21. Sole Agreement

This Agreement constitutes the sole and only agreement between the parties and supersedes any prior understandings or written or oral agreements respecting the Agreement's subject matter.

22. Cost Principles

In order to be reimbursed with federal funds, the parties shall comply with the cost principles established in 2 CFR 200 that specify that all reimbursed costs are allowable, reasonable, and allocable to the Project.

23. Procurement and Property Management Standards

The parties to this Agreement shall adhere to the procurement standards established in Title 49 CFR §18.36, to the property management standards established in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and to the Texas Uniform Grant Management Standards. The State must pre-approve the Local Government's procurement procedures for purchases to be eligible for state or federal funds.

24. Inspection of Books and Records

The parties to this Agreement shall maintain all books, documents, papers, accounting records, and other documentation relating to costs incurred under this Agreement and shall make such materials available to the State, the Local Government, and, if federally funded, the FHWA and the U.S. Office of the Inspector General or their duly authorized representatives for review and inspection at its office during the Agreement period and for three (3) years from the date of final reimbursement by FHWA under this Agreement or until any impending litigation or claims are resolved. Additionally, the State, the Local Government, and the FHWA and their duly authorized representatives shall have access to all the governmental records that are

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

directly applicable to this Agreement for the purpose of making audits, examinations, excerpts, and transcriptions.

25. Civil Rights Compliance

The parties to this Agreement are responsible for the following:

- A. Compliance with Regulations: Both parties will comply with the Acts and the Regulations relative to Nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation (USDOT), the Federal Highway Administration (FHWA), as they may be amended from time to time, which are herein incorporated by reference and made part of this Agreement.
- B. Nondiscrimination: The Local Government, with regard to the work performed by it during the Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The Local Government will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
- C. Solicitations for Subcontracts, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the Local Government for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier will be notified by the Local Government of the Local Government's obligations under this Agreement and the Acts and Regulations relative to Nondiscrimination on the grounds of race, color, or national origin.
- D. Information and Reports: The Local Government will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information, and facilities as may be determined by the State or the FHWA to be pertinent to ascertain compliance with such Acts, Regulations or directives. Where any information required of the Local Government is in the exclusive possession of another who fails or refuses to furnish this information, the Local Government will so certify to the State or the FHWA, as appropriate, and will set forth what efforts it has made to obtain the information.
- E. Sanctions for Noncompliance: In the event of the Local Government's noncompliance with the Nondiscrimination provisions of this Agreement, the State will impose such contract sanctions as it or the FHWA may determine to be appropriate, including, but not limited to:
 1. withholding of payments to the Local Government under the Agreement until the Local Government complies and/or
 2. cancelling, terminating, or suspending of the Agreement, in whole or in part.
- F. Incorporation of Provisions: The Local Government will include the provisions of paragraphs (A) through (F) in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The Local Government will take such action with respect to

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

any subcontract or procurement as the State or the FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Local Government becomes involved in, or is threatened with, litigation with a subcontractor or supplier because of such direction, the Local Government may request the State to enter into such litigation to protect the interests of the State. In addition, the Local Government may request the United States to enter into such litigation to protect the interests of the United States.

26. Pertinent Non-Discrimination Authorities

During the performance of this Agreement, each party, for itself, its assignees, and successors in interest agree to comply with the following nondiscrimination statutes and authorities; including but not limited to:

- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.
- B. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of federal or federal-aid programs and projects).
- C. Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), as amended, (prohibits discrimination on the basis of sex).
- D. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.) as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27.
- E. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age).
- F. Airport and Airway Improvement Act of 1982, (49 U.S.C. Chapter 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex).
- G. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the federal-aid recipients, subrecipients and contractors, whether such programs or activities are federally funded or not).
- H. Titles II and III of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38.
- I. The Federal Aviation Administration's Nondiscrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex).
- J. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

- K. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, the parties must take reasonable steps to ensure that LEP persons have meaningful access to the programs (70 Fed. Reg. at 74087 to 74100).
- L. Title IX of the Education Amendments of 1972, as amended, which prohibits the parties from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq.).

27. Disadvantaged Business Enterprise (DBE) Program Requirements

If federal funds are used:

- A. The parties shall comply with the Disadvantaged Business Enterprise Program requirements established in 49 CFR Part 26.
- B. The Local Government shall adopt, in its totality, the State's federally approved DBE program.
- C. The Local Government shall incorporate into its contracts with subproviders an appropriate DBE goal consistent with the State's DBE guidelines and in consideration of the local market, project size, and nature of the goods or services to be acquired. The Local Government shall submit its proposed scope of services and quantity estimates to the State to allow the State to establish a DBE goal for each Local Government contract with a subprovider. The Local Government shall be responsible for documenting its actions.
- D. The Local Government shall follow all other parts of the State's DBE program referenced in TxDOT Form 2395, Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise by Entity, and attachments found at web address http://ftp.dot.state.tx.us/pub/txdot-info/bop/dbe/mou/mou_attachments.pdf.
- E. The Local Government shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Local Government shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non-discrimination in award and administration of DOT-assisted contracts. The State's DBE program, as required by 49 CFR Part 26 and as approved by DOT, is incorporated by reference in this Agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Local Government of its failure to carry out its approved program, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).
- F. Each contract the Local Government signs with a contractor (and each subcontract the prime contractor signs with a sub-contractor) must include the following assurance: *The contractor, sub-recipient, or sub-contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor*

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as the recipient deems appropriate.

28. Debarment Certifications

If federal funds are used, the parties are prohibited from making any award at any tier to any party that is debarred or suspended or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549, "Debarment and Suspension." By executing this Agreement, the Local Government certifies that it and its principals are not currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549 and further certifies that it will not do business with any party, to include principals, that is currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549. The parties to this Agreement shall require any party to a subcontract or purchase order awarded under this Agreement to certify its eligibility to receive federal funds and, when requested by the State, to furnish a copy of the certification.

If state funds are used, the parties are prohibited from making any award to any party that is debarred under the Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter G, Rule §20.585 and the Texas Administrative Code, Title 43, Part 1, Chapter 9, Subchapter G.

29. Lobbying Certification

If federal funds are used, in executing this Agreement, each signatory certifies to the best of that signatory's knowledge and belief, that:

- A. No federal appropriated funds have been paid or will be paid by or on behalf of the parties to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with federal contracts, grants, loans, or cooperative agreements, the signatory for the Local Government shall complete and submit the Federal Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- C. The parties shall require that the language of this certification shall be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and all sub-recipients shall

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

certify and disclose accordingly. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Title 31 U.S.C. §1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

30. Federal Funding Accountability and Transparency Act Requirements

If federal funds are used, the following requirements apply:

- A. Any recipient of funds under this Agreement agrees to comply with the Federal Funding Accountability and Transparency Act (FFATA) and implementing regulations at 2 CFR Part 170, including Appendix A. This Agreement is subject to the following award terms: <http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22705.pdf> and <http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22706.pdf>.
- B. The Local Government agrees that it shall:
 1. Obtain and provide to the State a System for Award Management (SAM) number (Federal Acquisition Regulation, Part 4, Sub-part 4.11) if this award provides more than \$25,000 in federal funding. The SAM number may be obtained by visiting the SAM website whose address is: <https://www.sam.gov/portal/public/SAM/>
 2. Obtain and provide to the State a Data Universal Numbering System (DUNS) number, a unique nine-character number that allows federal government to track the distribution of federal money. The DUNS may be requested free of charge for all businesses and entities required to do so by visiting the Dun & Bradstreet (D&B) on-line registration website <http://fedgov.dnb.com/webform>; and
 3. Report the total compensation and names of its top five executives to the State if:
 - i. More than 80% of annual gross revenues are from the federal government, and those revenues are greater than \$25,000,000; and
 - ii. The compensation information is not already available through reporting to the U.S. Securities and Exchange Commission.

31. Single Audit Report

If federal funds are used:

- A. The parties shall comply with the single audit report requirements stipulated in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- B. If threshold expenditures of \$750,000 or more are met during the fiscal year, the Local Government must submit a Single Audit Report and Management Letter (if applicable) to TxDOT's Compliance Division, 125 East 11th Street, Austin, TX 78701 or contact TxDOT's Compliance Division by email at singleaudits@txdot.gov.
- C. If expenditures are less than the threshold during the Local Government's fiscal year, the Local Government must submit a statement to TxDOT's Compliance Division as follows: "We did not meet the \$ _____ expenditure threshold and therefore, are not required to have a single audit performed for FY _____."
- D. For each year the Project remains open for federal funding expenditures, the Local Government will be responsible for filing a report or statement as described above. The required annual filing shall extend throughout the life of the Agreement, unless

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

otherwise amended or the Project has been formally closed out and no charges have been incurred within the current fiscal year.

32. Signatory Warranty

Each signatory warrants that the signatory has necessary authority to execute this Agreement on behalf of the entity represented.

THIS AGREEMENT IS EXECUTED by the State and the Local Government.

THE LOCAL GOVERNMENT

 Brian Maxwell
 City Manager
 City of Galveston

 Date

THE STATE OF TEXAS

 Kenneth Stewart
 Director of Contract Services
 Texas Dept. of Transportation

 Date

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

ATTACHMENT A RESOLUTION OR ORDINANCE

RESOLUTION NO. 15-002

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, SUPPORTING A REQUEST TO THE HOUSTON – GALVESTON AREA COUNCIL FOR ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000.00) OF FEDERAL FUNDING TO COMPLETE THE SEAWALL BOULEVARD REPAVING PROGRAM PURSUANT TO THE FY2015 – FY2018 TRANSPORTATION IMPROVEMENT PROGRAM CALL FOR PROJECTS; COMMITTING THE REQUIRED TWENTY PERCENT (20%) LOCAL SHARE OF THREE HUNDRED THOUSAND DOLLARS (\$300,000.00); AUTHORIZING THE CITY MANAGER TO SUBMIT ALL REQUIRED INFORMATION AND DATA TO SUPPORT SAME; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Galveston is completing Phase 2 of the Seawall Repaving Program from 39th Street to Ferry Road; and

WHEREAS, the City of Galveston desires to complete the final link of the Seawall Repaving Program from Ferry Road to Boddecker Drive; and

WHEREAS, the Houston – Galveston Area Council (H-GAC) has issued a call for projects for the FY2015 – FY2018 Transportation Improvement Program; and

WHEREAS, the City is seeking one million two hundred thousand dollars and no cents (\$1,200,000.00) of Surface Transportation Program (STP) funding through the H-GAC call to support the federal share of the total project cost; and

WHEREAS, the H-GAC call for projects requires that the proposer provide twenty percent (20%) of the total project cost of one million five hundred thousand dollars and no cents (\$1,500,000.00); and

WHEREAS, the City of Galveston agrees to provide three hundred thousand dollars and no cents (\$300,000.00) to support the local share cost of the proposed project; and

WHEREAS, the City of Galveston agrees to maintain the improvements proposed for Seawall Boulevard; and

WHEREAS, the City Council of the City of Galveston deems it in the public interest to provide the local share of three hundred thousand dollars and no cents (\$300,000.00) for the Seawall Repaving Program in response to H-GAC's call for projects and to authorize the City Manager to submit all required information and data to support same.

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS:

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby authorizes the City Manager to submit all required data and documentation to support a request by the City of Galveston for the pursuit of \$1.2 million federal funds to facilitate Phase 3 of the Seawall Repaving Project.

SECTION 3. The City Council hereby further authorizes the City Manager to represent that the City of Galveston commits \$300,000.00 in non-federal resources to provide the 20% local match requirement for the Seawall Phase 3 Repaving Project.

SECTION 4. The City Council hereby further authorizes the City Manager to represent that the City of Galveston will, if Seawall Repaving Phase 3 is approved, agree to maintain such improvements.

SECTION 5. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:


DOROTHY PALUMBO
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular Meeting held on the 8th day of January, 2015, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this 9th day of January, 2015.




Secretary for the City Council
of the City of Galveston

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

ATTACHMENT B

LOCATION MAP SHOWING PROJECT



TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

ATTACHMENT C

PROJECT BUDGET

Costs will be allocated based on 80% Federal funding and 20% Local Government funding until the federal funding reaches the maximum obligated amount. The Local Government will then be responsible for 100% of the costs.

Description	Total Estimated Cost	Federal Participation Cost		State Participation Cost		Local Participation Cost	
Engineering (by Local Government)	\$ 187,000	0%	\$ -	0%	\$ -	100%	\$ 187,000
Construction (by Local Government)	\$ 1,803,736	80%	\$ 1,442,989	0%	\$ -	20%	\$ 360,747
Subtotal	\$ 1,990,736		\$ 1,442,989		\$ -		\$ 547,747
Environmental Direct State Costs	\$ 5,000	0%	\$ -	0%	\$ -	100%	\$ 5,000
Right of Way Direct State Costs	\$ 100	0%	\$ -	0%	\$ -	100%	\$ 100
Engineering Direct State Costs	\$ 10,000	0%	\$ -	0%	\$ -	100%	\$ 10,000
Utility Direct State Costs	\$ 100	0%	\$ -	0%	\$ -	100%	\$ 100
Construction Direct State Costs	\$ 139,264	80%	\$ 111,411	0%	\$ -	20%	\$ 27,853
Indirect State Costs	\$ 53,362	0%	\$ -	100%	\$ 53,362	0%	\$ -
TOTAL	\$ 2,198,562		\$ 1,554,400		\$ 53,362		\$ 590,800

Initial payment by the Local Government to the State: \$15,200.00

Payment by the Local Government to the State before construction: \$27,853.00

Estimated total payment by the Local Government to the State: \$43,053.00

This is an estimate.

The final amount of Local Government participation will be based on actual costs.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

STATE OF TEXAS §

COUNTY OF TRAVIS §

ADVANCE FUNDING AGREEMENT
For A
SURFACE TRANSPORTATION BLOCK GRANT PROGRAM
Off-System

THIS AGREEMENT is made by and between the State of Texas, acting by and through the **Texas Department of Transportation** called the "State", and the **City of Galveston**, acting by and through its duly authorized officials, called the "Local Government". The State and Local Government shall be collectively referred to as "the parties" hereinafter.

WITNESSETH

WHEREAS, federal law establishes federally funded programs for transportation improvements to implement its public purposes, and

WHEREAS, the Texas Transportation Code, Section 201.103 establishes that the State shall design, construct and operate a system of highways in cooperation with local governments, and Section 222.052 authorizes the Texas Transportation Commission to accept contributions from political subdivisions for development and construction of public roads and the state highway system within the political subdivision, and

WHEREAS, federal and state laws require local governments to meet certain contract standards relating to the management and administration of State and federal funds, and

WHEREAS, the Texas Transportation Commission passed Minute Order Number **115005** authorizing the State to undertake and complete a highway improvement generally described as **Roadway Rehabilitation of Seawall Boulevard from Boddecker Rd to SH 87/Ferry Road**, and

WHEREAS, the Governing Body of the Local Government has approved entering into this Agreement by resolution or ordinance dated **January 09, 2015**, which is attached to and made a part of this Agreement as Attachment A, Resolution or Ordinance, for the improvement covered by this Agreement. A map showing the Project location appears in Attachment B, Location Map Showing Project (Attachment B), which is attached to and made a part of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, to be by them respectively kept and performed as set forth in this Agreement, it is agreed as follows:

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

AGREEMENT

1. Responsible Parties:

The parties shall be responsible for the following work as stated in the article of the Agreement referenced in the table below:

1.	Local Government	Utilities	Article 8
2.	Local Government	Environmental Assessment and Mitigation	Article 9
3.	Local Government	Architectural and Engineering Services	Article 11
4.	Local Government	Construction Responsibilities	Article 12
5.	Local Government	Right of Way and Real Property	Article 14

2. Period of the Agreement

This Agreement becomes effective when signed by the last party whose signing makes the Agreement fully executed. This Agreement shall remain in effect until the Project is completed or unless terminated as provided below.

3. Scope of Work

The Project consists of construction for the mill and inlay of an existing four lane roadway, Seawall Boulevard, from Boddecker Rd to SH 87/Ferry Road.

4. Project Sources and Uses of Funds

The total estimated cost of the Project is **\$2,198,562.00** as shown in Attachment C, Project Budget, (Attachment C) which is attached to and made a part of this Agreement.

- A. If the Local Government will perform any work under this Agreement for which reimbursement will be provided by or through the State, the Local Government must complete training. If federal funds are being used, the training must be completed before federal spending authority is obligated. Training is complete when at least one individual who is working actively and directly on the Project successfully completes and receives a certificate for the course entitled "Local Government Project Procedures and Qualification for the Texas Department of Transportation" and retains qualification in accordance with applicable TxDOT procedures. Upon request, the Local Government shall provide the certificate of qualification to the State. The individual who receives the training certificate may be an employee of the Local Government or an employee of a firm that has been contracted by the Local Government to perform oversight of the Project. The State in its discretion may deny reimbursement if the Local Government has not continuously designated in writing a qualified individual to work actively on or to directly oversee the Project.
- B. The expected cash contributions from the federal government, the State, the Local Government, or other parties are shown in Attachment C. The State will pay for only those Project costs that have been approved by the Texas Transportation Commission. The State and the federal government will not reimburse the Local Government for any

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

- work performed before the federal spending authority is formally obligated to the Project by the Federal Highway Administration (FHWA). After federal funds have been obligated, the State will send to the Local Government a copy of the formal documentation showing the obligation of funds including federal award information. The Local Government is responsible for 100% of the cost of any work performed under its direction or control before the federal spending authority is formally obligated.
- C. Attachment C shows, by major cost categories, the cost estimates and the party responsible for performing the work for each category. These categories may include but are not limited to: (1) costs of real property; (2) costs of utility work; (3) costs of environmental assessment and remediation; (4) cost of preliminary engineering and design; (5) cost of construction and construction management; and (6) any other local project costs.
 - D. The State will be responsible for securing the federal and State share of the funding required for the development and construction of the local Project. If the Local Government is due funds for expenses incurred, these funds will be reimbursed to the Local Government on a cost basis.
 - E. The Local Government will be responsible for all non-federal or non-State participation costs associated with the Project, unless otherwise provided for in this Agreement or approved otherwise in an amendment to this Agreement. Where Special Approval has been granted by the State under 43 TAC §15.52, the Local Government shall only in that instance be responsible for overruns in excess of the amount specified in Attachment C to be paid by the Local Government.
 - F. If the Project has been approved for a specified percentage or a periodic payment non-standard funding or payment arrangement under 43 TAC §15.52, the budget in Attachment C will clearly state the specified percentage or the periodic payment schedule.
 - G. When Special Approval has been granted by the State so that the Local Government bears the responsibility for paying cost overruns, the Local Government shall make payment to the State within thirty (30) days from the receipt of the State's written notification of those amounts.
 - H. Prior to the performance of any engineering review work by the State, the Local Government will pay to the State the amount specified in Attachment C. At a minimum, this amount shall equal the Local Government's funding share for the estimated cost of preliminary engineering performed or reviewed by the State for the Project. At least sixty (60) days prior to the date set for receipt of the construction bids, the Local Government shall remit its remaining financial share for the State's estimated construction oversight and construction cost.
 - I. The State will not execute the contract for the construction of the Project until the required funding has been made available by the Local Government in accordance with this Agreement.
 - J. Whenever funds are paid by the Local Government to the State under this Agreement, the Local Government shall remit a check or warrant made payable to the "Texas Department of Transportation" or may use the State's Automated Clearing House (ACH) system for electronic transfer of funds in accordance with instructions provided

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

- by TxDOT's Finance Division. The funds shall be deposited and managed by the State and may only be applied by the State to the Project.
- K. The State will not pay interest on any funds provided by the Local Government.
 - L. If a waiver for the collection of indirect costs for a service project has been granted under 43 TAC §15.56, the State will not charge the Local Government for the indirect costs the State incurs on the local Project, unless this Agreement is terminated at the request of the Local Government prior to completion of the Project.
 - M. If the Local government is an Economically Disadvantaged County (EDC) and if the State has approved adjustments to the standard financing arrangement, this Agreement reflects those adjustments.
 - N. Where the Local Government is authorized to perform services under this Agreement and be reimbursed by the State, the Local Government is authorized to submit requests for reimbursement by submitting the original of an itemized invoice in a form and containing all items required by the State no more frequently than monthly, and no later than ninety (90) days after costs are incurred. If the Local Government submits invoices more than ninety (90) days after the costs are incurred and if federal funding is reduced as a result, the State shall have no responsibility to reimburse the Local Government for those costs.
 - O. Upon completion of the Project, where Special Approval has been granted by the State under 43 TAC 15.52, the State will perform a final accounting of the Project costs. Any funds due by the Local Government, the State, or the federal government will be promptly paid by the owing party.
 - P. The state auditor may conduct an audit or investigation of any entity receiving funds from the State directly under this Agreement or indirectly through a subcontract under this Agreement. Acceptance of funds directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.
 - Q. Payment under this Agreement beyond the end of the current fiscal biennium is subject to availability of appropriated funds. If funds are not appropriated, this Agreement shall be terminated immediately with no liability to either party.

5. Termination of This Agreement

This Agreement shall remain in effect until the Project is completed and accepted by all parties, unless:

- A. The Agreement is terminated in writing with the mutual consent of the parties;
- B. The Agreement is terminated by one party because of a breach, in which case any costs incurred because of the breach shall be paid by the breaching party;
- C. The Local Government elects not to provide funding after the completion of preliminary engineering, specifications, and estimates (PS&E) and the Project does not proceed because of insufficient funds, in which case the Local Government agrees to reimburse the State for its reasonable actual costs incurred during the Project; or

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

D. The Project is inactive for thirty-six (36) consecutive months or longer and no expenditures have been charged against federal funds, in which case the State may in its discretion terminate this Agreement.

6. Amendments

Amendments to this Agreement due to changes in the character of the work, terms of the Agreement, or responsibilities of the parties relating to the Project may be enacted through a mutually agreed upon, written amendment.

7. Remedies

This Agreement shall not be considered as specifying the exclusive remedy for any agreement default, but all remedies existing at law and in equity may be availed of by either party to this Agreement and shall be cumulative.

8. Utilities

The party named in Article 1, Responsible Parties, under AGREEMENT shall be responsible for the adjustment, removal, or relocation of utility facilities in accordance with applicable state laws, regulations, rules, policies, and procedures, including any cost to the State of a delay resulting from the Local Government's failure to ensure that utility facilities are adjusted, removed, or relocated before the scheduled beginning of construction. The Local Government will not be reimbursed with federal or State funds for the cost of required utility work. The Local Government must obtain advance approval for any variance from established procedures. Before a construction contract is let, the Local Government shall provide, at the State's request, a certification stating that the Local Government has completed the adjustment of all utilities that must be adjusted before construction is completed.

9. Environmental Assessment and Mitigation

Development of a transportation project must comply with the National Environmental Policy Act and the National Historic Preservation Act of 1966, which require environmental clearance of federal-aid projects. The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

- A. The identification and assessment of any environmental problems associated with the development of a local project governed by this Agreement.
- B. The cost of any environmental problem's mitigation and remediation.
- C. Providing any public meetings or public hearings required for the environmental assessment process. Public hearings will not be held prior to the approval of the Project schematic.
- D. The preparation of the NEPA documents required for the environmental clearance of this Project.

If the Local Government is responsible for the environmental assessment and mitigation, before the advertisement for bids, the Local Government shall provide to the State written documentation from the appropriate regulatory agency or agencies that all environmental clearances have been obtained.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

10. Compliance with Accessibility Standards

All parties to this Agreement shall ensure that the plans for and the construction of all projects subject to this Agreement are in compliance with standards issued or approved by the Texas Department of Licensing and Regulation (TDLR) as meeting or consistent with minimum accessibility requirements of the Americans with Disabilities Act (P.L. 101-336) (ADA).

11. Architectural and Engineering Services

The party named in Article 1, Responsible Parties, under AGREEMENT has responsibility for the performance of architectural and engineering services. The engineering plans shall be developed in accordance with the applicable State's *Standard Specifications for Construction and Maintenance of Highways, Streets and Bridges* and the special specifications and special provisions related to it. For projects on the State highway system, the design shall, at a minimum conform to applicable State manuals. For projects not on the State highway system, the design shall, at a minimum, conform to applicable American Association of State Highway and Transportation Officials (AASHTO) design standards.

In procuring professional services, the parties to this Agreement must comply with federal requirements cited in 23 CFR Part 172 if the Project is federally funded and with Texas Government Code 2254, Subchapter A, in all cases. Professional contracts for federally funded projects must conform to federal requirements, specifically including the provision for participation by Disadvantaged Business Enterprises (DBEs), ADA, and environmental matters. If the Local Government is the responsible party, the Local Government shall submit its procurement selection process for prior approval by the State. All professional services contracts must be reviewed and approved by the State prior to execution by the Local Government.

12. Construction Responsibilities

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

- A. Advertise for construction bids, issue bid proposals, receive and tabulate the bids, and award and administer the contract for construction of the Project. Administration of the contract includes the responsibility for construction engineering and for issuance of any change orders, supplemental agreements, amendments, or additional work orders that may become necessary subsequent to the award of the construction contract. In order to ensure federal funding eligibility, projects must be authorized by the State prior to advertising for construction.
- B. If the State is the responsible party, the State will use its approved contract letting and award procedures to let and award the construction contract.
- C. If the Local Government is the responsible party, the Local Government shall submit its contract letting and award procedures to the State for review and approval prior to letting.
- D. If the Local Government is the responsible party, the State must concur with the low bidder selection before the Local Government can enter into a contract with the vendor.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

- E. Upon completion of the Project, the party constructing the Project will issue and sign a "Notification of Completion" acknowledging the Project's construction completion and submit certification(s) sealed by a professional engineer(s) licensed in the State of Texas.
- F. For federally funded contracts, the parties to this Agreement will comply with federal construction requirements cited in 23 CFR Part 635 and with requirements cited in 23 CFR Part 633, and shall include the latest version of Form "FHWA-1273" in the contract bidding documents. If force account work will be performed, a finding of cost effectiveness shall be made in compliance with 23 CFR 635, Subpart B.

13. Project Maintenance

The Local Government shall be responsible for maintenance of locally owned roads and locally owned facilities after completion of the work. The State shall be responsible for maintenance of the State highway system after completion of the work if the work was on the State highway system, unless otherwise provided for in existing maintenance agreements with the Local Government.

14. Right of Way and Real Property

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the provision and acquisition of any needed right of way or real property.

The Local Government shall be responsible for the following:

- A. Right of way and real property acquisition shall be the responsibility of the Local Government. Title to right of way and other related real property must be acceptable to the State before funds may be expended for the improvement of the right of way or real property.
- B. If the Local Government is the owner of any part of the Project site under this Agreement, the Local Government shall permit the State or its authorized representative access to occupy the site to perform all activities required to execute the work.
- C. All parties to this Agreement will comply with and assume the costs for compliance with all the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Title 42 U.S.C.A. Section 4601 et seq., including those provisions relating to incidental expenses incurred by the property owners in conveying the real property to the Local Government and benefits applicable to the relocation of any displaced person as defined in 49 CFR Section 24.2(g). Documentation to support such compliance must be maintained and made available to the State and its representatives for review and inspection.
- D. The Local Government shall assume all costs and perform necessary requirements to provide any necessary evidence of title or right of use in the name of the Local Government to the real property required for development of the Project. The evidence of title or rights shall be acceptable to the State, and be free and clear of all encroachments. The Local Government shall secure and provide easements and any needed rights of entry over any other land needed to develop the Project according to

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

- the approved Project plans. The Local Government shall be responsible for securing any additional real property required for completion of the Project.
- E. In the event real property is donated to the Local Government after the date of the State's authorization, the Local Government will provide all documentation to the State regarding fair market value of the acquired property. The State will review the Local Government's appraisal, determine the fair market value and credit that amount towards the Local Government's financial share. If donated property is to be used as a funding match, it may not be provided by the Local Government. The State will not reimburse the Local Government for any real property acquired before execution of this Agreement and the obligation of federal spending authority.
 - F. The Local Government shall prepare real property maps, property descriptions, and other data as needed to properly describe the real property and submit them to the State for approval prior to the Local Government acquiring the real property. Tracings of the maps shall be retained by the Local Government for a permanent record.
 - G. The Local Government agrees to make a determination of property values for each real property parcel by methods acceptable to the State and to submit to the State a tabulation of the values so determined, signed by the appropriate Local Government representative. The tabulations shall list the parcel numbers, ownership, acreage and recommended compensation. Compensation shall be shown in the component parts of land acquired, itemization of improvements acquired, damages (if any) and the amounts by which the total compensation will be reduced if the owner retains improvements. This tabulation shall be accompanied by an explanation to support the determined values, together with a copy of information or reports used in calculating all determined values. Expenses incurred by the Local Government in performing this work may be eligible for reimbursement after the Local Government has received written authorization by the State to proceed with determination of real property values. The State will review the data submitted and may base its reimbursement for parcel acquisitions on these values.
 - H. Reimbursement for real property costs will be made to the Local Government for real property purchased in an amount not to exceed eighty percent (80%) of the cost of the real property purchased in accordance with the terms and provisions of this Agreement. Reimbursement will be in an amount not to exceed eighty percent (80%) of the State's predetermined value of each parcel, or the net cost of the parcel, whichever is less. In addition, reimbursement will be made to the Local Government for necessary payments to appraisers, expenses incurred in order to assure good title, and costs associated with the relocation of displaced persons and personal property as well as incidental expenses.
 - I. If the Project requires the use of real property to which the Local Government will not hold title, a separate agreement between the owners of the real property and the Local Government must be executed prior to execution of this Agreement. The separate agreement must establish that the Project will be dedicated for public use for a period of not less than 10 (ten) years after completion. The separate agreement must define the responsibilities of the parties as to the use of the real property and operation and maintenance of the Project after completion. The separate agreement must be

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

approved by the State prior to its execution. A copy of the executed agreement shall be provided to the State.

15. Insurance

If this Agreement authorizes the Local Government or its contractor to perform any work on State right of way, before beginning work, the entity performing the work shall provide the State with a fully executed copy of the State's Form 1560 Certificate of Insurance verifying the existence of coverage in the amounts and types specified on the Certificate of Insurance for all persons and entities working on State right of way. This coverage shall be maintained until all work on the State right of way is complete. If coverage is not maintained, all work on State right of way shall cease immediately, and the State may recover damages and all costs of completing the work.

16. Notices

All notices to either party shall be delivered personally or sent by certified or U.S. mail, postage prepaid, addressed to that party at the following address:

Local Government:	State:
City of Galveston ATTN: Director of Public Works 823 Rosenberg, Room 205 Galveston, TX 77550	Texas Department of Transportation ATTN: Director of Contract Services 125 E. 11 th Street Austin, TX 78701

All notices shall be deemed given on the date delivered in person or deposited in the mail, unless otherwise provided by this Agreement. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that notices shall be delivered personally or by certified U.S. mail, and that request shall be carried out by the other party.

17. Legal Construction

If one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions and this Agreement shall be construed as if it did not contain the invalid, illegal, or unenforceable provision.

18. Responsibilities of the Parties

The State and the Local Government agree that neither party is an agent, servant, or employee of the other party, and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

19. Ownership of Documents

Upon completion or termination of this Agreement, all documents prepared by the State shall remain the property of the State. All data prepared under this Agreement shall be made available to the State without restriction or limitation on their further use. All documents produced or approved or otherwise created by the Local Government shall be transmitted to the State in the form of photocopy reproduction on a monthly basis as required by the State. The originals shall remain the property of the Local Government. At the request of the State, the Local Government shall submit any information required by the State in the format directed by the State.

20. Compliance with Laws

The parties to this Agreement shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this Agreement. When required, the Local Government shall furnish the State with satisfactory proof of this compliance.

21. Sole Agreement

This Agreement constitutes the sole and only agreement between the parties and supersedes any prior understandings or written or oral agreements respecting the Agreement's subject matter.

22. Cost Principles

In order to be reimbursed with federal funds, the parties shall comply with the cost principles established in 2 CFR 200 that specify that all reimbursed costs are allowable, reasonable, and allocable to the Project.

23. Procurement and Property Management Standards

The parties to this Agreement shall adhere to the procurement standards established in Title 49 CFR §18.36, to the property management standards established in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and to the Texas Uniform Grant Management Standards. The State must pre-approve the Local Government's procurement procedures for purchases to be eligible for state or federal funds.

24. Inspection of Books and Records

The parties to this Agreement shall maintain all books, documents, papers, accounting records, and other documentation relating to costs incurred under this Agreement and shall make such materials available to the State, the Local Government, and, if federally funded, the FHWA and the U.S. Office of the Inspector General or their duly authorized representatives for review and inspection at its office during the Agreement period and for three (3) years from the date of final reimbursement by FHWA under this Agreement or until any impending litigation or claims are resolved. Additionally, the State, the Local Government, and the FHWA and their duly authorized representatives shall have access to all the governmental records that are

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

directly applicable to this Agreement for the purpose of making audits, examinations, excerpts, and transcriptions.

25. Civil Rights Compliance

The parties to this Agreement are responsible for the following:

- A. Compliance with Regulations: Both parties will comply with the Acts and the Regulations relative to Nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation (USDOT), the Federal Highway Administration (FHWA), as they may be amended from time to time, which are herein incorporated by reference and made part of this Agreement.
- B. Nondiscrimination: The Local Government, with regard to the work performed by it during the Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The Local Government will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
- C. Solicitations for Subcontracts, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the Local Government for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier will be notified by the Local Government of the Local Government's obligations under this Agreement and the Acts and Regulations relative to Nondiscrimination on the grounds of race, color, or national origin.
- D. Information and Reports: The Local Government will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information, and facilities as may be determined by the State or the FHWA to be pertinent to ascertain compliance with such Acts, Regulations or directives. Where any information required of the Local Government is in the exclusive possession of another who fails or refuses to furnish this information, the Local Government will so certify to the State or the FHWA, as appropriate, and will set forth what efforts it has made to obtain the information.
- E. Sanctions for Noncompliance: In the event of the Local Government's noncompliance with the Nondiscrimination provisions of this Agreement, the State will impose such contract sanctions as it or the FHWA may determine to be appropriate, including, but not limited to:
 1. withholding of payments to the Local Government under the Agreement until the Local Government complies and/or
 2. cancelling, terminating, or suspending of the Agreement, in whole or in part.
- F. Incorporation of Provisions: The Local Government will include the provisions of paragraphs (A) through (F) in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The Local Government will take such action with respect to

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

any subcontract or procurement as the State or the FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Local Government becomes involved in, or is threatened with, litigation with a subcontractor or supplier because of such direction, the Local Government may request the State to enter into such litigation to protect the interests of the State. In addition, the Local Government may request the United States to enter into such litigation to protect the interests of the United States.

26. Pertinent Non-Discrimination Authorities

During the performance of this Agreement, each party, for itself, its assignees, and successors in interest agree to comply with the following nondiscrimination statutes and authorities; including but not limited to:

- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.
- B. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of federal or federal-aid programs and projects).
- C. Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), as amended, (prohibits discrimination on the basis of sex).
- D. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.) as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27.
- E. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age).
- F. Airport and Airway Improvement Act of 1982, (49 U.S.C. Chapter 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex).
- G. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the federal-aid recipients, subrecipients and contractors, whether such programs or activities are federally funded or not).
- H. Titles II and III of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38.
- I. The Federal Aviation Administration's Nondiscrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex).
- J. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations.

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

- K. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, the parties must take reasonable steps to ensure that LEP persons have meaningful access to the programs (70 Fed. Reg. at 74087 to 74100).
- L. Title IX of the Education Amendments of 1972, as amended, which prohibits the parties from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq.).

27. Disadvantaged Business Enterprise (DBE) Program Requirements

If federal funds are used:

- A. The parties shall comply with the Disadvantaged Business Enterprise Program requirements established in 49 CFR Part 26.
- B. The Local Government shall adopt, in its totality, the State's federally approved DBE program.
- C. The Local Government shall incorporate into its contracts with subproviders an appropriate DBE goal consistent with the State's DBE guidelines and in consideration of the local market, project size, and nature of the goods or services to be acquired. The Local Government shall submit its proposed scope of services and quantity estimates to the State to allow the State to establish a DBE goal for each Local Government contract with a subprovider. The Local Government shall be responsible for documenting its actions.
- D. The Local Government shall follow all other parts of the State's DBE program referenced in TxDOT Form 2395, Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise by Entity, and attachments found at web address http://ftp.dot.state.tx.us/pub/txdot-info/bop/dbe/mou/mou_attachments.pdf.
- E. The Local Government shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Local Government shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non-discrimination in award and administration of DOT-assisted contracts. The State's DBE program, as required by 49 CFR Part 26 and as approved by DOT, is incorporated by reference in this Agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Local Government of its failure to carry out its approved program, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).
- F. Each contract the Local Government signs with a contractor (and each subcontract the prime contractor signs with a sub-contractor) must include the following assurance: *The contractor, sub-recipient, or sub-contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor*

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as the recipient deems appropriate.

28. Debarment Certifications

If federal funds are used, the parties are prohibited from making any award at any tier to any party that is debarred or suspended or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549, "Debarment and Suspension." By executing this Agreement, the Local Government certifies that it and its principals are not currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549 and further certifies that it will not do business with any party, to include principals, that is currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549. The parties to this Agreement shall require any party to a subcontract or purchase order awarded under this Agreement to certify its eligibility to receive federal funds and, when requested by the State, to furnish a copy of the certification.

If state funds are used, the parties are prohibited from making any award to any party that is debarred under the Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter G, Rule §20.585 and the Texas Administrative Code, Title 43, Part 1, Chapter 9, Subchapter G.

29. Lobbying Certification

If federal funds are used, in executing this Agreement, each signatory certifies to the best of that signatory's knowledge and belief, that:

- A. No federal appropriated funds have been paid or will be paid by or on behalf of the parties to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with federal contracts, grants, loans, or cooperative agreements, the signatory for the Local Government shall complete and submit the Federal Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- C. The parties shall require that the language of this certification shall be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and all sub-recipients shall

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

certify and disclose accordingly. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Title 31 U.S.C. §1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

30. Federal Funding Accountability and Transparency Act Requirements

If federal funds are used, the following requirements apply:

- A. Any recipient of funds under this Agreement agrees to comply with the Federal Funding Accountability and Transparency Act (FFATA) and implementing regulations at 2 CFR Part 170, including Appendix A. This Agreement is subject to the following award terms: <http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22705.pdf> and <http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22706.pdf>.
- A. The Local Government agrees that it shall:
 1. Obtain and provide to the State a System for Award Management (SAM) number (Federal Acquisition Regulation, Part 4, Sub-part 4.11) if this award provides more than \$25,000 in federal funding. The SAM number may be obtained by visiting the SAM website whose address is: <https://www.sam.gov/portal/public/SAM/>
 2. Obtain and provide to the State a Data Universal Numbering System (DUNS) number, a unique nine-character number that allows federal government to track the distribution of federal money. The DUNS may be requested free of charge for all businesses and entities required to do so by visiting the Dun & Bradstreet (D&B) on-line registration website <http://fedgov.dnb.com/webform>; and
 3. Report the total compensation and names of its top five executives to the State if:
 - i. More than 80% of annual gross revenues are from the federal government, and those revenues are greater than \$25,000,000; and
 - ii. The compensation information is not already available through reporting to the U.S. Securities and Exchange Commission.

31. Single Audit Report

If federal funds are used:

- A. The parties shall comply with the single audit report requirements stipulated in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- B. If threshold expenditures of \$750,000 or more are met during the fiscal year, the Local Government must submit a Single Audit Report and Management Letter (if applicable) to TxDOT's Compliance Division, 125 East 11th Street, Austin, TX 78701 or contact TxDOT's Compliance Division by email at singleaudits@txdot.gov.
- C. If expenditures are less than the threshold during the Local Government's fiscal year, the Local Government must submit a statement to TxDOT's Compliance Division as follows: "We did not meet the \$ _____ expenditure threshold and therefore, are not required to have a single audit performed for FY _____."
- D. For each year the Project remains open for federal funding expenditures, the Local Government will be responsible for filing a report or statement as described above. The required annual filing shall extend throughout the life of the Agreement, unless

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	<i>AFA Not Used For Research & Development</i>	

otherwise amended or the Project has been formally closed out and no charges have been incurred within the current fiscal year.

32. Signatory Warranty

Each signatory warrants that the signatory has necessary authority to execute this Agreement on behalf of the entity represented.

THIS AGREEMENT IS EXECUTED by the State and the Local Government.

THE LOCAL GOVERNMENT

 Brian Maxwell
 City Manager
 City of Galveston

 Date

THE STATE OF TEXAS

 Kenneth Stewart
 Director of Contract Services
 Texas Dept. of Transportation

 Date

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

ATTACHMENT A RESOLUTION OR ORDINANCE

RESOLUTION NO. 15-002

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, SUPPORTING A REQUEST TO THE HOUSTON – GALVESTON AREA COUNCIL FOR ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000.00) OF FEDERAL FUNDING TO COMPLETE THE SEAWALL BOULEVARD REPAVING PROGRAM PURSUANT TO THE FY2015 – FY2018 TRANSPORTATION IMPROVEMENT PROGRAM CALL FOR PROJECTS; COMMITTING THE REQUIRED TWENTY PERCENT (20%) LOCAL SHARE OF THREE HUNDRED THOUSAND DOLLARS (\$300,000.00); AUTHORIZING THE CITY MANAGER TO SUBMIT ALL REQUIRED INFORMATION AND DATA TO SUPPORT SAME; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Galveston is completing Phase 2 of the Seawall Repaving Program from 39th Street to Ferry Road; and

WHEREAS, the City of Galveston desires to complete the final link of the Seawall Repaving Program from Ferry Road to Boddeker Drive; and

WHEREAS, the Houston – Galveston Area Council (H-GAC) has issued a call for projects for the FY2015 – FY2018 Transportation Improvement Program; and

WHEREAS, the City is seeking one million two hundred thousand dollars and no cents (\$1,200,000.00) of Surface Transportation Program (STP) funding through the H-GAC call to support the federal share of the total project cost; and

WHEREAS, the H-GAC call for projects requires that the proposer provide twenty percent (20%) of the total project cost of one million five hundred thousand dollars and no cents (\$1,500,000.00); and

WHEREAS, the City of Galveston agrees to provide three hundred thousand dollars and no cents (\$300,000.00) to support the local share cost of the proposed project; and

WHEREAS, the City of Galveston agrees to maintain the improvements proposed for Seawall Boulevard; and

WHEREAS, the City Council of the City of Galveston deems it in the public interest to provide the local share of three hundred thousand dollars and no cents (\$300,000.00) for the Seawall Repaving Program in response to H-GAC's call for projects and to authorize the City Manager to submit all required information and data to support same.

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS:

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby authorizes the City Manager to submit all required data and documentation to support a request by the City of Galveston for the pursuit of \$1.2 million federal funds to facilitate Phase 3 of the Seawall Repaving Project.

SECTION 3. The City Council hereby further authorizes the City Manager to represent that the City of Galveston commits \$300,000.00 in non-federal resources to provide the 20% local match requirement for the Seawall Phase 3 Repaving Project.

SECTION 4. The City Council hereby further authorizes the City Manager to represent that the City of Galveston will, if Seawall Repaving Phase 3 is approved, agree to maintain such improvements.

SECTION 5. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:


DOROTHY PALUMBO
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular Meeting held on the 8th day of January, 2015, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this 9th day of January, 2015.




Secretary for the City Council
of the City of Galveston

TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

ATTACHMENT B

LOCATION MAP SHOWING PROJECT



TxDOT:		Federal Highway Administration:	
CSJ #	0912-73-207	CFDA No.	20.205
District #	12 - Houston	CFDA Title	Highway Planning and Construction
Code Chart 64 #	15700		
Project Name	Seawall Blvd Roadway Rehabilitation from Boddecker Rd to SH87/Ferry Rd	AFA Not Used For Research & Development	

ATTACHMENT C

PROJECT BUDGET

Costs will be allocated based on 80% Federal funding and 20% Local Government funding until the federal funding reaches the maximum obligated amount. The Local Government will then be responsible for 100% of the costs.

Description	Total Estimated Cost	Federal Participation Cost		State Participation Cost		Local Participation Cost	
Engineering (by Local Government)	\$ 187,000	0%	\$ -	0%	\$ -	100%	\$ 187,000
Construction (by Local Government)	\$ 1,803,736	80%	\$ 1,442,989	0%	\$ -	20%	\$ 360,747
Subtotal	\$ 1,990,736		\$ 1,442,989		\$ -		\$ 547,747
Environmental Direct State Costs	\$ 5,000	0%	\$ -	0%	\$ -	100%	\$ 5,000
Right of Way Direct State Costs	\$ 100	0%	\$ -	0%	\$ -	100%	\$ 100
Engineering Direct State Costs	\$ 10,000	0%	\$ -	0%	\$ -	100%	\$ 10,000
Utility Direct State Costs	\$ 100	0%	\$ -	0%	\$ -	100%	\$ 100
Construction Direct State Costs	\$ 139,264	80%	\$ 111,411	0%	\$ -	20%	\$ 27,853
Indirect State Costs	\$ 53,362	0%	\$ -	100%	\$ 53,362	0%	\$ -
TOTAL	\$ 2,198,562		\$ 1,554,400		\$ 53,362		\$ 590,800

Initial payment by the Local Government to the State: \$15,200.00

Payment by the Local Government to the State before construction: \$27,853.00

Estimated total payment by the Local Government to the State: \$43,053.00

This is an estimate.

The final amount of Local Government participation will be based on actual costs.



City of Galveston

Office of the City Attorney
823 Rosenberg Room 203
PO Box 779 | Galveston, TX 77553-0779
409-797-3530

August 15, 2018

Hon. Mayor James Yarbrough
Hon. Members of Council
City Hall
City of Galveston

RE: Memorandum of Understanding between the City and Rosenberg Library

Dear Members of Council:

The City Charter of the City of Galveston provides the City will give funds to the Rosenberg Library for the conduct, maintenance, improvement and extension of Rosenberg Library in the amount which would be derived by the levy of a Five Cent (\$0.05) tax or at the discretion of the City Council, an additional amount up to an Eight Cent (\$0.08) tax per \$100.00 of assessed valuation based upon a one hundred (100) per cent assessment ratio.

The City has been making those payments over the years without any formal agreement between itself and the Library. The attached Memorandum of Understanding is a step in resolving that situation.

The management staff of the City and Library negotiated terms and this memorandum represents what the parties could agree upon. The portion of the Library budget from ad valorem tax dollars would be given to the City for scrutiny in the budget process. The method of calculation of the City's payment was clarified. The contents of the budget submission were delineated. The estimated annual payment by the City would be divided by twelve and monthly payments would be made; a "true up" would be done before November 15th to reconcile the actual funds versus the anticipated funds.

The approved budget of the Library will be delivered to the City Secretary and an annual audit done of its financial statements; that audit will also be filed with the City Secretary. The City reserves the right to audit the funds delivered by the City; the Library may audit the City's calculation of the annual amount of payment to the Library. The parties memorialize their agreement the Library is subject to the Open Meetings Act. The City requested the Library comply with the Texas Open Meetings Act; the document memorializes that request and the Library's position it is not bound by that Act.

Should you have any questions, please contact me.

Very truly yours,

s/ DONALD S. GLYWASKY
City Attorney -

MEMORANDUM OF UNDERSTANDING BETWEEN THE
CITY OF GALVESTON, TEXAS AND THE
ROSENBERG LIBRARY ASSOCIATION RELATED TO THE PAYMENT
OF AD VALOREM TAXES TO THE ROSENBERG LIBRARY AS
REQUIRED BY THE CHARTER OF THE CITY OF GALVESTON

This agreement is entered into by and between the City of Galveston (hereinafter City) a body political organized in accordance with the laws of the State of Texas, and the Rosenberg Library Association (hereinafter Library), a not for profit corporation organized under §501(c)(3) of the Internal Revenue Code.

The City Charter of the City of Galveston provides for the payment of ad valorem tax dollars to the Rosenberg Library Association. The City and the Library have a longstanding practice regarding those funds and find it advisable to formalize that relationship in writing to ensure consistency in practice from year to year.

Accordingly the parties do agree as follows:

- 1) The Library receives funding from the City of Galveston pursuant to Galveston City Charter Article VIII §2 from ad valorem taxes for “conduct, maintenance, improvement and extension of Rosenberg Library in the amount which would be derived by the levy of a Five Cent (\$0.05) tax” or at the discretion of the City Council, an additional amount up to an Eight Cent (\$0.08) tax per \$100.00 of assessed valuation based upon a one hundred (100) per cent assessment ratio”. Given variations in the yearly certified tax roll released by the Central Appraisal District (CAD), the actual dollar amount transferred from the City to the Library will vary on a yearly basis. The amount to be transferred to the Library from the City is referred to herein as “City Support”.
- 2) It is the goal of the City to ensure that the transfer of tax dollars from it to the Library is subject to public scrutiny and comment as part of the City’s budget process including its publication in the city budget and inclusion in the public comment portion of the budget process. The Library agrees that is a worthy goal and should be undertaken.
- 3) The Library agrees to submit the Library’s City Support budget for the anticipated City Support for the upcoming budget year. The parties agree to use the City’s and the Library’s fiscal years which run from October 1 through the following September 30. The City’s calculation of the City Support for the Library will be calculated by using the CAD certified appraisal roll amount used in calculating the City’s budget for its next fiscal year and by multiplying the certified appraised value times five cents (\$0.05) for each \$100 of appraised value.

- 4) The Library's City Support budget will be delivered to the City Finance Director within 30 days after the Library has been notified in writing of the City's calculation of the City Support for the next fiscal year. The date for submission of the Library's City Support budget may be extended per agreement between the City Finance Director and the Library.
- 5) The Library's budget submission will include the following data:
 - a) Actual City Support expenditures of the previous fiscal year;
 - b) Present year's approved City Support budget;
 - c) Present year's projected City Support expenditures; and
 - d) Next fiscal year's proposed City Support budget.

Such data will be included as an appendix to the City budget in the manner deemed most appropriate by city management.

- 6) The City will provide supporting documentation for the Library's annual City Support with the annual true-up on or before November 15th following the end of the fiscal year. City Support payments in an amount equal to the projected annual funding amount divided by twelve will be paid to the Library by the 15th of each month.
- 7) The Library will submit a copy of its approved budget to the City Secretary to ensure its availability to the public.
- 8) The Library will have an annual audit of its financial statements. The Library will provide a copy of its completed audit to the Office of the City Secretary to ensure its availability to the public and circulation to various City Offices on or before February 15th.
- 9) The City reserves the right to conduct its own audit of the City's contribution to the Library by the City Auditor or his designee. The Library will provide all necessary documents to ensure the smooth conduct of the budget process. Similarly, the Library reserves the right to audit the City's calculations of the annual City Support for the Library and the City will provide all necessary documents to ensure the smooth conduct of that audit. The parties shall share with the other the results of any such audit.
- 10) The Library agrees that the City support is subject to the Texas Public Information Act. Tex. Gov't Code Ch. 552.

11) The City has requested that the Library comply with the provisions of the Texas Open Meetings Act. Tex. Gov't Code Ch. 551 The Library has consulted its counsel and has satisfied itself that it is not required to comply with that Act. The Library agrees to periodically review its position on that issue and verify its legal position.

This writing represents the complete agreement of the parties. Any dispute regarding the contents of this agreement will be resolved by mediation between the parties before the filing of any litigation. Venue for litigation will lie in Galveston County and will be filed in the courts of the States of Texas and in any such instance both sides will be responsible for their own costs and attorney fees.

This agreement is entered into by and between the parties as evidenced by the signatures as signed and dated below.

FOR THE CITY OF GALVESTON:

Brian A. Maxwell
City Manager
Date:_____

ATTEST:

Janelle Williams
City Secretary

FOR THE ROSENBERG LIBRARY ASSOCIATION:

John Augelli
Executive Director
Date: _____

Michael C. Doherty
President

HutchinsonShockeyErley&Co
James Niederle
Senior Vice President
4545 Post Oak Place, Suite 215
Houston, Texas 77027
P - 713.429.5898 / F - 713.621.4022



City of Galveston, Texas
823 Rosenberg Avenue
Galveston, Texas 77550

Attn: Mr. Dan Buckley, Deputy City Manager
Mr. Mike Loftin, Director of Finance

Re: **FINANCIAL ADVISORY SERVICES**

Dear Mr. Buckley and Mr. Loftin:

This letter confirms and memorializes the agreement ("Agreement") between the City of Galveston (referred to herein as the "City, etc.") and Hutchinson, Shockey, Erley & Co., an Illinois corporation, (the "Financial Advisor") a member of the Financial Industry Regulatory Authority ("FINRA"), pursuant to which the Financial Advisor agrees to provide Financial Advisory Services (as defined herein) to the City in accordance with the terms and conditions set forth herein. In consideration of good and valuable services provided and the mutual promises, representations, warranties and covenants of the parties contained herein, the parties agree as follows:

1. Services: For purposes of this Agreement, "Financial Advisory Services" is defined as the Financial Advisor's:

- a) *Quarterly Advisory Services.*
- b) *Bond Issuance Transaction Services.*
- c) *Other Services to be provided on an hourly basis.*

Quarterly Advisory Services shall be performed and delivered by the Financial Advisor to the City on a quarterly basis and shall include, but are not limited to, the following:

- (i) Assistance to City staff in development of the City budget, including review of assumptions used in the budgeting process and analysis of projections and conclusions of the budget.
- (ii) Assistance and advice with regard to debt financing, including impact of new debt, identification of financing vehicles and alternatives, and monitoring of market rates and conditions.
- (iii) Ongoing review and analysis of potential refinancing opportunities.
- (iv) Assistance, if requested, on any long-term forecasts or financing plans, including review of assumptions used to formulate the forecast of financing plans and analysis and review of projections and conclusions made by the forecast or plan.
- (v) Attendance, when requested, at any City Council meetings, subcommittee meetings, or finance-related meetings.
- (vi) Any advice or consultation regarding the creation of new quasi-governmental organizations, or status of such existing organizations, and their impact on the City.
- (vii) Assistance with the creation of, or revision to, a comprehensive City debt management policy.

Bond transaction services shall be performed and delivered by the Financial Advisor to the City on an as needed basis and shall include, but are not limited to, the following:

- (i) Assistance with sizing, timing, structure, type of debt, and method of sale of any City debt issue.
- (ii) Analysis of the City's debt capacity and the impact of new debt issuances on the City's property tax rate.
- (iii) Evaluation of new financing techniques and instruments that may be used as alternatives to traditional municipal bond issuances.
- (iv) Preparation and coordination of rating agency meetings and presentations.
- (v) Development of any desired requests for proposals ("RFP") for underwriting services, and analysis of responses to such an RFP.
- (vi) Preparation of the preliminary and official sales documents in connection with the issuance of a municipal obligation, coordination of the sale of said obligations, and oversight of the closing and funding of the sale.
- (vii) Assistance with the preparation of annual continuing disclosure statements

Other services requested by the City, not specifically covered by the above services, shall be negotiated as to scope, scale, completion criteria, and any "not-to-exceed" compensation limit, by the City and Financial Advisor, and when successfully completed shall be billed to the City on an hourly basis, subject to any "not-to-exceed" amount.

This Agreement shall have an initial term beginning on the date hereof and ending three years from the date hereof (the "Initial Term"). This Agreement will automatically renew for subsequent additional 12-month periods at the beginning of years four and five of the contract unless terminated by either party in writing 30 days prior to its initial or subsequent expiration date.

2. Compensation: The City hereby engages the Financial Advisor to perform the Financial Advisory Services. Services shall be deemed satisfactorily complete by the City, and as such the City agrees to pay compensation for financial advisory services rendered, based on the above descriptions, as follows:

Quarterly: The City shall pay the Financial Advisor a quarterly sum of \$10,000, payable in arrears, beginning October 1, 2015.

Per Bond Transaction: Bond transaction services shall be performed in accordance with the following fee schedule to be paid to the Financial Advisor upon satisfactory performance of services and successful closing of a bond transaction.

<i>Bond Amount</i>	<i>Price per Bond</i>
<i>\$0 - \$5,000,000</i>	<i>Minimum - \$15,000</i>
<i>\$5,000,001 - \$10,000,000</i>	<i>\$15,000 plus \$1.00 per \$1,000</i>
<i>\$10,000,001 - \$25,000,000</i>	<i>\$25,000 plus \$.50 per \$1,000</i>
<i>\$25,000,001 and over</i>	<i>\$37,500 plus \$.25 per \$1,000</i>

3. Expenses: The City agrees to reimburse the Financial Advisor for all of its reasonable and necessary out-of-pocket expenses incurred which are related to the Financial Advisory Services. Invoices for out-of-pocket expenses shall be supported by appropriate documentation. The City shall promptly reimburse expenses to the Financial Advisor upon presentation of invoices to the City.

4. Consultation with Financial Advisor Representatives: The Financial Advisor will make available, for consultation with officials, counsel and staff members of the City, at times and places mutually agreed upon, personnel qualified to advise the City on the services described. James Niederle will be assigned as the primary professionals on the City account.

5. Reasonable Cooperation: As needed by the Financial Advisor in the performance of duties for the City, the City will make available the appropriate personnel for conferences and information meetings.

6. Liability for Fees and Expenses: Termination of this Agreement or transfer, assignment or sale of rights by the City in relation to the project shall not release the City from responsibility with respect to the fees and expenses payable pursuant to this Agreement.

7. Other Services: The City has not engaged the Financial Advisor as, and the Financial Advisor has not agreed to act as, an underwriter or placement agent with respect to the City's municipal debt issuance. Under the Municipal Securities Rulemaking Board Rule G-23, as amended; the Financial Advisor is precluded from acting as an underwriter or placement agent on the City's municipal debt issuance or changing to such a role once named as Financial Advisor to the City.

8. Notices: All notices provided for by this Agreement shall be made in writing either: (i) by actual delivery of the notice into the hands of the parties thereto entitled, or by delivery via courier service to a person in the office of the person entitled to notice; or (ii) by the mailing of the notice in the United States mails to the address, as stated below (or at such other address as may be designated by written notice), of the party entitled thereto, by certified or registered mail, return receipt requested, postage prepaid. The notice shall be deemed to be received three (3) days after the date of deposit in the United States mails.

All communications hereunder, except as herein otherwise specifically provided, shall be in writing and, if sent to the Financial Advisor, shall be mailed or delivered to the Financial Advisor at the address first set forth above; if sent to the City, it shall be mailed or delivered to the City's principal address.

A party's notice address may be changed from time to time by that party's providing written notice to the other. A copy of the notice to the each respective Party shall be sent to:

For City:
City Manager
City of Galveston
823 Rosenberg, Room 203
P.O. Box 779
Galveston, Texas 77553

with copy to:
City Attorney
City of Galveston
823 Rosenberg, Room 203
P.O. Box 779
Galveston, Texas 7755

For Hutchinson, Shockey, Erley & Co.
James Niederle
Senior Vice President
4545 Post Oak Place, Suite 215
Houston, Texas 77027

with copy to:
Mark Nitcholas
Managing Director
4545 Post Oak Place, Suite 215
Houston, Texas 77027

9. Construction: This Agreement shall be governed by, subject to and construed in accordance with the laws of Texas, and any dispute with respect to the subject matter hereof shall be litigated in the state or federal courts closest to HSE's Houston office, to which jurisdiction and venue all parties consent.

10. Severability: If any portion of this Agreement is to be held invalid or unenforceable by a court of competent jurisdiction, then: (i) the remainder of this Agreement shall be considered valid and operative; and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

11. Modification or Amendment: This Agreement may not be modified or amended except by written agreement executed by all parties hereto.

12. Captions: The captions used in this Agreement are for convenience only and shall not be considered as part of this Agreement.

If this letter correctly sets forth the entire understanding between the Financial Advisor and the City with respect to the foregoing, please so indicate by signing below, at which time this letter shall become a binding contract.

Sincerely,

HUTCHINSON, SHOCKEY, ERLEY & CO.

By: James Nudate

Its: Senior Vice President

By: Thomas E. Dancy

Its: President

By: Nancy McMeier

Its: Chief Financial Officer

ACCEPTED:

The City of Galveston, Texas

By: Pat Duda

Its: _____

Date: 9/15/15

APPROVED AS TO FORM:

[Signature]
Asst. City Attorney



CERTIFICATE OF LIABILITY INSURANCE

HUTCH-5

OP ID: G5

DATE (MM/DD/YYYY)

09/08/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER The Horton Group, Inc. www.thehortongroup.com 10320 Orland Parkway Orland Park, IL 60467 Mike Richmond		CONTACT NAME: PHONE (A/C, No, Ext): 800-383-8283 FAX (A/C, No): 855-311-2378 E-MAIL ADDRESS: certificates@thehortongroup.com		
INSURED Hutchinson, Shockey, Erley & Co 222 West Adams Street #1700 Chicago, IL 60606		INSURER(S) AFFORDING COVERAGE		NAIC #
		INSURER A: Sentinel Insurance Company Ltd		
		INSURER B: Hartford Fire Insurance		19682
		INSURER C:		
		INSURER D:		
		INSURER E:		
INSURER F:				

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ GENERAL LIABILITY		83SBANN5014	03/31/2015	03/31/2016	EACH OCCURRENCE \$ 1,000,000
	☒ COMMERCIAL GENERAL LIABILITY					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
	☐ CLAIMS-MADE ☒ OCCUR					MED EXP (Any one person) \$ 10,000
						PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:					GENERAL AGGREGATE \$ 2,000,000
	☐ POLICY ☐ PRO-JECT ☒ LOC					PRODUCTS - COMP/OP AGG \$ 2,000,000
						Emp Ben. \$ 1MM/2MM
A	☐ AUTOMOBILE LIABILITY		83SBANN5014	03/31/2015	03/31/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	☐ ANY AUTO					BODILY INJURY (Per person) \$
	☐ ALL OWNED AUTOS	☐ SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
	☒ HIRED AUTOS	☒ NON-OWNED AUTOS				PROPERTY DAMAGE (PER ACCIDENT) \$
						\$
A	☒ UMBRELLA LIAB	☒ OCCUR	83SBANN5014	03/31/2015	03/31/2016	EACH OCCURRENCE \$ 5,000,000
	☐ EXCESS LIAB	☐ CLAIMS-MADE				AGGREGATE \$ 5,000,000
	☐ DED	☒ RETENTION \$ 10,000				\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	☐ Y ☒ N	83WBCBY2653	03/31/2015	03/31/2016	☒ WC STATUTORY LIMITS ☐ OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N/A				E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
						E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

GALVE-1 City of Galveston 823 Rosenberg Galveston, TX 77553-0779	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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City of Galveston

Finance Department
PO Box 779 | Galveston, TX 77553-0779
| 409-797-3562

August 23, 2018

To: Brian Maxwell, City Manager
Honorable Mayor and City Council
From: Michael W. Loftin, Assistant City Manager for Finance

RE: Consider a motion approving a one-year extension of the contract with Hutchinson Shockey Erley & Company for financial advisory services.

I. Background

- A. The City retained the firm of Hutchinson Shockey Erly & Co. to serve as its financial advisor in August 2015 for a three year period (see attached staff report and contract).
- B. The agreement provides for automatic renewals annually after the initial three year period ends. City Council is being asked to ratify the extension for an additional year.
- C. Mr. Jim Niederle, lead advisor for the City, has met the requirements of the contract in a professional, responsive manner (see contract).
- D. The fee under the contract splits what would normally be the total fee earned by a financial advisor when bonds are sold into a \$40,000 annual fixed fee and reduced fees when bonds are sold.

II. Current Situation

- A. The City expects to continue to require financial advisory services because of its extensive Capital Improvement Plan (CIP) and the long-term financings required to fully execute and implement the CIP.
- B. Mr. Niederle and his firm are familiar with the City, its financial planning process, the bond market, the City's history in the bond market and the particular needs of the City with respect to financial issues.
- C. HSE was chosen through a competitive Request for Proposals process (RFP 15-12), and remains the choice of the city moving forward.
- D. In the past three years, the City has paid HSE a total of \$258,703 for bond sales and other services. including financial disclosure filings, attendance at Council, Finance and Fiscal Affairs Committee, and staff meetings as required, as well as assistance in securing the long-term emergency loan and ongoing advice in financial matters.
- E. On August 9, 2018, it was announced that HSE was being acquired by Huntington Bancshares. This is not expected to affect HSE's performance under the existing agreement with the City of Galveston in any way.

III. **Alternatives**

- A. Extend the contract with HSE.
- B. Go through a new financial advisory services RFP process.

IV. **Recommendation**

Approve the contract extension with HSE.

V. **Funding**

General Fund - \$20,000 annually

Combined Utility System Fund - \$20,000 annually

Bond Sales Cost of Issuance – Scheduled fees per bond sale and ongoing annual fees (see above) if market conditions and individual bond sale and cost of issuance permits



Huntington Bancshares To Acquire Hutchinson, Shockey, Erley & Co.

08/09/18 04:15 PM EDT

Huntington Bancshares To Acquire Hutchinson, Shockey, Erley & Co.

Adds Chicago-based premier securities firm exclusively focused on municipal securities

PR Newswire

COLUMBUS, Ohio and CHICAGO, Aug. 9, 2018

COLUMBUS, Ohio and CHICAGO, Aug. 9, 2018 /PRNewswire/ -- Huntington Bancshares Inc. (NASDAQ: HBAN; www.huntington.com) today announced the signing of a definitive agreement to purchase Chicago-headquartered [Hutchinson, Shockey, Erley & Co.](#) ("HSE"). A public finance investment bank and broker-dealer, HSE is one of the nation's largest securities firms focused exclusively on municipal securities. Financial terms of the agreement were not disclosed. The acquisition, subject to regulatory approval, is expected to be completed in the fourth quarter of 2018.



Founded in 1957, HSE serves public sector clients, including state and local governments and non-profit organizations, underwriting and structuring debt that funds school construction, infrastructure development and other capital projects. In addition to HSE's underwriting capabilities, it maintains a

robust trading and institutional sales platform.

"Hutchinson, Shockey, Erley and Co. is one of the premier municipal securities firms in the industry. They have an incredibly strong team of seasoned public finance professionals who average more than 26 years of experience. We are very excited about the expertise and capabilities they will bring to Huntington Capital Markets to complement the growth we've experienced in our existing government banking and public finance businesses," said Scott Kleinman, executive managing director, Huntington Capital Markets.

HSE and the management team will continue to be led by its CEO and industry veteran, Tom Dannenberg. The firm will continue to operate under the Hutchinson, Shockey, Erley and Co. brand and will continue to be headquartered in Chicago. The firm's operations are supported by eleven offices dispersed across nine states, which house its 51 employees. HSE will operate as a standalone broker dealer working under Huntington Capital MarketsSM.

"The businesses and the cultures of Hutchinson, Shockey, Erley and Co. and Huntington are a tremendous fit. Both organizations are, above all, dedicated to doing the right thing for our customers," said Tom Dannenberg, CEO of Hutchinson, Shockey, Erley and Co. "Huntington has been in operation for more than 150 years and our firm for more than 60 years. That longevity is a testament to our shared commitment to delivering a value-added superior customer experience for our clients. Joining forces with Huntington will yield clear benefits for both parties as we grow and expand capabilities to serve our clients."

Keefe, Bruyette & Woods, Inc. acted as exclusive financial advisor to Hutchinson, Shockey, Erley & Co.

About Huntington

Huntington Bancshares Incorporated is a regional bank holding company headquartered in Columbus, Ohio, with \$105 billion of assets and a network of 968 branches and 1,831 ATMs across eight Midwestern states. Founded in 1866, The Huntington National Bank and its affiliates provide consumer, small business, commercial, treasury management, wealth management, brokerage, trust, and insurance services. Huntington also provides auto dealer, equipment finance, national settlement and capital market services that extend beyond its core states. Visit huntington.com for more information.

The Huntington National Bank is an Equal Housing Lender and Member FDIC.

About Huntington Capital MarketsSM

Huntington Capital MarketsSM is a service mark under which the corporate and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, The Huntington Investment Company and The Huntington National Bank, are marketed. Securities products and services are offered by licensed securities representatives of The Huntington Investment Company, registered broker-dealer, member FINRA and SIPC, and registered investment adviser with the U.S. Securities and Exchange Commission (SEC).

About Hutchinson, Shockey, Erley and Co.

Hutchinson, Shockey, Erley & Co. is an investment bank and broker-dealer that specializes exclusively in municipal securities. With \$15MM in capital and more than fifty employees and offices in nine states, Hutchinson, Shockey, Erley & Co. provides public finance services to state and local governments and maintains a robust underwriting, trading and institutional sales platform. HSE's commitment to the municipal securities market has been unwavering since 1957. The senior management team leads a dedicated and experienced group of professionals who believe in the firm's mission to provide superior service to our clients under all circumstances. HSE has leveraged its experience and expertise to become one of the most active participants in the municipal bond market, ranking nationally among the top ten competitive underwriters by volume for six consecutive years.

 View original content with multimedia:<http://www.prnewswire.com/news-releases/huntington-bancshares-to-acquire-hutchinson-shockey-erley--co-300695116.html>

SOURCE Huntington Bancshares Incorporated



Galveston Police Department

OFFICE OF THE CHIEF STAFF REPORT

Date: August 23, 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Vernon Hale, Chief of Police

Re: **Consider for approval authorizing the Police Department to accept the donation of a Dual Purpose Narcotic/Track Dog to supplement the patrol and investigative divisions.**

I. Background

- A. Police Departments use K9's for patrol operations, explosive detection, and narcotic detection. The Galveston Police Department currently has three (3) K9's for patrol and investigative operations.

II. Current Situation

- A. The Police Department is authorized four (4) K9 assets, one of which was retired, the other relocated to another department.
- B. The loss of those two (2) K9 assets leaves the police department with only two (2) K9 assets. One of those K9's is aged and nearing retirement within the next couple of months.

III. Issues

- A. The police department needs additional K9's to bring the department to authorized strength.
- B. The City of Galveston approves numerous special events throughout the year, many of which are major events drawing several hundred thousand persons to the island.
- C. The rise of illegal narcotics within the City of Galveston has risen every year since 2008.
- D. The Galveston Police Department has been involved in numerous narcotic investigations where a narcotic K9 was pertinent to finding and seizing narcotics from those investigations.
- E. New drug trends that now incorporate the City of Galveston are methamphetamines and heroin. These two narcotics were almost absent from our city before 2008 but have now become the narcotic of choice and has replaced crack cocaine and marijuana.
- F. The police department has one K9 asset nearing retirement that will need to be replaced soon. Implementing a new K9 would satisfy the future need of having to replace the retired K9.

IV. Alternatives in order of priority

- A. Authorize and accept the donation of the Dual Purpose Narcotic and Tracking K9.
- B. Do not authorize and accept the donation and the current situation remains.





Galveston Police Department

OFFICE OF THE CHIEF STAFF REPORT

V. Recommendation

Concur in Alternative A and accept the donation.

VI. Fiscal Impact Report

Requested by: Vernon Hale
Chief of Police

Funding Source: **Anonymous Donor**

Cost of Implementation: \$0
Estimated annual M&O costs: N/A
Estimated cumulative M&O costs: N/A
Additional Information:

Respectfully Submitted,

Vernon Hale
Chief of Police

Approved,

Brian Maxwell
City Manager





Galveston Police Department

OFFICE OF THE CHIEF STAFF REPORT

Date: 01 August, 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Vernon Hale, Chief of Police

Re: Consider for approval a resolution authorizing the City Manager to pay tuition costs to Galveston College for Basic Police Academy for fourteen (13) Police Cadets totaling \$21,073.00

I. Background

- A. The Galveston Police Department recently hired 19 Police Cadets. 13 of those new hires are non-TCOLE certified and must attend the Basic Police Academy Course.
- B. The Galveston Police Department currently pays tuition for new hire, non-certified police cadets.
- C. The City of Galveston works through an inter-local agreement with Galveston College to provide this service.

II. Current Situation

- A. The Police Department needs approval to fund the 78th Police Academy Cadets to attend the Galveston College Basic Peace Officer Academy.

III. Issues

- 1. Cost – \$21,073
- 2. Timing – This tuition is for new hire police officers.
- 3. Improvements – Increase staffing.

IV. Alternatives in order of priority

- A. Approve the payment of tuition for 13 police cadets.
- B. Do not approve the payment of tuition for 13 police cadets.

V. Recommendation

Concur in Alternative A and grant approval to purchase the uniforms for new hires.





Galveston Police Department

OFFICE OF THE CHIEF STAFF REPORT

VI. Fiscal Impact Report

Requested by:

Vernon Hale
Chief of Police

Funding Source:

Police Academy Costs
0100-211450-533085-421000

Cost of Implementation:

\$21,073.00

Estimated annual M&O costs:

N/A

Estimated cumulative M&O costs:

N/A

Additional Information:

Respectfully Submitted,

Vernon Hale
Chief of Police

Approved,

Brian Maxwell
City Manager





**INTERLOCAL AGREEMENT
FOR LAW ENFORCEMENT BASIC PEACE OFFICER TRAINING
BETWEEN
GALVESTON COLLEGE
AND THE
CITY OF GALVESTON**

This agreement, made and entered into, by and between Galveston College, (referred to herein as the "College," the "College District," or "Galveston College"), and the City of Galveston (referred to herein as the "City"), evidences the following:

I. PURPOSE

Galveston College and the City of Galveston support and believe in a partnership that will provide opportunities for qualified adults to complete their law enforcement training locally. This partnership will in turn provide Galveston Police Department with the trained professionals it needs to achieve its mission and goals. Therefore, Galveston College agrees to provide college-level instruction, **in compliance with the Texas Commission on Law Enforcement ("TCOLE") standards**, for basic peace officer training.

II. LOCATION AND STUDENT COMPOSITION OF CLASSES

1. The majority of the class sessions will be held on the College's main campus or Applied Technology Center. Some classes, such as firearms training and driving course, could be taught at an off-site location, including off the island. It is the student's responsibility to have transportation to all classes.
2. The Law Enforcement Academy could be a combination of Galveston Police Department new employees, other law enforcement agency's new employees and open enrollment students.
3. Students must be registered for college credit by the official census date for the credit course; otherwise, the student will not be considered a credit student and will not be awarded college credit for the course.

III. FACULTY SELECTION, SUPERVISION, EVALUATION AND COMPENSATION

1. The College will select, supervise, and evaluate instructors for courses which result in the award of college credit. The College shall supervise and evaluate instructors of all courses using the same or comparable procedures used for similar faculty at the College.
2. All instructors must meet the requirements of the College and the minimal requirements as specified by the Commission on Colleges of the Southern Association of Colleges and Schools.

3. All instructors must also meet the requirements of the Texas Commission on Law Enforcement (“TCOLE”) to teach within the Law Enforcement Academy. Meeting TCOLE standards will be determined by the Galveston College Law Enforcement Program Director.
4. The City may provide on-duty officers and supervisors to teach certain portions of the academy with the following stipulations:
 - a. Each instructor will be an officer of good standing with the Galveston Police Department and complete a background check with the Galveston College Human Resources Department.
 - b. The Law Enforcement Program Director will select and approve all instructors within the academy and schedule classes as appropriate.
 - c. The Galveston Police Department will invoice the College \$30 for each instructional hour taught within the academy by an on-duty officer.

IV. ELIGIBLE COURSES

This agreement only applies to specific credit courses that are a part of the Law Enforcement Academy Certificate. If the student decides to take additional workforce or academic courses, they will pay regular tuition and fees as set by the Galveston College Board of Regents.

V. COURSE CURRICULUM, INSTRUCTION, AND GRADING

1. The College shall ensure that all courses taught within this agreement are equivalent with respect to the curriculum, materials, instruction, rigor, and method of student evaluation. These standards shall be upheld regardless of the student composition of the class.
2. Identified course outcomes/learning objectives must meet all college requirements.
3. The regular academic policies applicable to other credit courses will apply to the Law Enforcement Academy courses. These policies include an appeal process for disputed grades, drop policy, the communication of the grading policy to students, when the syllabus must be distributed, etc.

VI. TUITION, FEES AND REQUIRED MATERIALS

1. For students that are sponsored by the City, the College agrees to charge tuition and fees at the rates similar to an in-district student. In-district tuition and fees will be charged regardless of the student’s residence status. **Fees are subject to change by vote of the Board of Regents.**
2. The City of Galveston agrees to pay for the cost of tuition, fees, textbooks, and required student supplies or to indicate to the College who is responsible for tuition, fees, textbooks, and required student supply items.

3. The College and the City agree that tuition and fees which are to be paid by the student are due and payable in full at the time of registration. If the City alone is to be responsible for payment of a student's tuition and fees, the College agrees to bill the City immediately following registration. The City agrees to settle all account receivables with the College within 30 days of the billing date. Students whose tuition and fees are not paid by the official college census day of the class or who do not have a valid account receivable as of the official college census date will be dropped from the college roll and must be removed from the class.

VII. TERMS OF THE AGREEMENT

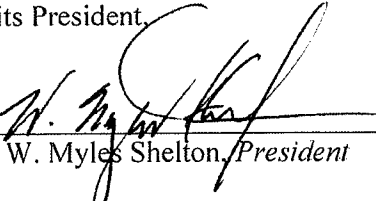
This agreement shall not become effective unless and until approved by the Galveston College Board of Regents and the City of Galveston. If so approved, the Agreement shall be valid for 12 months from the date of last signature. This agreement will automatically renew each year unless either party expresses intent to terminate agreement.

If it is the intention of one party to terminate this agreement, the one party shall provide a one hundred twenty (120) day written notice to the other party of their intention to terminate this agreement.

The agreement may be amended or extended by written addendum to this agreement.

All notices and communications related to this agreement shall be addressed to the respective educational administrator.

Approved by the Galveston College Board of Regents, executed by Galveston College, and signed by its President.



Dr. W. Myles Shelton, *President*

Date 6/28/2018

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Approved by the City of Galveston, executed by Galveston City Council, and signed by its City Manager.

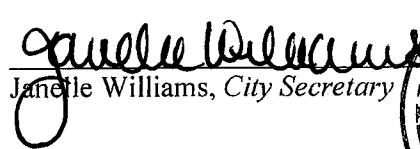
CITY OF GALVESTON



Brian Maxwell, City Manager

Date 7/31/18

ATTEST:



Janelle Williams, City Secretary



Date 7/31/18

APPROVED AS TO FORM:



CITY ATTORNEY'S OFFICE

CITY ATTORNEY'S OFFICE

City of Galveston



Public Works Department

P.O. Box 779 / Galveston, Texas 77553

August 2, 2018

To: Brian Maxwell, City Manager
Honorable Mayor and City Council Members

From: Cynthia DeWitt, Director of Sanitation

Re: Consider for approval the use of the cooperative purchasing contract through the HGAC Contract from Toter Incorporated for the purchase of EVR 1 Series 96 Gallon Automated Rollout Garbage Carts and repair parts. Authorizing City Manager to execute all necessary documents upon final approval by the City Attorney.

I. **Background:**

- A. The Sanitation Division operates under a partially implemented automated trash pick up system.
- B. Toter Inc. has been the City's provider of carts for many years.

II. **Current Situation:**

- A. HGAC is a co-operative purchasing organization that the City is a member of that performs bidding packages for local governments.
- B. Toter currently has an HGAC contract (#RC01-18) valid through December 31, 2020.
- C. Additional carts are needed throughout the year for projected demands and replacements.
- D. Additional inventory repair parts are needed for projected demands. By utilizing one vendor staff is not required to maintain several different inventories of parts and carts.
- E. In an effort to minimize lag time between obtaining approval and purchase orders of carts and cart parts, staff is requesting that City Council authorize purchases from Toter for the remainder of the fiscal year.

III. **Issues:**

- A. Cost Not to Exceed: \$30,000.00.
- B. Timing: Council approval is required before the order may be placed.
- C. Impact or ramifications: Failure to authorize purchase will result in residential properties without garbage containers.

IV. **Recommendation:**

Approve the purchase of garbage carts and parts in an amount not to exceed \$30,000.00.

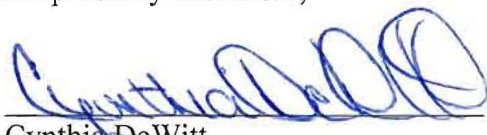
V. **Fiscal Impact Report:**

Requested by: Cynthia DeWitt, Director of Sanitation

Funding Source: Sanitation Other Contracts

Estimated annual M&O cost: \$30,000.00

Respectfully submitted,



Cynthia DeWitt
Director of Sanitation

A CONTRACT BETWEEN
HOUSTON-GALVESTON AREA COUNCIL
Houston, Texas
AND
TOTER, LLC
Statesville, North Carolina

This Contract is made and entered into by the **Houston-Galveston Area Council of Governments**, hereinafter referred to as **H-GAC**, having its principal place of business at 3555 Timmons Lane, Suite 120, Houston, Texas 77027, AND, **Toter, LLC**, hereinafter referred to as the **CONTRACTOR**, having its principal place of business at 841 Meacham Road, Statesville, North Carolina 28677.

ARTICLE 1: SCOPE OF SERVICES

The parties have entered into a **Refuse and Recycling Containers & Lifters** Contract to become effective as of January 1, 2018, and to continue through December 31, 2020 (the "Contract"), subject to extension upon mutual agreement of the **CONTRACTOR** and **H-GAC**. **H-GAC** enters into the Contract as Agent for participating governmental agencies, each hereinafter referred to as **END USER**, for the purchase of **Refuse and Recycling Containers & Lifters** offered by the **CONTRACTOR**. The **CONTRACTOR** agrees to sell **Refuse and Recycling Containers & Lifters** through the **H-GAC** Contract to **END USERS**.

ARTICLE 2: THE COMPLETE AGREEMENT

The Contract shall consist of the documents identified below in order of precedence:

1. The text of this Contract form, including but not limited to, Attachment A
2. General Terms and Conditions
3. Bid Specifications No:RC01-18, including any relevant suffixes
4. **CONTRACTOR's** Response to Bid No:RC01-18, including but not limited to, prices and options offered

All of which are either attached hereto or incorporated by reference and hereby made a part of this Contract, and shall constitute the complete agreement between the parties hereto. This Contract supersedes any and all oral or written agreements between the parties relating to matters herein. Except as otherwise provided herein, this Contract cannot be modified without the written consent of both parties.

ARTICLE 3: LEGAL AUTHORITY

CONTRACTOR and **H-GAC** warrant and represent to each other that they have adequate legal counsel and authority to enter into this Contract. The governing bodies, where applicable, have authorized the signatory officials to enter into this Contract and bind the parties to the terms of this Contract and any subsequent amendments thereto.

ARTICLE 4: APPLICABLE LAWS

The parties agree to conduct all activities under this Contract in accordance with all applicable rules, regulations, directives, issuances, ordinances, and laws in effect or promulgated during the term of this Contract.

ARTICLE 5: INDEPENDENT CONTRACTOR

The execution of this Contract and the rendering of services prescribed by this Contract do not change the independent status of **H-GAC** or **CONTRACTOR**. No provision of this Contract or act of **H-GAC** in performance of this Contract shall be construed as making **CONTRACTOR** the agent, servant or employee of **H-GAC**, the State of Texas or the United States Government. Employees of **CONTRACTOR** are subject to the exclusive control and supervision of **CONTRACTOR**. **CONTRACTOR** is solely responsible for employee payrolls and claims arising therefrom.

ARTICLE 6: END USER AGREEMENTS

H-GAC acknowledges that the **END USER** may choose to enter into an End User Agreement with the **CONTRACTOR** through this Contract and that the term of said Agreement may exceed the term of the **H-GAC** Contract. However, this acknowledgement is not to be construed as **H-GAC's** endorsement or approval of the End User Agreement terms and conditions. **CONTRACTOR** agrees not to offer, agree to or accept from **END USER** any terms or conditions that conflict with or contravene those in **CONTRACTOR's H-GAC** contract. Further, termination of this Contract for any reason shall not result in the termination of the underlying End User Agreements entered into between **CONTRACTOR** and any **END USER** which shall, in each instance, continue pursuant to their stated terms and duration. The only effect of termination of this Contract is that **CONTRACTOR** will no longer be able to enter into any new End User Agreements with **END**

USERS pursuant to this Contract. Applicable H-GAC order processing charges will be due and payable to H-GAC on any End User Agreements surviving termination of this Contract between H-GAC and CONTRACTOR.

ARTICLE 7: SUBCONTRACTS & ASSIGNMENTS

CONTRACTOR agrees not to subcontract, assign, transfer, convey, sublet or otherwise dispose of this Contract or any right, title, obligation or interest it may have therein to any third party without prior written notice to H-GAC. H-GAC reserves the right to accept or reject any such change. CONTRACTOR shall continue to remain responsible for all performance under this Contract regardless of any subcontract or assignment. H-GAC shall be liable solely to CONTRACTOR and not to any of its Subcontractors or Assignees.

ARTICLE 8: EXAMINATION AND RETENTION OF CONTRACTOR'S RECORDS

CONTRACTOR shall maintain during the course of its work, complete and accurate records of items that are chargeable to END USER under this Contract. H-GAC, through its staff or its designated public accounting firm, the State of Texas, or the United States Government shall have the right at any reasonable time to inspect copy and audit those records on or off the premises of CONTRACTOR. Failure to provide access to records may be cause for termination of this Contract. CONTRACTOR shall maintain all records pertinent to this Contract for a period of not less than five (5) calendar years from the date of acceptance of the final contract closeout and until any outstanding litigation, audit or claim has been resolved. The right of access to records is not limited to the required retention period, but shall last as long as the records are retained. CONTRACTOR further agrees to include in all subcontracts under this Contract, a provision to the effect that the subcontractor agrees that H-GAC'S duly authorized representatives, shall, until the expiration of five (5) calendar years after final payment under the subcontract or until all audit findings have been resolved, have access to, and the right to examine and copy any directly pertinent books, documents, papers, invoices and records of such subcontractor involving any transaction relating to the subcontract.

ARTICLE 9: REPORTING REQUIREMENTS

CONTRACTOR agrees to submit reports or other documentation in accordance with the General Terms and Conditions of the Bid Specifications. If CONTRACTOR fails to submit to H-GAC in a timely and satisfactory manner any such report or documentation, or otherwise fails to satisfactorily render performance hereunder, such failure may be considered cause for termination of this Contract.

ARTICLE 10: MOST FAVORED CUSTOMER CLAUSE

If CONTRACTOR, at any time during this Contract, routinely enters into agreements with other governmental customers within the State of Texas, and offers the same or substantially the same products/services offered to H-GAC on a basis that provides prices, warranties, benefits, and or terms more favorable than those provided to H-GAC, CONTRACTOR shall notify H-GAC within ten (10) business days thereafter of that offering and this Contract shall be deemed to be automatically amended effective retroactively to the effective date of the most favorable contract, wherein CONTRACTOR shall provide the same prices, warranties, benefits, or terms to H-GAC and its END USER. H-GAC shall have the right and option at any time to decline to accept any such change, in which case the amendment shall be deemed null and void. If CONTRACTOR is of the opinion that any apparently more favorable price, warranty, benefit, or term charged and/or offered a customer during the term of this Contract is not in fact most favored treatment, CONTRACTOR shall within ten (10) business days notify H-GAC in writing, setting forth the detailed reasons CONTRACTOR believes aforesaid offer which has been deemed to be a most favored treatment, is not in fact most favored treatment. H-GAC, after due consideration of such written explanation, may decline to accept such explanation and thereupon this Contract between H-GAC and CONTRACTOR shall be automatically amended, effective retroactively, to the effective date of the most favored agreement, to provide the same prices, warranties, benefits, or terms to H-GAC.

The Parties accept the following definition of routine: A prescribed, detailed course of action to be followed regularly; a standard procedure. *EXCEPTION: This clause shall not be applicable to prices and price adjustments offered by a bidder, proposer or contractor, which are not within bidder's/ proposer's control [example; a manufacturer's bid concession], or to any prices offered to the Federal Government and its agencies.*

ARTICLE 11: SEVERABILITY

All parties agree that should any provision of this Contract be determined to be invalid or unenforceable, such determination shall not affect any other term of this Contract, which shall continue in full force and effect.

ARTICLE 12: DISPUTES

Any and all disputes concerning questions of fact or of law arising under this Contract, which are not disposed of by agreement, shall be decided by the Executive Director of H-GAC or his designee, who shall reduce his decision to writing and provide notice thereof to CONTRACTOR. The decision of the Executive Director or his designee shall be final and conclusive unless, within thirty (30) days from the date of receipt of such notice, CONTRACTOR requests a rehearing from the Executive Director of H-GAC. In connection with any rehearing under this Article, CONTRACTOR shall be afforded an opportunity to be heard and offer evidence in support of its position. The decision of the

Executive Director after any such rehearing shall be final and conclusive. CONTRACTOR may, if it elects to do so, appeal the final and conclusive decision of the Executive Director to a court of competent jurisdiction. Pending final decision of a dispute hereunder, CONTRACTOR shall proceed diligently with the performance of this Contract and in accordance with H-GAC'S final decision.

ARTICLE 13: LIMITATION OF CONTRACTOR'S LIABILITY

Except as specified in any separate writing between the CONTRACTOR and an END USER, CONTRACTOR's total liability under this Contract, whether for breach of contract, warranty, negligence, strict liability, in tort or otherwise, but excluding its obligation to indemnify H-GAC described in Article 14, is limited to the price of the particular products/services sold hereunder, and CONTRACTOR agrees either to refund the purchase price or to repair or replace product(s) that are not as warranted. In no event will CONTRACTOR be liable for any loss of use, loss of time, inconvenience, commercial loss, lost profits or savings or other incidental, special or consequential damages to the full extent such use may be disclaimed by law. CONTRACTOR understands and agrees that it shall be liable to repay and shall repay upon demand to END USER any amounts determined by H-GAC, its independent auditors, or any agency of State or Federal government to have been paid in violation of the terms of this Contract.

ARTICLE 14: LIMIT OF H-GAC'S LIABILITY AND INDEMNIFICATION OF H-GAC

H-GAC's liability under this Contract, whether for breach of contract, warranty, negligence, strict liability, in tort or otherwise, is limited to its order processing charge. In no event will H-GAC be liable for any loss of use, loss of time, inconvenience, commercial loss, lost profits or savings or other incidental, special or consequential damages to the full extent such use may be disclaimed by law. Contractor agrees, to the extent permitted by law, to defend and hold harmless H-GAC, its board members, officers, agents, officials, employees, and indemnities from any and all claims, costs, expenses (including reasonable attorney fees), actions, causes of action, judgments, and liens arising as a result of CONTRACTOR's negligent act or omission under this Contract. CONTRACTOR shall notify H-GAC of the threat of lawsuit or of any actual suit filed against CONTRACTOR relating to this Contract.

ARTICLE 15: TERMINATION FOR CAUSE

H-GAC may terminate this Contract for cause based upon the failure of CONTRACTOR to comply with the terms and/or conditions of the Contract; provided that H-GAC shall give CONTRACTOR written notice specifying CONTRACTOR'S failure. If within thirty (30) days after receipt of such notice, CONTRACTOR shall not have either corrected such failure, or thereafter proceeded diligently to complete such correction, then H-GAC may, at its option, place CONTRACTOR in default and the Contract shall terminate on the date specified in such notice. CONTRACTOR shall pay to H-GAC any order processing charges due from CONTRACTOR on that portion of the Contract actually performed by CONTRACTOR and for which compensation was received by CONTRACTOR.

ARTICLE 16: TERMINATION FOR CONVENIENCE

Either H-GAC or CONTRACTOR may cancel or terminate this Contract at any time by giving thirty (30) days written notice to the other. CONTRACTOR may be entitled to payment from END USER for services actually performed; to the extent said services are satisfactory to END USER. CONTRACTOR shall pay to H-GAC any order processing charges due from CONTRACTOR on that portion of the Contract actually performed by CONTRACTOR and for which compensation is received by CONTRACTOR.

ARTICLE 17: CIVIL AND CRIMINAL PROVISIONS AND SANCTIONS

CONTRACTOR agrees that it will perform under this Contract in conformance with safeguards against fraud and abuse as set forth by H-GAC, the State of Texas and the acts and regulations of any funding entity. CONTRACTOR agrees to notify H-GAC of any suspected fraud, abuse or other criminal activity related to this Contract through filing of a written report promptly after it becomes aware of such activity.

ARTICLE 18: GOVERNING LAW & VENUE

This Contract shall be governed by the laws of the State of Texas. Venue and jurisdiction of any suit or cause of action arising under or in connection with this Contract shall lie exclusively in Harris County, Texas. Disputes between END USER and CONTRACTOR are to be resolved in accord with the law and venue rules of the state of purchase. CONTRACTOR shall immediately notify H-GAC of such disputes.

ARTICLE 19: PAYMENT OF H-GAC ORDER PROCESSING CHARGE

CONTRACTOR agrees to sell its products to END USERS based on the pricing and other terms of this Contract, including, but not limited to, the payment of the applicable H-GAC order processing charge. On notification from an END USER that an order has been placed with CONTRACTOR, H-GAC will invoice CONTRACTOR for the applicable order processing charge. Upon delivery of any product/service by CONTRACTOR and acceptance by END USER, CONTRACTOR shall, within thirty (30) calendar days or ten (10) business days after receipt of payment, whichever is less, pay H-GAC the full amount of the applicable order processing charge, whether or not CONTRACTOR has received an invoice from H-GAC. For sales made by CONTRACTOR based on this contract, including sales to entities without Interlocal Contracts, CONTRACTOR shall pay the applicable order processing charges to H-GAC. Further, CONTRACTOR agrees to encourage entities who are not members of H-GAC's Cooperative Purchasing Program to execute an H-GAC

Interlocal Contract. H-GAC reserves the right to take appropriate actions including, but not limited to, contract termination if CONTRACTOR fails to promptly remit H-GAC's order processing charge. In no event shall H-GAC have any liability to CONTRACTOR for any goods or services an END USER procures from CONTRACTOR.

ARTICLE 20:**LIQUIDATED DAMAGES**

Any liquidated damages terms will be determined between CONTRACTOR and END USER at the time END USER's purchase order is placed.

ARTICLE 21:**PERFORMANCE AND PAYMENT BOND FOR INDIVIDUAL ORDERS**

H-GAC's contractual requirements DO NOT include a Performance & Payment Bond (PPB), and offered pricing should reflect this cost saving. However, CONTRACTOR must be prepared to offer a PPB to cover any specific order if so requested by END USER. CONTRACTOR shall quote a price to END USER for provision of any requested PPB, and agrees to furnish the PPB within ten business (10) days of receipt of END USER's purchase order.

ARTICLE 22:**CHANGE OF CONTRACTOR STATUS**

CONTRACTOR shall immediately notify H-GAC, in writing, of ANY change in ownership, control, dealership/franchisee status, Motor Vehicle license status, or name, and shall also advise whether or not this Contract shall be affected in any way by such change. H-GAC shall have the right to determine whether or not such change is acceptable, and to determine what action shall be warranted, up to and including cancellation of Contract.

ARTICLE 23:**LICENSING REQUIRED BY TEXAS MOTOR VEHICLE BOARD /IF APPLICABLE/**

CONTRACTOR will, for the duration of this Contract, maintain current licenses that are required by the Texas Motor Vehicle Commission Code. If at any time during this Contract period, any CONTRACTOR'S license is not renewed, or is denied or revoked, CONTRACTOR shall be deemed to be in default of this Contract unless the Motor Vehicle Board issues a stay or waiver. Contractor shall promptly provide copies of all current applicable Texas Motor Vehicle Board documentation to H-GAC upon request.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by their duly authorized representatives.

Signed for Houston-Galveston
Area Council, Houston, Texas:

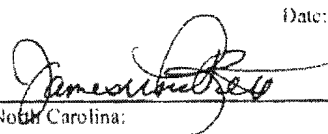

Jack Steele, Executive Director

Attest for Houston-Galveston
Area Council, Houston, Texas:


Chuck Wemple, Chief Operations Officer

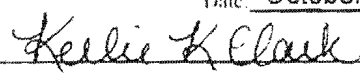
Date: 12-6 2017

Signed for Toter, LLC
Statesville, North Carolina:


Printed Name & Title: James W. Pickett - Vice President, Sales

Date: October 19, 2017

Attest for Toter, LLC
Statesville, North Carolina:


Printed Name & Title: Kellie K. Clark - Sr. Manager, Bids/Contracts

Date: October 19, 2017

Attachment A
Toter, LLC
Refuse and Recycling Containers & Lifters
Contract No. RC01-18

H-GAC Product Code	Item Description	Offered Price	Minimum Quantity
HB001	Toter Organics Nova Bin 2 Gallon: 2 gallon capacity residential organics kitchen collector, top and bottom hand grips, snap tight lid.	\$3.00	396-999
HB002	Toter Organics Nova Bin 13 Gallon: 13 gallon capacity residential organics roll cart, latch/animal lock, 2-wheels.	\$17.50	78-999
GA048	Toter EVR II 79232: 32 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 8" wheels	\$39.52	TL of 945
GA049	Toter EVR II 79235: 35 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$43.37	TL of 945
GA044	Toter EVR II 79321: 21 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$39.02	TL of 950
GA045	Toter EVR II 79324: 24 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$39.02	TL of 950
GA046	Toter EVR II 79332: 32 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 8" wheels	\$42.52	TL of 945
GA047	Toter EVR II 79348: 48 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$46.18	TL of 912
DJ381	Toter Organics FL53A: 3 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters, special body reinforcements included for handling organics materials	\$1,015.00	TL of 39
HB000	Toter Organics FL52A: 2 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters, special body reinforcements included for handling organics materials	\$881.00	TL of 64
HB003	Toter 3063-TL-4H14: Trimlift residential rear or side lift applications lifter; slim profile, hydraulic rotary actuator lifter, 21" x 10" x 18"	\$2,823.80	Min 1
HB004	Toter 3063-TL-4H16: Trimlift residential rear or side lift applications lifter; slim profile, hydraulic rotary actuator lifter, 21" x 10" x 20"	\$2,823.80	Min 1
AJ359	Toter EVR 52532: 32 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$37.99	TL of 1404

AJ360	Toter EVR 52535: 35 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$37.99	TL of 1404
AJ361	Toter EVR57564: 64 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$45.74	TL of 648
AJ362	Toter EVR57596: 96 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$53.31	TL of 636
AJ363	Toter EVR 76532: 32 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$38.53	TL of 1404
AJ364	Toter EVR 76535: 35 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$38.53	TL of 1404
AJ365	Toter EVR 76564: 64 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$46.28	TL of 648
AJ366	Toter EVR 76596: 96 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$53.84	TL of 636
HB005	Toter EVR II 79221: 21 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$36.02	TL of 950
AJ367	Toter EVR II 79224: 24 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$36.02	TL of 950
AJ368	Toter EVR II 79248: 48 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$43.18	TL of 912
AJ369	Toter EVR II 79264: 64 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$45.37	TL of 864
AJ370	Toter EVR II 79296: 96 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$52.81	TL of 624
AJ371	Toter Insert VRI10: When installed into a 24 gallon cart (EVR 79224, 79321 and 79324) this 10 gallon insert changes capacity of the 24 gallon cart to a 10 gallon cart	\$18.25	TL of 3120
AJ372	Toter Insert VRI20: When installed into a 32 gallon cart (Models EVR 76532 and 52532), this 20 gallon insert changes capacity of the 32 gallon cart to a 20 gallon cart	\$20.22	TL of 1333
AJ373	Toter EVR II 79B64: 64 gallon capacity residential "Bear Tight" cart: universal dumping design, rotating steel stop bar, 10" wheels	\$160.36	TL of 188
AJ374	Toter EVR II 79B96: 96 gallon capacity residential "Bear Tight" cart: universal dumping design, rotating steel stop bar, 10" wheels	\$179.68	TL of 180
BJ375	Toter EVR Vented Yard Waste Cart 76864: 64 gallon capacity residential rollout cart for plant waste: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels, vents only (vents and grids offered on Form E)	\$47.68	TL of 648

BJ376	Toter EVR Vented Yard Waste Cart 76896: 96 gallon capacity residential rollout cart for plant waste: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels, vents only (vents and grids offered on Form E)	\$55.29	TL of 636
BJ377	Toter EVR Co-Collection Cart 77564: 64 gallon capacity residential rollout cart: dual compartmentalized, universal dumping design, rotating steel stop bar, 10" wheels	\$81.76	TL of 360
BJ378	Toter EVR Co-Collection Cart 77596: 96 gallon capacity residential rollout cart: dual compartmentalized, universal dumping design, rotating steel stop bar, 10" wheels	\$94.53	TL of 336
DJ379	Toter FL020: 2 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters	\$476.86	TL of 80
DJ380	Toter FL030: 3 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters	\$589.75	TL of 64
DJ381	Toter Organics FL53A: 3 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters, special body reinforcements included for handling organics materials	\$1,015.00	TL of 39
HB008	Toter Organics FL52A: 2 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters, special body reinforcements included for handling organics materials	\$881.00	TL of 64
DJ382	Toter FL040: 4 cubic yard capacity front end load plastic container: rotational molded	\$640.39	TL of 30
DJ383	Toter 840: Industrial public litter container: 45 gallon capacity, rotational molded, dome top, weighted base capability	\$227.50	Min 25
DJ384	Toter 860: Automated public litter container: 60 gallon capacity, rotational molded, dome top, weighted base capability, automated dumping design	\$308.00	Min 25
EJ385	Toter 3065-HL-9H24: HighLift residential rear or side lift applications lifter: hydraulic rotary actuator lifter, 350 pound rating, 21" x 15" x 32"	\$2,901.25	Min 1
EJ386	Toter 3065-HL-9H20: HighLift residential rear or side lift applications lifter: hydraulic rotary actuator lifter, 21" x 15" x 28"	\$2,901.25	Min 1
EJ392	Toter 3069-00-2000: EconoLift residential rear lift applications lifter: hydraulic rotary actuator lifter, 350 pound rating, 15" x 13" x 23".	\$2,007.73	Min 1
HB009	Toter 25B64: 64 Gallon Bear Tight Cart (Color: Blackstone only)	\$160.36	Min 10
HB010	Toter 25B96: 96 Gallon Bear Tight Cart (Color: Blackstone only)	\$179.68	Min 10
HB011	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Non Locking Lid	\$130.98	Min 10
HB012	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Pad Lock Hasp	\$130.98	Min 10
HB013	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Barrel Lock	\$130.98	Min 10
HB014	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Non Locking Lid	\$154.79	Min 10

HB015	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Pad Lock Hasp	\$154.79	Min 10
HB016	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Barrel Lock	\$154.79	Min 10
HB017	Toter RMN64: Regulated Medical Waste Two-Wheel Carts - 64 gallon	\$145.53	Min 10
HB018	Toter RMN96: Regulated Medical Waste Two-Wheel Carts - 96 gallon	\$171.99	Min 10
HB019	Toter ANA32: Two-Wheel Cart - 32 gallons	\$54.96	Min 10
HB020	Toter ANA48: Two-Wheel Cart - 48 gallon	\$60.16	Min 10
HB021	Toter ANA64: Two-Wheel Cart - 64 gallon	\$70.40	Min 10
HB022	Toter ANA96: Two-Wheel Cart - 96 gallon	\$91.97	Min 10
HB023	Toter ONA24: Two-Wheel Cart - 24 gallon, Standard Lid	\$57.32	Min 10
HB024	Toter ONA32: Two-Wheel Cart - 32 gallon, Standard Lid	\$64.39	Min 10
HB025	Toter ONA48: Two-Wheel Cart - 48 gallon, Standard Lid	\$72.13	Min 10
HB026	Toter ONA64: Two-Wheel Cart - 64 gallon, Standard Lid	\$86.94	Min 10
HB027	Toter ACC32: Caster Cart - 32 gallon, Standard Lid	\$104.30	Min 10
HB028	Toter ACC64: Caster Cart - 64 gallon, Standard Lid	\$118.50	Min 10
HB029	Toter ACC96: Caster Cart - 96 gallon, Standard Lid	\$124.94	Min 10
HB030	Toter ACG64: Caster Cart - 64 gallon, Heavy Duty Gasketed Locking Lid	\$217.67	Min 10
HB031	Toter ACO64: Caster Cart - 64 gallon, Standard Lid	\$184.18	Min 10
HB032	Toter CDC64: Secure Document Cart - 64 gallon / Non Locking Lid	\$178.38	Min 10
HB033	Toter CDC64: Secure Document Cart - 64 gallon / Pad Lock Hasp	\$178.38	Min 10
HB034	Toter CDC64: Secure Document Cart - 64 gallon / Barrel Lock	\$178.38	Min 10
HB035	Toter CDC96: Secure Document Cart - 96 gallon / Non Locking Lid	\$224.76	Min 10
HB036	Toter CDC96: Secure Document Cart - 96 gallon / Pad Lock Hasp	\$224.76	Min 10
HB037	Toter CDC96: Secure Document Cart - 96 gallon / Barrel Lock	\$224.76	Min 10
HB038	Toter RMC64: Regulated Medical Waste Carts - 64 gallon	\$185.92	Min 10
HB039	Toter RMC96: Regulated Medical Waste Carts - 96 gallon	\$229.36	Min 10
HB040	Toter UT005: Utility Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$449.19	Min 10
HB041	Toter UT105: Standard Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$604.07	Min 10
HB042	Toter UT205: Heavy Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$634.73	Min 10
HB043	Toter UTP05: Universal Tilt Truck with Handle (Pneumatic Tires and Casters) - 1/2 cubic yard	\$636.27	Min 10

HB044	Toter UT175: Standard Duty Tilt Truck with Handle - 3/4 Cubic Yard	\$630.34	Min 10
HB045	Toter UT010: Utility Duty Tilt Truck with Handle - 1 Cubic Yard	\$643.47	Min 10
HB046	Toter UT110: Standard Duty Tilt Truck with Handle - 1 Cubic Yard	\$776.02	Min 10
HB047	Toter UT210: Heavy Duty Tilt Truck with Handle - 1 Cubic Yard	\$900.31	Min 10
HB048	Toter UT115: Standard Duty Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,494.08	Min 10
HB049	Toter UT215: Heavy Duty Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,658.30	Min 10
HB050	Toter UTT05: Towable Tilt Truck with Handle - 1/2 Cubic Yard	\$721.28	Min 10
HB051	Toter UTT10: Towable Tilt Truck with Handle - 1 Cubic Yard	\$882.28	Min 10
HB052	Toter UTT15: Towable Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,593.90	Min 10
HB053	Toter MMC08: Manual Cube Truck - 8 cubic foot	\$182.00	Min 10
HB054	Toter MMC12: Manual Cube Truck - 12 cubic foot	\$254.69	Min 10
HB055	Toter MMC16: Manual Cube Truck - 16 cubic foot	\$304.99	Min 10
HB056	Toter MMC20: Manual Cube Truck - 20 cubic foot	\$366.03	Min 10
HB057	Toter AMC20: Automated Cube Truck - 20 cubic foot	\$397.86	Min 10
HB058	Toter AM110: Universal Mobile Truck - 1 cubic yard	\$897.75	Min 10
HB059	Toter AM120: Universal Mobile Truck - 2 cubic yard	\$1,102.50	Min 10
HB060	Toter FLM20: Mobile Truck w/ Attached Lid - 2 cubic yard	\$1,655.85	Min 10
HB061	Toter FLT20: Mobile Truck w/ Attached Lid - 2 cubic yard w/ Pintle Hook Tow Assembly	\$2,209.13	Min 10
HB062	Toter AMT10: Towable Universal Mobile Truck - 1 cubic yard	\$1,257.56	Min 10
HB063	Toter AMT20: Towable Universal Mobile Truck - 2 cubic yard	\$1,470.00	Min 10
HB064	Toter AMA20: Rapid Speed Mobile Truck - 2 cubic yard	\$2,161.25	Min 10
HB065	Toter FLA20: Rapid Speed Mobile Truck w/ Attached Lid - 2 Cubic Yard (Towable up to 25 mph)	\$2,942.63	Min 10
HB066	Toter FLA30: Rapid Speed Mobile Truck w/ Attached Lid - 3 Cubic Yard (Towable up to 25 mph)	\$4,389.00	Min 10
HB067	Toter LM110: Universal Mobile Truck - 1 cubic yard, Removable Solid Lid	\$196.00	Min 10
HB068	Toter LMS10: Universal Mobile Truck - 1 cubic yard, Hinged Solid Lid	\$203.00	Min 10
HB069	Toter RBR32: Atlas Container, 32 gal, Automated or Manual Unloading	\$41.99	Min 10
HB070	Toter RBR44: Atlas Container, 44 gal, Automated or Manual Unloading	\$48.29	Min 10
HB071	Toter RBR55: Atlas Container, 55 gal, Automated or Manual Unloading	\$58.79	Min 10
HB072	Toter ASH50: Ashtray with Removable Lid and Attached Tray, Factory Installed / Fits RDO44, RDT44	\$50.23	Min 10
HB073	Toter HTL21: Dome-Top Lid with Push-in Hinged Door, fits 21 gal Slimline Half-Round Container (HRC21)	\$38.50	Min 10
HB074	Toter HRC21: Slimline Half-Round Container, 21 gal, Manual Unloading	\$52.85	Min 10
HB075	Toter CHLC21: Slimline Lockable Half-Round Container with Document Slot, 21 gal, Manual Unloading	\$94.50	Min 10
HB076	Toter REC21: Slimline Rectangular Container, 23 gal, Manual Unloading	\$48.28	Min 10
HB077	Toter RLC21: Slimline Lockable Rectangular Container with Document Slot, 23 gal, Manual Unloading	\$94.50	Min 10
HB078	Toter SSC25: Slimline Square Container, 25 gal, Manual Unloading	\$50.86	Min 10
HB079	Toter SSC50: Slimline Square Container, 50 gal, Manual Unloading	\$64.39	Min 10

HB080	Toter SHL50: Slimline Square Container w/ permanently attached Hinged Dome-Top Lid, two push-in Doors, 50 gal, Manual Unloading / Wgt Base included	\$129.50	Min 10
HB081	Toter 840K: Dome-Top Litter Container - 45 gallon	\$227.50	Min 10
HB082	Toter 860A: Dome-Top Litter Container - 60 gallon w Gravity Latch	\$308.00	Min 10
HB083	Toter 860B: Dome-Top Litter Container - 60 gallon w bag holder straps	\$308.00	Min 10
HB084	Toter TB095-10000: Toter Box Assembly - Includes Box, Frame, Casters & Hitch Connector	\$384.99	Min 1
HB085	Toter TB095-11000: Toter Box with Frame	\$342.99	Min 1
HB086	Toter TB095-12000: Toter Box	\$262.49	Min 1
HB100	Toter 25B64: 64 Gallon Bear Tight Cart (Color: Blackstone only)	\$160.36	Min 10
HB101	Toter 25B96: 96 Gallon Bear Tight Cart (Color: Blackstone only)	\$179.68	Min 10
HB102	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Non Locking Lid	\$130.98	Min 10
HB103	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Pad Lock Hasp	\$130.98	Min 10
HB104	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Barrel Lock	\$130.98	Min 10
HB104	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Non Locking Lid	\$154.79	Min 10
HB105	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Pad Lock Hasp	\$154.79	Min 10
HB106	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Barrel Lock	\$154.79	Min 10
HB107	Toter RMN64: Regulated Medical Waste Two-Wheel Carts - 64 gallon	\$145.53	Min 10
HB108	Toter RMN96: Regulated Medical Waste Two-Wheel Carts - 96 gallon	\$171.99	Min 10
HB109	Toter ANA32: Two-Wheel Cart - 32 gallons	\$54.96	Min 10
HB110	Toter ANA48: Two-Wheel Cart - 48 gallon	\$60.16	Min 10
HB111	Toter ANA64: Two-Wheel Cart - 64 gallon	\$70.40	Min 10
HB112	Toter ANA96: Two-Wheel Cart - 96 gallon	\$91.97	Min 10
HB113	Toter ONA24: Two-Wheel Cart - 24 gallon, Standard Lid	\$57.32	Min 10
HB114	Toter ONA32: Two-Wheel Cart - 32 gallon, Standard Lid	\$64.39	Min 10
HB115	Toter ONA48: Two-Wheel Cart - 48 gallon, Standard Lid	\$72.13	Min 10
HB116	Toter ONA64: Two-Wheel Cart - 64 gallon, Standard Lid	\$86.94	Min 10
HB117	Toter ACC32: Caster Cart - 32 gallon, Standard Lid	\$104.30	Min 10
HB118	Toter ACC64: Caster Cart - 64 gallon, Standard Lid	\$118.50	Min 10
HB119	Toter ACC96: Caster Cart - 96 gallon, Standard Lid	\$124.94	Min 10
HB120	Toter ACG64: Caster Cart - 64 gallon, Heavy Duty Gasketed Locking Lid	\$217.67	Min 10
HB121	Toter ACO64: Caster Cart - 64 gallon, Standard Lid	\$184.18	Min 10
HB122	Toter CDC64: Secure Document Cart - 64 gallon / Non Locking Lid	\$178.38	Min 10
HB123	Toter CDC64: Secure Document Cart - 64 gallon / Pad Lock Hasp	\$178.38	Min 10
HB124	Toter CDC64: Secure Document Cart - 64 gallon / Barrel Lock	\$178.38	Min 10
HB125	Toter CDC96: Secure Document Cart - 96 gallon / Non Locking Lid	\$224.76	Min 10
HB126	Toter CDC96: Secure Document Cart - 96 gallon / Pad Lock Hasp	\$224.76	Min 10
HB127	Toter CDC96: Secure Document Cart - 96 gallon / Barrel Lock	\$224.76	Min 10
HB128	Toter RMC64: Regulated Medical Waste Carts - 64 gallon	\$185.92	Min 10
HB129	Toter RMC96: Regulated Medical Waste Carts - 96 gallon	\$229.36	Min 10
HB130	Toter UT005: Utility Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$449.19	Min 10

HB131	Toter UT105: Standard Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$604.07	Min 10
HB132	Toter UT205: Heavy Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$634.73	Min 10
HB133	Toter UTP05: Universal Tilt Truck with Handle (Pneumatic Tires and Casters) - 1/2 cubic yard	\$636.27	Min 10
HB134	Toter UT175: Standard Duty Tilt Truck with Handle - 3/4 Cubic Yard	\$630.34	Min 10
HB135	Toter UT010: Utility Duty Tilt Truck with Handle - 1 Cubic Yard	\$643.47	Min 10
HB136	Toter UT110: Standard Duty Tilt Truck with Handle - 1 Cubic Yard	\$776.02	Min 10
HB137	Toter UT210: Heavy Duty Tilt Truck with Handle - 1 Cubic Yard	\$900.31	Min 10
HB138	Toter UT115: Standard Duty Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,494.08	Min 10
HB139	Toter UT215: Heavy Duty Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,658.30	Min 10
HB140	Toter UTT05: Towable Tilt Truck with Handle - 1/2 Cubic Yard	\$721.28	Min 10
HB141	Toter UTT10: Towable Tilt Truck with Handle - 1 Cubic Yard	\$882.28	Min 10
HB142	Toter UTT15: Towable Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,593.90	Min 10
HB143	Toter MMC08: Manual Cube Truck - 8 cubic foot	\$182.00	Min 10
HB144	Toter MMC12: Manual Cube Truck - 12 cubic foot	\$254.69	Min 10
HB145	Toter MMC16: Manual Cube Truck - 16 cubic foot	\$304.99	Min 10
HB146	Toter MMC20: Manual Cube Truck - 20 cubic foot	\$366.03	Min 10
HB147	Toter AMC20: Automated Cube Truck - 20 cubic foot	\$397.86	Min 10
HB148	Toter AM110: Universal Mobile Truck - 1 cubic yard	\$897.75	Min 10
HB149	Toter AM120: Universal Mobile Truck - 2 cubic yard	\$1,102.50	Min 10
HB150	Toter FLM20: Mobile Truck w/ Attached Lid - 2 cubic yard	\$1,655.85	Min 10
HB151	Toter FLT20: Mobile Truck w/ Attached Lid - 2 cubic yard w/ Pintle Hook Tow Assembly	\$2,209.13	Min 10
HB152	Toter AMT10: Towable Universal Mobile Truck - 1 cubic yard	\$1,257.56	Min 10
HB153	Toter AMT20: Towable Universal Mobile Truck - 2 cubic yard	\$1,470.00	Min 10
HB154	Toter AMA20: Rapid Speed Mobile Truck - 2 cubic yard	\$2,161.25	Min 10
HB155	Toter FLA20: Rapid Speed Mobile Truck w/ Attached Lid - 2 Cubic Yard (Towable up to 25 mph)	\$2,942.63	Min 10
HB156	Toter FLA30: Rapid Speed Mobile Truck w/ Attached Lid - 3 Cubic Yard (Towable up to 25 mph)	\$4,389.00	Min 10
HB157	Toter LM110: Universal Mobile Truck - 1 cubic yard, Removable Solid Lid	\$196.00	Min 10
HB158	Toter LMS10: Universal Mobile Truck - 1 cubic yard, Hinged Solid Lid	\$203.00	Min 10
HB159	Toter RBR32: Atlas Container, 32 gal, Automated or Manual Unloading	\$41.99	Min 10
HB160	Toter RBR44: Atlas Container, 44 gal, Automated or Manual Unloading	\$48.29	Min 10
HB161	Toter RBR55: Atlas Container, 55 gal, Automated or Manual Unloading	\$58.79	Min 10
HB162	Toter ASH50: Ashtray with Removable Lid and Attached Tray, Factory Installed / Fits RDO44, RDT44	\$50.23	Min 10
HB163	Toter HTL21: Dome-Top Lid with Push-in Hinged Door, fits 21 gal Slimline Half-Round Container (HRC21)	\$38.50	Min 10
HB164	Toter HRC21: Slimline Half-Round Container, 21 gal, Manual Unloading	\$52.85	Min 10
HB165	Toter CHLC21: Slimline Lockable Half-Round Container with Document Slot, 21 gal, Manual Unloading	\$94.50	Min 10
HB166	Toter REC21: Slimline Rectangular Container, 23 gal, Manual Unloading	\$48.28	Min 10
HB167	Toter RLC21: Slimline Lockable Rectangular Container with Document Slot, 23 gal, Manual Unloading	\$94.50	Min 10
HB168	Toter SSC25: Slimline Square Container, 25 gal, Manual Unloading	\$50.86	Min 10
HB169	Toter SSC50: Slimline Square Container, 50 gal, Manual Unloading	\$64.39	Min 10

HB170	Toter SHL50: Slimline Square Container w/ permanently attached Hinged Dome-Top Lid, two push-in Doors, 50 gal, Manual Unloading / Wgt Base included	\$129.50	Min 10
HB171	Toter 840K: Dome-Top Litter Container - 45 gallon	\$227.50	Min 10
HB172	Toter 860A: Dome-Top Litter Container - 60 gallon w Gravity Latch	\$308.00	Min 10
HB173	Toter 860B: Dome-Top Litter Container - 60 gallon w bag holder straps	\$308.00	Min 10
HB174	Toter TB095-10000: Toter Box Assembly - Includes Box, Frame, Casters & Hitch Connector	\$384.99	Min 1
HB175	Toter TB095-11000: Toter Box with Frame	\$342.99	Min 1
HB176	Toter TB095-12000: Toter Box	\$262.49	Min 1
AJ500	Toter EVR II 79221: 21 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$36.02	TL of 950
EJ387	Toter 3065-HL-9H18: HighLift residential rear or side lift applications lifter: hydraulic rotary actuator lifter, 21" x 15" x 36"	\$2,901.25	Min 1
KA200	Toter 99721, 96721: Lid for Model 79321 Cart	\$18.99	Min 1
KA201	Toter 99724, 96724: Lid for Model 79224, 79324 Carts	\$18.99	Min 1
KA202	Toter 99732, 96732: Lid for Model 79232, 76532, 57532 Carts	\$18.99	Min 1
KA203	Toter 99735, 96735: Lid for Model 79325, 76535, 57535 Carts	\$18.99	Min 1
KA204	Toter 99748: Lid for Model 79248 Cart	\$18.99	Min 1
KA205	Toter B99764, B96764: Lid for Model 79264 Cart	\$18.99	Min 1
KA206	Toter 96764: Lid for Model 76564, 57564 Carts	\$18.99	Min 1
KA207	Toter B99796, B96796: Lid for Model 79296 Cart	\$14.80	Min 1
KA208	Toter 99796, 96796: Lid for Model 76596, 57596 Carts	\$14.80	Min 1
GA056	Toter Insert VRI10: When installed into a 24 gallon cart (EVR 79224, 79321 and 79324) this 10 gallon insert changes capacity of the 24 gallon cart to a 10 gallon cart	\$18.25	TL of 3120
GA057	Toter Insert VRI20: When installed into a 32 gallon cart (Models EVR 76532 and 52532), this 20 gallon insert changes capacity of the 32 gallon cart to a 20 gallon cart	\$20.22	TL of 1333

Procurement No.:				RC01-18
Note: Products that are not prelisted will be deemed noncompliant.				Increase
Offeror Name:	Toter, LLC			3%
H-GAC Product Code	Item Description (Offeror may not change any description or add items)	Offered Price	Minumum Qty	Offered Price Request Effective 5-5-2018
A. Curbside Recycling Bins				
HB001	Toter Organics Nova Bin 2 Gallon: 2 gallon capacity residential organics kitchen collector, top and bottom hand grips, snap tight lid.	\$3.00	396-999	\$3.09
HB002	Toter Organics Nova Bin 13 Gallon: 13 gallon capacity residential organics roll cart, latch/animal lock, 2-wheels.	\$17.50	78-999	\$18.03
B. GPS Based Solutions For Refuse Collection				
GA048	Toter EVR II 79232: 32 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 8" wheels	\$39.52	TL of 945	\$40.71
GA049	Toter EVR II 79235: 35 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$43.37	TL of 945	\$44.67
GA044	Toter EVR II 79321: 21 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$39.02	TL of 950	\$40.19
GA045	Toter EVR II 79324: 24 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$39.02	TL of 950	\$40.19
GA046	Toter EVR II 79332: 32 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 8" wheels	\$42.52	TL of 945	\$43.80
GA047	Toter EVR II 79348: 48 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$46.18	TL of 912	\$47.57
DJ381	Toter Organics FL53A: 3 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters, special body reinforcements included for handling organics materials	\$1,015.00	TL of 39	\$1,045.45
HB000	Toter Organics FL52A: 2 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters, special body reinforcements included for handling organics materials	\$881.00	TL of 64	\$907.43
HB003	Toter 3063-TL-4H14: Trimlift residential rear or side lift applications lifter; slim profile, hydraulic rotary actuator lifter, 21" x 10" x 18"	\$2,823.80	Min 1	\$2,908.51
HB004	Toter 3063-TL-4H16: Trimlift residential rear or side lift applications lifter; slim profile, hydraulic rotary actuator lifter, 21" x 10" x 20"	\$2,823.80	Min 1	\$2,908.51
AJ359	Toter EVR 52532: 32 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$37.99	TL of 1404	\$39.13
AJ360	Toter EVR 52535: 35 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$37.99	TL of 1404	\$39.13
AJ361	Toter EVR57564: 64 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$45.74	TL of 648	\$47.11
AJ362	Toter EVR57596: 96 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$53.31	TL of 636	\$54.91
AJ363	Toter EVR 76532: 32 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$38.53	TL of 1404	\$39.69
AJ364	Toter EVR 76535: 35 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$38.53	TL of 1404	\$39.69
AJ365	Toter EVR 76564: 64 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$46.28	TL of 648	\$47.67
AJ366	Toter EVR 76596: 96 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$53.84	TL of 636	\$55.46
HB005	Toter EVR II 79221: 21 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$36.02	TL of 950	\$37.10
AJ367	Toter EVR II 79224: 24 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$36.02	TL of 950	\$37.10
AJ368	Toter EVR II 79248: 48 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$43.18	TL of 912	\$44.48
AJ369	Toter EVR II 79264: 64 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$45.37	TL of 864	\$46.73
AJ370	Toter EVR II 79296: 96 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$52.81	TL of 624	\$54.39
AJ371	Toter Insert VRI10: When installed into a 24 gallon cart (EVR 79224, 79321 and 79324) this 10 gallon insert changes capacity of the 24 gallon cart to a 10 gallon cart	\$18.25	TL of 3120	\$18.80
AJ372	Toter Insert VRI20: When installed into a 32 gallon cart (Models EVR 76532 and 52532), this 20 gallon insert changes capacity of the 32 gallon cart to a 20 gallon cart	\$20.22	TL of 1333	\$20.83

AJ373	Toter EVR II 79B64: 64 gallon capacity residential "Bear Tight" cart: universal dumping design, rotating steel stop bar, 10" wheels	\$160.36	TL of 188	\$165.17
AJ374	Toter EVR II 79B96: 96 gallon capacity residential "Bear Tight" cart: universal dumping design, rotating steel stop bar, 10" wheels	\$179.68	TL of 180	\$185.07
HB006	Toter EVR II 79R64: 64 gallon capacity residential "Bear Resistant" cart: universal dumping design, rotating steel stop bar, 10" wheels	Discontinued	Discontinued	Discontinued
HB007	Toter EVR II 79B96: 96 gallon capacity residential "Bear Resistant" cart: universal dumping design, rotating steel stop bar, 10" wheels	Discontinued	Discontinued	Discontinued
BJ375	Toter EVR Vented Yard Waste Cart 76864: 64 gallon capacity residential rollout cart for plant waste: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels, vents only (vents and grids offered on Form E)	\$47.68	TL of 648	\$49.11
BJ376	Toter EVR Vented Yard Waste Cart 76896: 96 gallon capacity residential rollout cart for plant waste: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels, vents only (vents and grids offered on Form E)	\$55.29	TL of 636	\$56.95
BJ377	Toter EVR Co-Collection Cart 77564: 64 gallon capacity residential rollout cart: dual compartmentalized, universal dumping design, rotating steel stop bar, 10" wheels	\$81.76	TL of 360	\$84.21
BJ378	Toter EVR Co-Collection Cart 77596: 96 gallon capacity residential rollout cart: dual compartmentalized, universal dumping design, rotating steel stop bar, 10" wheels	\$94.53	TL of 336	\$97.37
DJ379	Toter FL020: 2 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters	\$476.86	TL of 80	\$491.17
DJ380	Toter FL030: 3 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters	\$589.75	TL of 64	\$607.44
DJ381	Toter Organics FL53A: 3 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters, special body reinforcements included for handling organics materials	\$1,015.00	TL of 39	\$1,045.45
HB008	Toter Organics FL52A: 2 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters, special body reinforcements included for handling organics materials	\$881.00	TL of 64	\$907.43
DJ382	Toter FL040: 4 cubic yard capacity front end load plastic container: rotational molded	\$640.39	TL of 30	\$659.60
DJ383	Toter 840: Industrial public litter container: 45 gallon capacity, rotational molded, dome top, weighted base capability	\$227.50	Min 25	\$234.33
DJ384	Toter 860: Automated public litter container: 60 gallon capacity, rotational molded, dome top, weighted base capability, automated dumping design	\$308.00	Min 25	\$317.24
EJ385	Toter 3065-HL-9H24: HighLift residential rear or side lift applications lifter: hydraulic rotary actuator lifter, 350 pound rating, 21" x 15" x 32"	\$2,901.25	Min 1	\$2,988.29
EJ386	Toter 3065-HL-9H20: HighLift residential rear or side lift applications lifter: hydraulic rotary actuator lifter, 21" x 15" x 28"	\$2,901.25	Min 1	\$2,988.29
EJ392	Toter 3069-00-2000: EconoLift residential rear lift applications lifter: hydraulic rotary actuator lifter, 350 pound rating, 15" x 13" x 23"	\$2,007.73	Min 1	\$2,067.96
C. Indoor Containers				
HB009	Toter 25B64: 64 Gallon Bear Tight Cart (Color: Blackstone only)	\$160.36	Min 10	\$165.17
HB010	Toter 25B96: 96 Gallon Bear Tight Cart (Color: Blackstone only)	\$179.68	Min 10	\$185.07
HB011	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Non Locking Lid	\$130.98	Min 10	\$134.91
HB012	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Pad Lock Hasp	\$130.98	Min 10	\$134.91
HB013	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Barrel Lock	\$130.98	Min 10	\$134.91
HB014	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Non Locking Lid	\$154.79	Min 10	\$159.43
HB015	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Pad Lock Hasp	\$154.79	Min 10	\$159.43
HB016	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Barrel Lock	\$154.79	Min 10	\$159.43
HB017	Toter RMN64: Regulated Medical Waste Two-Wheel Carts - 64 gallon	\$145.53	Min 10	\$149.90
HB018	Toter RMN96: Regulated Medical Waste Two-Wheel Carts - 96 gallon	\$171.99	Min 10	\$177.15
HB019	Toter ANA32: Two-Wheel Cart - 32 gallons	\$54.96	Min 10	\$56.61
HB020	Toter ANA48: Two-Wheel Cart - 48 gallon	\$60.16	Min 10	\$61.96
HB021	Toter ANA64: Two-Wheel Cart - 64 gallon	\$70.40	Min 10	\$72.51
HB022	Toter ANA96: Two-Wheel Cart - 96 gallon	\$91.97	Min 10	\$94.73
HB023	Toter ONA24: Two-Wheel Cart - 24 gallon, Standard Lid	\$57.32	Min 10	\$59.04
HB024	Toter ONA32: Two-Wheel Cart - 32 gallon, Standard Lid	\$64.39	Min 10	\$66.32
HB025	Toter ONA48: Two-Wheel Cart - 48 gallon, Standard Lid	\$72.13	Min 10	\$74.29
HB026	Toter ONA64: Two-Wheel Cart - 64 gallon, Standard Lid	\$86.94	Min 10	\$89.55
HB027	Toter ACC32: Caster Cart - 32 gallon, Standard Lid	\$104.30	Min 10	\$107.43
HB028	Toter ACC64: Caster Cart - 64 gallon, Standard Lid	\$118.50	Min 10	\$122.06
HB029	Toter ACC96: Caster Cart - 96 gallon, Standard Lid	\$124.94	Min 10	\$128.69
HB030	Toter ACG64: Caster Cart - 64 gallon, Heavy Duty Gasketed Locking Lid	\$217.67	Min 10	\$224.20
HB031	Toter ACO64: Caster Cart - 64 gallon, Standard Lid	\$184.18	Min 10	\$189.71
HB032	Toter CDC64: Secure Document Cart - 64 gallon / Non Locking Lid	\$178.38	Min 10	\$183.73
HB033	Toter CDC64: Secure Document Cart - 64 gallon / Pad Lock Hasp	\$178.38	Min 10	\$183.73
HB034	Toter CDC64: Secure Document Cart - 64 gallon / Barrel Lock	\$178.38	Min 10	\$183.73
HB035	Toter CDC96: Secure Document Cart - 96 gallon / Non Locking Lid	\$224.76	Min 10	\$231.50
HB036	Toter CDC96: Secure Document Cart - 96 gallon / Pad Lock Hasp	\$224.76	Min 10	\$231.50

HB037	Toter CDC96: Secure Document Cart - 96 gallon / Barrel Lock	\$224.76	Min 10	\$231.50
HB038	Toter RMC64: Regulated Medical Waste Carts - 64 gallon	\$185.92	Min 10	\$191.50
HB039	Toter RMC96: Regulated Medical Waste Carts - 96 gallon	\$229.36	Min 10	\$236.24
HB040	Toter UT005: Utility Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$449.19	Min 10	\$462.67
HB041	Toter UT105: Standard Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$604.07	Min 10	\$622.19
HB042	Toter UT205: Heavy Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$634.73	Min 10	\$653.77
HB043	Toter UTP05: Universal Tilt Truck with Handle (Pneumatic Tires and Casters) - 1/2 cubic yard	\$636.27	Min 10	\$655.36
HB044	Toter UT175: Standard Duty Tilt Truck with Handle - 3/4 Cubic Yard	\$630.34	Min 10	\$649.25
HB045	Toter UT010: Utility Duty Tilt Truck with Handle - 1 Cubic Yard	\$643.47	Min 10	\$662.77
HB046	Toter UT110: Standard Duty Tilt Truck with Handle - 1 Cubic Yard	\$776.02	Min 10	\$799.30
HB047	Toter UT210: Heavy Duty Tilt Truck with Handle - 1 Cubic Yard	\$900.31	Min 10	\$927.32
HB048	Toter UT115: Standard Duty Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,494.08	Min 10	\$1,538.90
HB049	Toter UT215: Heavy Duty Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,658.30	Min 10	\$1,708.05
HB050	Toter UTT05: Towable Tilt Truck with Handle - 1/2 Cubic Yard	\$721.28	Min 10	\$742.92
HB051	Toter UTT10: Towable Tilt Truck with Handle - 1 Cubic Yard	\$882.28	Min 10	\$908.75
HB052	Toter UTT15: Towable Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,593.90	Min 10	\$1,641.72
HB053	Toter MMC08: Manual Cube Truck - 8 cubic foot	\$182.00	Min 10	\$187.46
HB054	Toter MMC12: Manual Cube Truck - 12 cubic foot	\$254.69	Min 10	\$262.33
HB055	Toter MMC16: Manual Cube Truck - 16 cubic foot	\$304.99	Min 10	\$314.14
HB056	Toter MMC20: Manual Cube Truck - 20 cubic foot	\$366.03	Min 10	\$377.01
HB057	Toter AMC20: Automated Cube Truck - 20 cubic foot	\$397.86	Min 10	\$409.80
HB058	Toter AM110: Universal Mobile Truck - 1 cubic yard	\$897.75	Min 10	\$924.68
HB059	Toter AM120: Universal Mobile Truck - 2 cubic yard	\$1,102.50	Min 10	\$1,135.58
HB060	Toter FLM20: Mobile Truck w/ Attached Lid - 2 cubic yard	\$1,655.85	Min 10	\$1,705.53
HB061	Toter FLT20: Mobile Truck w/ Attached Lid - 2 cubic yard w/ Pintle Hook Tow Assembly	\$2,209.13	Min 10	\$2,275.40
HB062	Toter AMT10: Towable Universal Mobile Truck - 1 cubic yard	\$1,257.56	Min 10	\$1,295.29
HB063	Toter AMT20: Towable Universal Mobile Truck - 2 cubic yard	\$1,470.00	Min 10	\$1,514.10
HB064	Toter AMA20: Rapid Speed Mobile Truck - 2 cubic yard	\$2,161.25	Min 10	\$2,226.09
HB065	Toter FLA20: Rapid Speed Mobile Truck w/ Attached Lid - 2 Cubic Yard (Towable up to 25 mph)	\$2,942.63	Min 10	\$3,030.91
HB066	Toter FLA30: Rapid Speed Mobile Truck w/ Attached Lid - 3 Cubic Yard (Towable up to 25 mph)	\$4,389.00	Min 10	\$4,520.67
HB067	Toter LM110: Universal Mobile Truck - 1 cubic yard, Removable Solid Lid	\$196.00	Min 10	\$201.88
HB068	Toter LMS10: Universal Mobile Truck - 1 cubic yard, Hinged Solid Lid	\$203.00	Min 10	\$209.09
HB069	Toter RBR32: Atlas Container, 32 gal, Automated or Manual Unloading	\$41.99	Min 10	\$43.25
HB070	Toter RBR44: Atlas Container, 44 gal, Automated or Manual Unloading	\$48.29	Min 10	\$49.74
HB071	Toter RBR55: Atlas Container, 55 gal, Automated or Manual Unloading	\$58.79	Min 10	\$60.55
HB072	Toter ASH50: Ashtray with Removable Lid and Attached Tray, Factory Installed / Fits RDO44, RDT44	\$50.23	Min 10	\$51.74
HB073	Toter HTL21: Dome-Top Lid with Push-in Hinged Door, fits 21 gal Slimline Half-Round Container (HRC21)	\$38.50	Min 10	\$39.66
HB074	Toter HRC21: Slimline Half-Round Container, 21 gal, Manual Unloading	\$52.85	Min 10	\$54.44
HB075	Toter CHLC21: Slimline Lockable Half-Round Container with Document Slot, 21 gal, Manual Unloading	\$94.50	Min 10	\$97.34
HB076	Toter REC21: Slimline Rectangular Container, 23 gal, Manual Unloading	\$48.28	Min 10	\$49.73
HB077	Toter RLC21: Slimline Lockable Rectangular Container with Document Slot, 23 gal, Manual Unloading	\$94.50	Min 10	\$97.34
HB078	Toter SSC25: Slimline Square Container, 25 gal, Manual Unloading	\$50.86	Min 10	\$52.39
HB079	Toter SSC50: Slimline Square Container, 50 gal, Manual Unloading	\$64.39	Min 10	\$66.32
HB080	Toter SHL50: Slimline Square Container w/ permanently attached Hinged Dome-Top Lid, two push-in Doors, 50 gal, Manual Unloading / Wgt Base included	\$129.50	Min 10	\$133.39
HB081	Toter 840K: Dome-Top Litter Container - 45 gallon	\$227.50	Min 10	\$234.33
HB082	Toter 860A: Dome-Top Litter Container - 60 gallon w Gravity Latch	\$308.00	Min 10	\$317.24
HB083	Toter 860B: Dome-Top Litter Container - 60 gallon w bag holder straps	\$308.00	Min 10	\$317.24
HB084	Toter TB095-10000: Toter Box Assembly - Includes Box, Frame, Casters & Hitch Connector	\$384.99	Min 1	\$396.54
HB085	Toter TB095-11000: Toter Box with Frame	\$342.99	Min 1	\$353.28
HB086	Toter TB095-12000: Toter Box	\$262.49	Min 1	\$270.36
D. Industrial/Outdoor Containers				
HB100	Toter 25B64: 64 Gallon Bear Tight Cart (Color: Blackstone only)	\$160.36	Min 10	\$165.17
HB101	Toter 25B96: 96 Gallon Bear Tight Cart (Color: Blackstone only)	\$179.68	Min 10	\$185.07
HB102	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Non Locking Lid	\$130.98	Min 10	\$134.91
HB103	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Pad Lock Hasp	\$130.98	Min 10	\$134.91
HB104	Toter CDA64: Secure Document Two-Wheel Carts - 64 gallon / Barrel Lock	\$130.98	Min 10	\$134.91
HB104	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Non Locking Lid	\$154.79	Min 10	\$159.43
HB105	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Pad Lock Hasp	\$154.79	Min 10	\$159.43
HB106	Toter CDA96: Secure Document Two-Wheel Carts - 96 gallon / Barrel Lock	\$154.79	Min 10	\$159.43
HB107	Toter RMN64: Regulated Medical Waste Two-Wheel Carts - 64 gallon	\$145.53	Min 10	\$149.90

HB108	Toter RMN96: Regulated Medical Waste Two-Wheel Carts - 96 gallon	\$171.99	Min 10	\$177.15
HB109	Toter ANA32: Two-Wheel Cart - 32 gallons	\$54.96	Min 10	\$56.61
HB110	Toter ANA48: Two-Wheel Cart - 48 gallon	\$60.16	Min 10	\$61.96
HB111	Toter ANA64: Two-Wheel Cart - 64 gallon	\$70.40	Min 10	\$72.51
HB112	Toter ANA96: Two-Wheel Cart - 96 gallon	\$91.97	Min 10	\$94.73
HB113	Toter ONA24: Two-Wheel Cart - 24 gallon, Standard Lid	\$57.32	Min 10	\$59.04
HB114	Toter ONA32: Two-Wheel Cart - 32 gallon, Standard Lid	\$64.39	Min 10	\$66.32
HB115	Toter ONA48: Two-Wheel Cart - 48 gallon, Standard Lid	\$72.13	Min 10	\$74.29
HB116	Toter ONA64: Two-Wheel Cart - 64 gallon, Standard Lid	\$86.94	Min 10	\$89.55
HB117	Toter ACC32: Caster Cart - 32 gallon, Standard Lid	\$104.30	Min 10	\$107.43
HB118	Toter ACC64: Caster Cart - 64 gallon, Standard Lid	\$118.50	Min 10	\$122.06
HB119	Toter ACC96: Caster Cart - 96 gallon, Standard Lid	\$124.94	Min 10	\$128.69
HB120	Toter ACG64: Caster Cart - 64 gallon, Heavy Duty Gasketed Locking Lid	\$217.67	Min 10	\$224.20
HB121	Toter ACO64: Caster Cart - 64 gallon, Standard Lid	\$184.18	Min 10	\$189.71
HB122	Toter CDC64: Secure Document Cart - 64 gallon / Non Locking Lid	\$178.38	Min 10	\$183.73
HB123	Toter CDC64: Secure Document Cart - 64 gallon / Pad Lock Hasp	\$178.38	Min 10	\$183.73
HB124	Toter CDC64: Secure Document Cart - 64 gallon / Barrel Lock	\$178.38	Min 10	\$183.73
HB125	Toter CDC96: Secure Document Cart - 96 gallon / Non Locking Lid	\$224.76	Min 10	\$231.50
HB126	Toter CDC96: Secure Document Cart - 96 gallon / Pad Lock Hasp	\$224.76	Min 10	\$231.50
HB127	Toter CDC96: Secure Document Cart - 96 gallon / Barrel Lock	\$224.76	Min 10	\$231.50
HB128	Toter RMC64: Regulated Medical Waste Carts - 64 gallon	\$185.92	Min 10	\$191.50
HB129	Toter RMC96: Regulated Medical Waste Carts - 96 gallon	\$229.36	Min 10	\$236.24
HB130	Toter UT005: Utility Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$449.19	Min 10	\$462.67
HB131	Toter UT105: Standard Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$604.07	Min 10	\$622.19
HB132	Toter UT205: Heavy Duty Tilt Truck with Handle, 1/2 Cubic Yard	\$634.73	Min 10	\$653.77
HB133	Toter UTP05: Universal Tilt Truck with Handle (Pneumatic Tires and Casters) - 1/2 cubic yard	\$636.27	Min 10	\$655.36
HB134	Toter UT175: Standard Duty Tilt Truck with Handle - 3/4 Cubic Yard	\$630.34	Min 10	\$649.25
HB135	Toter UT010: Utility Duty Tilt Truck with Handle - 1 Cubic Yard	\$643.47	Min 10	\$662.77
HB136	Toter UT110: Standard Duty Tilt Truck with Handle - 1 Cubic Yard	\$776.02	Min 10	\$799.30
HB137	Toter UT210: Heavy Duty Tilt Truck with Handle - 1 Cubic Yard	\$900.31	Min 10	\$927.32
HB138	Toter UT115: Standard Duty Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,494.08	Min 10	\$1,538.90
HB139	Toter UT215: Heavy Duty Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,658.30	Min 10	\$1,708.05
HB140	Toter UTT05: Towable Tilt Truck with Handle - 1/2 Cubic Yard	\$721.28	Min 10	\$742.92
HB141	Toter UTT10: Towable Tilt Truck with Handle - 1 Cubic Yard	\$882.28	Min 10	\$908.75
HB142	Toter UTT15: Towable Tilt Truck with Handle - 1-1/2 Cubic Yard	\$1,593.90	Min 10	\$1,641.72
HB143	Toter MMC08: Manual Cube Truck - 8 cubic foot	\$182.00	Min 10	\$187.46
HB144	Toter MMC12: Manual Cube Truck - 12 cubic foot	\$254.69	Min 10	\$262.33
HB145	Toter MMC16: Manual Cube Truck - 16 cubic foot	\$304.99	Min 10	\$314.14
HB146	Toter MMC20: Manual Cube Truck - 20 cubic foot	\$366.03	Min 10	\$377.01
HB147	Toter AMC20: Automated Cube Truck - 20 cubic foot	\$397.86	Min 10	\$409.80
HB148	Toter AM110: Universal Mobile Truck - 1 cubic yard	\$897.75	Min 10	\$924.68
HB149	Toter AM120: Universal Mobile Truck - 2 cubic yard	\$1,102.50	Min 10	\$1,135.58
HB150	Toter FLM20: Mobile Truck w/ Attached Lid - 2 cubic yard	\$1,655.85	Min 10	\$1,705.53
HB151	Toter FLT20: Mobile Truck w/ Attached Lid - 2 cubic yard w/ Pintle Hook Tow Assembly	\$2,209.13	Min 10	\$2,275.40
HB152	Toter AMT10: Towable Universal Mobile Truck - 1 cubic yard	\$1,257.56	Min 10	\$1,295.29
HB153	Toter AMT20: Towable Universal Mobile Truck - 2 cubic yard	\$1,470.00	Min 10	\$1,514.10
HB154	Toter AMA20: Rapid Speed Mobile Truck - 2 cubic yard	\$2,161.25	Min 10	\$2,226.09
HB155	Toter FLA20: Rapid Speed Mobile Truck w/ Attached Lid - 2 Cubic Yard (Towable up to 25 mph)	\$2,942.63	Min 10	\$3,030.91
HB156	Toter FLA30: Rapid Speed Mobile Truck w/ Attached Lid - 3 Cubic Yard (Towable up to 25 mph)	\$4,389.00	Min 10	\$4,520.67
HB157	Toter LM110: Universal Mobile Truck - 1 cubic yard, Removable Solid Lid	\$196.00	Min 10	\$201.88
HB158	Toter LMS10: Universal Mobile Truck - 1 cubic yard, Hinged Solid Lid	\$203.00	Min 10	\$209.09
HB159	Toter RBR32: Atlas Container, 32 gal, Automated or Manual Unloading	\$41.99	Min 10	\$43.25
HB160	Toter RBR44: Atlas Container, 44 gal, Automated or Manual Unloading	\$48.29	Min 10	\$49.74
HB161	Toter RBR55: Atlas Container, 55 gal, Automated or Manual Unloading	\$58.79	Min 10	\$60.55
HB162	Toter ASH50: Ashtray with Removable Lid and Attached Tray, Factory Installed / Fits RDO44, RDT44	\$50.23	Min 10	\$51.74
HB163	Toter HTL21: Dome-Top Lid with Push-in Hinged Door, fits 21 gal Slimline Half-Round Container (HRC21)	\$38.50	Min 10	\$39.66
HB164	Toter HRC21: Slimline Half-Round Container, 21 gal, Manual Unloading	\$52.85	Min 10	\$54.44
HB165	Toter CHLC21: Slimline Lockable Half-Round Container with Document Slot, 21 gal, Manual Unloading	\$94.50	Min 10	\$97.34
HB166	Toter REC21: Slimline Rectangular Container, 23 gal, Manual Unloading	\$48.28	Min 10	\$49.73
HB167	Toter RLC21: Slimline Lockable Rectangular Container with Document Slot, 23 gal, Manual Unloading	\$94.50	Min 10	\$97.34
HB168	Toter SSC25: Slimline Square Container, 25 gal, Manual Unloading	\$50.86	Min 10	\$52.39

HB169	Toter SSC50: Slimline Square Container, 50 gal, Manual Unloading	\$64.39	Min 10	\$66.32
HB170	Toter SHL50: Slimline Square Container w/ permanently attached Hinged Dome-Top Lid, two push-in Doors, 50 gal, Manual Unloading / Wgt Base included	\$129.50	Min 10	\$133.39
HB171	Toter 840K: Dome-Top Litter Container - 45 gallon	\$227.50	Min 10	\$234.33
HB172	Toter 860A: Dome-Top Litter Container - 60 gallon w Gravity Latch	\$308.00	Min 10	\$317.24
HB173	Toter 860B: Dome-Top Litter Container - 60 gallon w bag holder straps	\$308.00	Min 10	\$317.24
HB174	Toter TB095-10000: Toter Box Assembly - Includes Box, Frame, Casters & Hitch Connector	\$384.99	Min 1	\$396.54
HB175	Toter TB095-11000: Toter Box with Frame	\$342.99	Min 1	\$353.28
HB176	Toter TB095-12000: Toter Box	\$262.49	Min 1	\$270.36
E. Residential Rollout Containers				
AJ359	Toter EVR52532: 32 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$37.99	TL of 1404	\$39.13
AJ360	Toter EVR 52535: 35 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$37.99	TL of 1404	\$39.13
AJ361	Toter EVR57564: 64 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$45.74	TL of 648	\$47.11
AJ362	Toter EVR57596: 96 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$53.31	TL of 636	\$54.91
AJ363	Toter EVR 76532: 32 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$38.53	TL of 1404	\$39.69
AJ364	Toter EVR 76535: 35 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$3,853.00	TL of 1404	\$3,968.59
AJ365	Toter EVR 76564: 64 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$45.28	TL of 648	\$46.64
AJ366	Toter EVR 76596: 96 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$53.84	TL of 636	\$55.46
AJ367	Toter EVR II 79224: 24 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$36.02	TL of 950	\$37.10
AJ368	Toter EVR II 79248: 48 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$43.18	TL of 912	\$44.48
AJ369	Toter EVR II 79264: 64 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$45.37	TL of 864	\$46.73
AJ370	Toter EVR II 79296: 96 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$52.81	TL of 624	\$54.39
AJ500	Toter EVR II 79221: 21 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$36.02	TL of 950	\$37.10
GA044	Toter EVR II 79321: 21 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$39.02	TL of 950	\$40.19
GA045	Toter EVR II 79324: 24 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$39.02	TL of 950	\$40.19
GA046	Toter EVR II 79332: 32 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 8" wheels	\$42.52	TL of 945	\$43.80
GA047	Toter EVR II 79348: 48 gallon capacity residential organics roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$46.18	TL of 912	\$47.57
F. Lifters				
AJ359	Toter EVR52532: 32 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$37.99	TL of 1404	\$39.13
AJ360	Toter EVR 52535: 35 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$37.99	TL of 1404	\$39.13
AJ361	Toter EVR57564: 64 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$46.28	TL of 648	\$47.67
AJ362	Toter EVR57596: 96 gallon residential rollout cart: automated dumping design, rotational molded, 10" wheels	\$53.31	TL of 636	\$54.91
AJ363	Toter EVR 76532: 32 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$38.53	TL of 1404	\$39.69
AJ364	Toter EVR 76535: 35 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$38.53	TL of 1404	\$39.69
AJ365	Toter EVR 76564: 64 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$46.28	TL of 648	\$47.67
AJ366	Toter EVR 76596: 96 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$53.84	TL of 636	\$55.46
AJ367	Toter EVR II 79224: 24 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$36.02	TL of 950	\$37.10
AJ368	Toter EVR II 79248: 48 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$43.18	TL of 912	\$44.48
AJ369	Toter EVR II 79264: 64 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$45.37	TL of 864	\$46.73

AJ370	Toter EVR II 79296: 96 gallon capacity residential rollout cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$52.81	TL of 624	\$54.39
AJ371	Toter Insert VRI10: When installed into a 24 gallon cart, this 10 gallon insert changes capacity of the 24 gallon cart to a 10 gallon cart	\$18.25	TL of 3120	\$18.80
AJ372	Toter Insert VRI20: When installed into a 32 gallon cart, this 20 gallon insert changes capacity of the 32 gallon cart to a 20 gallon cart	\$20.22	TL of 1333	\$20.83
AJ373	Toter EVR II 79B64: 64 gallon capacity residential "Bear Tight" cart: universal dumping design, rotating steel stop bar, 10" wheels	\$160.36	TL of 188	\$165.17
AJ374	Toter EVR II 79B96: 96 gallon capacity residential "Bear Tight" cart: universal dumping design, rotating steel stop bar, 10" wheels	\$179.68	TL of 180	\$185.07
BJ375	Toter EVR Vented Yard Waste Cart 76864: 64 gallon capacity residential rollout cart for plant waste: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels, vents only (vents and grids offered on Form E)	Discontinued	Discontinued	Discontinued
BJ376	Toter EVR Vented Yard Waste Cart 76896: 96 gallon capacity residential rollout cart for plant waste: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels, vents only (vents and grids offered on Form E)	Discontinued	Discontinued	Discontinued
BJ377	Toter EVR Co-Collection Cart 77564: 64 gallon capacity residential rollout cart: dual compartmentalized, universal dumping design, rotating steel stop bar, 10" wheels	\$81.76	TL of 360	\$84.21
BJ378	Toter EVR Co-Collection Cart 77596: 96 gallon capacity residential rollout cart: dual compartmentalized, universal dumping design, rotating steel stop bar, 10" wheels	\$94.53	TL of 336	\$97.37
DJ379	Toter FL020: 2 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters	\$476.86	TL of 80	\$491.17
DJ380	Toter FL030: 3 cubic yard capacity front end load plastic container: rotational molded, 6" x 2" casters	\$589.75	TL of 64	\$607.44
EJ385	Toter 3065-HL-9H24: HighLift residential rear or side lift applications lifter: hydraulic rotary actuator lifter, 350 pound rating, 21" x 15" x 32"	\$2,901.08	Min 1	\$2,988.11
EJ386	Toter 3065-HL-9H20: HighLift residential rear or side lift applications lifter: hydraulic rotary actuator lifter, 21" x 15" x 28"	\$2,901.08	Min 1	\$2,988.11
EJ387	Toter 3065-HL-9H18: HighLift residential rear or side lift applications lifter: hydraulic rotary actuator lifter, 21" x 15" x 36"	\$2,901.25	Min 1	\$2,988.29
EJ392	Toter 3069-00-2000: EconoLift residential rear lift applications lifter: hydraulic rotary actuator lifter, 350 pound rating, 15" x 13" x 23"	\$2,007.73	Min 1	\$2,067.96
GA048	Toter EVR II 79232: 32 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 8" wheels	\$39.52	TL of 945	\$40.71
GA049	Toter EVR II 79235: 35 gallon capacity residential roll-out cart: universal dumping design, rotational molded, rotating steel stop bar, 10" wheels	\$43.37	TL of 945	\$44.67
G. Lids				
KA200	Toter 99721, 96721: Lid for Model 79321 Cart	\$18.99	Min 1	\$19.56
KA201	Toter 99724, 96724: Lid for Model 79224, 79324 Carts	\$18.99	Min 1	\$19.56
KA202	Toter 99732, 96732: Lid for Model 79232, 76532, 57532 Carts	\$18.99	Min 1	\$19.56
KA203	Toter 99735, 96735: Lid for Model 79325, 76535, 57535 Carts	\$18.99	Min 1	\$19.56
KA204	Toter 99748: Lid for Model 79248 Cart	\$18.99	Min 1	\$19.56
KA205	Toter B99764, B96764: Lid for Model 79264 Cart	\$18.99	Min 1	\$19.56
KA206	Toter 96764: Lid for Model 76564, 57564 Carts	\$18.99	Min 1	\$19.56
KA207	Toter B99796, B96796: Lid for Model 79296 Cart	\$14.80	Min 1	\$15.24
KA208	Toter 99796, 96796: Lid for Model 76596, 57596 Carts	\$14.80	Min 1	\$15.24
Miscellaneous				
GA056	Toter Insert VRI10: When installed into a 24 gallon cart (EVR 79224, 79321 and 79324) this 10 gallon insert changes capacity of the 24 gallon cart to a 10 gallon cart	\$18.25	TL of 3120	\$18.80
GA057	Toter Insert VRI20: When installed into a 32 gallon cart (Models EVR 76532 and 52532), this 20 gallon insert changes capacity of the 32 gallon cart to a 20 gallon cart	\$20.22	TL of 1333	\$20.83



City of Galveston

CAPITAL PROJECTS STAFF REPORT

August 14, 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Ross E. Blackketter, P.E., Director of Capital Projects

RE: Consider for approval of Change Order No. 11 to the contract with Cardinal Contractors, Inc., for the New 59th Street Pump Station project, increasing the contract by \$26,635.69 to a new total amount of \$17,549,770.69. Authorizing the City Manager to execute all necessary documents upon final approval by the City Attorney.

I. Background

- A. As a result of Hurricane Ike, the 59th Street pump station failed to function.
- B. The U.S. Department of Housing and Urban Development approved the State's amended action plan for \$1.7 billion in second round disaster recovery funding associated with Hurricane Ike and Dolly.
- C. The amended state plan allocates \$1.032 billion to the Houston-Galveston Area Council region.
- D. A new pump station needs to be built to higher elevation and wind load rating to ensure that the entire island will have continued potable water during and after a future event.
- E. City Council approved Dannenbaum Engineering Corporation to provide engineering design services for the new 59th Street Pump Station Project on July 25, 2013 for the amount of \$1,958,170.00.
- F. Council awarded a contract with Cardinal Contractors in the amount of \$15,887,000.00 on June 25, 2015 for the construction of this project.
- G. The contract was subsequently increased by \$11,025.73 in Change Order No. 1, by \$544,594.86 in Change Order No. 2, by \$79,447.26 in Change Order No. 3, by \$148,128.50 in Change Order No. 4, and by \$470,099.25 in Change Order No. 6 to the new amount of \$17,140,295.60, by \$292,249.73 in Change Order No. 7 to the new amount of \$17,432,545.33, by \$32,205.62 in Change Order No. 8 to the new amount of \$17,464,750.95, by \$19,313.67 in Change Order No. 9 to the new amount of \$17,484,064.62, and by \$39,070.38 in Change Order No. 10 to the new amount of \$17,523,135.00. Change Order No. 5 was a time extension only and did not include an increase in cost.

II. Current Situation

- A. Cardinal Contractors, Inc. has requested Change Order No. 11 for additional work to use of a spray on thermal barrier for the ceiling of the electrical and mechanical room, in lieu of the originally specified sheetrock barrier. The sheetrock is impractical due to the number of fixtures suspended from the concrete deck.
- B. Cardinal has requested an additional \$26,635.69 for the spray on thermal barrier.
- C. Dannenbaum Engineering has recommended approval of this request.

III. Issues

This work is necessary to ensure the continuation of this project.





City of Galveston

CAPITAL PROJECTS STAFF REPORT

V. Alternatives in order of priority

- A. Approve Change Order No. 11 to the contract with Cardinal Contractors, Inc., for the New 59th Street Pump Station project, increasing the contract by \$26,635.69 to a new total amount of \$17,549,770.69.
- B. Do not approve the change order.

VI. Recommendation

Approve Change Order No. 11 to the contract with Cardinal Contractors, Inc., for the New 59th Street Pump Station project, increasing the contract by \$26,635.69 to a new total amount of \$17,549,770.69.

VII. Fiscal Impact Report

Requested by: Ross E. Blacketter, P.E.
Director of Capital Projects

Funding Source: CDBG-DR Round 2.2
Construction \$ 11,470,856.82 (increase of \$26,635.69)
Inspection \$ 203,735.50

FEMA HMGP
Construction \$ 5,700,225.00
Inspection \$ 114,004.50

Other Funds \$ 378,688.87

Costs of implementation: \$ 17,867,510.69

Respectfully submitted,

Ross E. Blacketter, P.E.
Director of Capital Projects





Texas General Land Office Disaster Recovery

Construction Contract Change Order Request Form

Engineer: Dannenbaum Engineering 3100 West Alabama Houston, Texas 77098 Phone No.: 713.520.9570	Owner (Contractor Locality): City of Galveston 823 Rosenberg Galveston, Texas 77550 Phone No.: 409.797.3630	Contractor: Cardinal Contractors, Inc. 1106 N State Hwy 360 Ste. 115 Grand Prairie, Texas 75050 Phone No.: 713.896.3141 Agreement Date: 08/21/2015
Date: 08/13/2018 Project Code No.: P27527-1a Bid Package No.: 270703-1_BID1	Contract For (Project Description): New 59 th Street Pump Station	GLO Contract No.: 15-081-000-8748/DRS220051 Change Order No.: 11

You are hereby requested to comply with the following changes from the contract plans and specifications:

Item No.	Description of Changes: Quantities, Units, Unit Prices, Change in Completion Scheduled, Etc.	Decrease in Contract Price	Increase in Contract Price
CO11-1	Provide Spray On Thermal Barrier Ceiling in Lieu of Gypsum Board		\$ 26,635.69
	Total		\$ 26,635.69

Change in Contract Price		Change in Contract Time (Calendar Days)	
Original Contract Price:	\$15,887,000.00	Original Contract Time:	700 days
Previous Change Order(s): No. 1 to No. 10	\$ 1,636,135.00	Net Change From Previous Change Orders:	437 days
Contract Price Prior to this Change Order:	\$17,523,135.00	Contract Time Prior to this Change Order:	1,137 days
Net Increase/Decrease of this Change Order:	\$ 26,635.69	Net Increase/Decrease of this Change Order:	0 days
Contract Price With all Approved Change Orders:	\$17,549,770.69	Contract Time With all Change Orders:	1137 days
Cumulative Percent Change in Contract Price (+/-): +10.46%		Grantee Contract End Date: (mm/dd/yy) 12 / 31 / 18	
Construction Contract Start Date: (mm/dd/yy) 09 / 14 / 15		Construction Contract End Date: (mm/dd/yy) 10 / 25 / 18	

Reimbursements of costs included in this change order are subject to review by the GLO-DR program.

***This document may be executed prior to submission for GLO-DR program review, but all parties involved will be held responsible if the change order or the amendment warranted as a result of this change order is not in compliance with CDBG or HUD requirements.**

RECOMMENDED:

By: Lynson Arnold
DANNENBAUM ENGINEERING

Date: 8/13/18

APPROVED:

By: _____
CITY OF GALVESTON

Date: _____

ACCEPTED:

By: [Signature]
CARDINAL CONTRACTORS

Date: 8/15/18

JUSTIFICATION FOR CHANGE

1. Will this Change Order increase or decrease

the number of beneficiaries?

☐ Increase

☐ Decrease

☒ No Change

If there is a change, how many beneficiaries will be affected?

Total ____ L/M ____

2. Effect of this change on scope of work:

☐ Increase

☐ Decrease

☒ No Change

3. Effect on operation and maintenance costs:

☐ Increase

☐ Decrease

☒ No Change

4. Are all prices in the change order dependent upon unit prices

found in the original bid?

☒ Yes

☐ No

If "No", explain: The contract is unit price, but the item covering this work was a Lump Sum. The pricing provided is competitive.

5. Has this change created new circumstances or environmental

conditions which may affect the project's impact, such as

concealed or unexpected conditions discovered during actual

construction?

☐ Yes

☒ No

If "Yes", is an Environmental Re-assessment required?

6. Is the Texas Commission on Environmental Quality (TCEQ)

clearance still valid? (if applicable)

☒ Yes

☐ N/A

7. Is the TCEQ permit approval still valid? (sewer projects only)

☐ Yes

☒ N/A

8. Are the handicapped access requirements/approval

still valid? (if applicable)

☒ Yes

☐ No

9. Are other Disaster Recovery contractual special condition clearance

still valid?

☒ Yes

☐ No

(If no, specify):

NOTE:* Generally, a cumulative change in the contract price in excess of 25% cannot be reviewed (18% **decrease** for counties).

DANNENBAUM ENGINEERING CORPORATION

3100 WEST ALABAMA HOUSTON, TEXAS 77098 P.O. BOX 22292 HOUSTON, TEXAS 77227 (713) 520-9570

ENGINEERING
EXCELLENCE
SINCE
1945

August 13, 2018

Mr. Ross Blackketter, PE
City of Galveston
823 Rosenberg, Room 205
Galveston, TX 77553

RE: City of Galveston
59th Street Pump Station
Change Order No. 11

Dear Mr. Blackketter:

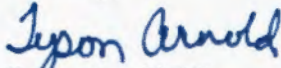
Change Order No. 11 contains Proposed Change Orders (PCO) 31.

PCO No. 31 is a request for additional money to provide a spray on thermal barrier ceiling in the electrical and meechanical rooms in lieu of the gypsum board as originally specified. The request is for \$26,635.69 and no additional time. At the request of the City Dannenbaum recommends approval of a change order for the requested amount.

This is work that needs to be done in order to achieve the original intended outcome for this Project. Dannenbaum believes the costs associated with the Change Order are competitive for this type of work. Dannenbaum recommends approval of this Change Order in the amount of \$26,635.69, for the new Construction Contract total of \$17,549,770.69 which is a 10.46% increase. The current contract time is 1,137 with a Completion Date of October 25, 2018.

Should you have any questions, please do not hesitate to contact me at 713-527-6325.

Sincerely,



Tyson Arnold, PE

Associate – Dannenbaum Engineering Corporation

Attachments Response to CCI LTR 00044



City of Galveston

CAPITAL PROJECTS STAFF REPORT

14 August 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Ross E. Blackketter, P.E., Director of Capital Projects

RE: Consider for approval Change Order #5 for the contract with Main Lane Industries, Ltd., for the Reconstruction of Market Street from 25th Street to 19th Street project, **decreasing** the contract from \$3,909,492.81 by the amount of \$132,736.94 to a final cost of \$3,776,755.87. Authorizing the City Manager to execute all necessary documents upon final approval by the City Attorney.

I. Background

- A. Many of the City's Streets were damaged during Hurricane Ike in 2008.
- B. The U.S. Department of Housing and Urban Development approved the State's amended action plan for \$1.7 billion in second round disaster recovery funding associated with Hurricane Ike and Dolly.
- C. The amended state plan allocates \$1.032 billion to the Houston-Galveston Area Council region.
- D. On 22 March 2012, the City Council approved AECOM Technical Services, Inc. to perform design and construction phase services for the Reconstruction of Market Street from 25th Street to 19th Street project (originally 33rd Street to 14th Street).
- E. Due to budget constraints, the project was reduced from the original scope of 33rd Street to 14th Street to the reduced limits of 25th Street to 19th Street.
- F. Main Lane Industries, Ltd. was the low responsive bidder and was awarded the contract by Council Approval on 22 June 2017 in the amount of \$3,364,289.45.
- G. This contract was subsequently increased by \$106,608.00 to a total of \$3,470,897.45 in Change Order #1 on 28 September 2017, by \$269,632.43 to a total of \$3,740,529.88 in Change Order #2 on 14 December 2017, by \$160,423.43 to a total of \$3,900,953.31 in Change Order #3 on 24 May 2018, and by \$8,539.50 to a total of \$3,909,492.81 in Change Order #4 on 21 June 2018.

II. Current Situation

- A. The Reconstruction of Market Street from 25th Street to 19th Street is complete with the exception of final punchlist items.
- B. Main Lane Industries has requested a final change order reconciling the accounting for this project as shown in the attached documentation.
- C. Unused items and value engineering for this contract result in a **decrease** of \$132,736.94 to the contract price.





City of Galveston

CAPITAL PROJECTS STAFF REPORT

III. **Impact or ramifications:**

This change order is necessary to close out this project.

IV. **Alternatives in order of priority**

A. Approve Change Order #5 for the contract with Main Lane Industries, Ltd., for the Reconstruction of Market Street from 25th Street to 19th Street project, **decreasing** the contract from \$3,909,492.81 by the amount of \$132,736.94 to a final cost of \$3,776,755.87.

B. Do not approve the request.

V. **Recommendation**

Approve Change Order #5 for the contract with Main Lane Industries, Ltd., for the Reconstruction of Market Street from 25th Street to 19th Street project, **decreasing** the contract from \$3,909,492.81 by the amount of \$132,736.94 to a final cost of \$3,776,755.87.

VI. **Fiscal Impact Report**

Requested by:

Ross E. Blacketter, P.E.
Director of Capital Projects

Funding Source:

CDBG DR Non-Housing Round 2.1

Construction Cost	\$ 3,776,755.87	(decrease of \$132,736.94)
Construction Administration	\$ 107,011.00	
Total Cost of Implementation	\$ 3,883,766.87	

Respectfully Submitted,

Ross E. Blacketter, P.E.
Director of Capital Projects





Texas General Land Office Disaster Recovery

Construction Contract Change Order Request Form

Engineer: (Name & Address) AECOM 19219 Katy Freeway, Suite 100 Houston, TX 77094 Phone No.: (281) 646-2400	Owner (Contractor Locality): (Name & Address) City of Galveston 823 Rosenberg, Room 205 Galveston, TX 77550 Phone No.: (409) 797-3630	Contractor: (Name & Address) Main Lane Industries, LLC. 14115 Luthe Road, Suite 100 Houston, TX 77039 Phone No.: (713) 896-3141 Agreement Date: 07/13/2017
Date: 08/13/2018 Project Code No.: P26505A-4 Bid Package No.: 260321-1_BID1	Contract For (Project Description): Reconstruction of Roadway & Associated Underground Utilities Market Street (25 th St – 19 th St)	GLO Contract No.: 11-337-000-5356/ DRS210051 Change Order No.: 05

You are hereby requested to comply with the following changes from the contract plans and specifications:

Item No.	Description of Changes: Quantities, Units, Unit Prices, Change in Completion Scheduled, Etc.	Decrease in Contract Price	Increase in Contract Price
6	Storm Inlet Sediment Trap: 17 EA @ \$300/EA	\$5,100.00	
8	Filter Fabric Fence: 2,840 LF @ \$1.00/LF	\$2,840.00	
19	Remove Concrete Driveway: 91 SY @ \$10.00/SY		\$910.00
46	7-Inch Thick Reinforced Concrete Driveways: 91 SY @ \$90.00/SY		\$8,190.00
47	7-Inch Thick High Early Strength Reinforced Concrete Driveways: 24 SY @ \$130.00/SY	\$3,120.00	

49	13-Inch Concrete Rail Road Header: 396 LF @ \$5.00/LF	\$1,980.00	
50	6-Inch Concrete Curb (Monolithic): 431 LF @ \$3.00/LF	\$1,293.00	
76	4-Inch PVC Schedule 80 Pipe (Private Roof Drain Downspouts): 187 LF @ \$25.00/LF	\$4,675.00	
96	Furnish and Install 3-FT by 2-FT by 2-FT Pull Box, Complete and In-Place: 22 EA @ \$1,575.00	\$34,650.00	
97	Replace Existing Street Light Electrical Wires New, Reroute into Proposed 2-Inch Conduit: 1,905 LF @ \$2.50/LF	\$4,762.50	
124	Relocate Trash Receptacles: 5 EA @ \$220.00/EA	\$1,100.00	
126	Relocate Benches: 1 EA @ \$250.00/EA	\$250.00	
127	Relocate Newspaper Vending Machines: 5 EA @ \$150.00/EA	\$750.00	
131	Spread Footing Foundation Substation for Street Lighting Foundation (For Utility Conflicts): 6 EA @ \$1,200.00/EA	\$7,200.00	
132	Remove Miscellaneous Concrete and Masonry: 48 CY @ \$30.00/CY	\$1,440.00	
134	Extra Hand Excavation: 100 CY @ \$20.00/CY	\$2,000.00	
135	Extra Machine Excavation: 95 CY @ \$15.00/CY	\$1,425.00	
137	Extra Placement of Granular Fill Material: 40 CY @ \$20.00/CY	\$800.00	
138	Fly Ash For Stabilized Subgrade (52.8 LBS/CY) (Dry Weight): 176 TONS @ \$70.00/TONS	\$12,320.00	
139	Cement Stabilized Sand (1.5 Sacks/CY): 1,809 CY @ \$37.00/CY	\$66,933.00	
141	Pedestrian Handrails: 14 LF @ \$100.00/LF		\$1,400.00
143	Reconnect Existing Water Services to Water Meter: 1 LS @ \$1,000/LS	\$1,000.00	

[illegible]

<u>Change in Contract Price</u>	<u>Change in Contract Time (Calendar Days)</u>
Original Contract Price: \$3,364,289.45	Original Contract Time: 240 days
Previous Change Order(s): No. 1 to No. 4 \$545,203.36	Net Change From Previous Change Orders: 100 days
Contract Price Prior to this Change Order: \$3,909,492.81	Contract Time Prior to this Change Order: 0 days
Net Increase/Decrease of this Change Order: -\$132,736.94	Net Increase/Decrease of this Change Order: 0 days
Contract Price With all Approved Change Orders: \$3,776,755.87	Contract Time With all Change Orders: 340 days
Cumulative Percent Change in Contract Price (+/-): +12.26%	Grantee Contract End Date: (mm/dd/yy) 12 / 31 / 2018
Construction Contract Start Date: (mm/dd/yy) 08 / 02 / 2017	Construction Contract End Date: (mm/dd/yy) 07 / 08 / 2018

Reimbursements of costs included in this change order are subject to review by the GLO-DR program.

*** This document may be executed prior to submission for GLO-DR program review, but all parties involved will be held responsible if the change order or the amendment warranted as a result of this change order is not in compliance with CDBG or HUD requirements.**

RECOMMENDED:

By: [Signature]

AECOM

(ENGINEER)

Date: 8/14/2018

APPROVED:

By: _____

CITY OF GALVESTON

(OWNER)

Date: _____

ACCEPTED:

By: [Signature]

MAIN LANE INDUSTRIES

(CONTRACTOR)

Date: 8/14/18

JUSTIFICATION FOR CHANGE

1. Will this Change Order increase or decrease

the number of beneficiaries?

☐ Increase

☐ Decrease

☒ No Change

If there is a change, how many beneficiaries will be affected?

Total ____ L/M ____

2. Effect of this change on scope of work:

☒ Increase

☐ Decrease

☐ No Change

3. Effect on operation and maintenance costs:

☐ Increase

☐ Decrease

☒ No Change

4. Are all prices in the change order dependent upon unit prices

found in the original bid?

☐ Yes

☒ No

If "No", explain: Additional quantity over run due to sidewalk and driveway grading adjustments. Inlet adjustments were needed to make the proposed sidewalk flush and continuous as possible. Thermoplastic pavement marking is needed instead of paint for longevity of pavement marking. These are competitive prices comparable to local conditions for the city and county area.

5. Has this change created new circumstances or environmental

conditions which may affect the project's impact, such as

concealed or unexpected conditions discovered during actual

construction?

☐ Yes

☒ No

If "Yes", is an Environmental Re-assessment required?

6. Is the Texas Commission on Environmental Quality (TCEQ)

clearance still valid? (if applicable)

☒ Yes

☐ No

7. Is the TCEQ permit approval still valid? (sewer projects only)

☒ Yes

☐ No

8. Are the handicapped access requirements/approval

still valid? (if applicable)

☒ Yes

☐ No

9. Are other Disaster Recovery contractual special condition clearance

still valid?

☒ Yes

☐ No

(If no, specify):

NOTE:

- * Generally, a cumulative change in the contract price in excess of 25% cannot be reviewed (18% **decrease** for counties).



AECOM
19219 Katy Freeway
Suite 100
Houston, TX 77094
www.aecom.com

281 646 2400 tel
281 646 2401 fax

August 14, 2018

Ross E. Blacketter, P.E.
Director of Capital Projects
City of Galveston
823 Rosenberg
Galveston, TX 77550

**RE: Reconciliation Change Order for Approval: CO#5
Market Street Reconstruction from 25th to 19th Street
AECOM Project No. 60264630**

Dear Mr. Blacketter:

Please find AECOM Technical Services, Inc. (AECOM) reconciliation change order to finalize and close out the project for 60264630 Market Street from 25th to 19th Street. This reconciliation change order includes Main Lane Industries, LLC. (Main Lane) change order proposals for the installation of additional quantity for handrails, concrete driveways, inlet adjustments, and thermoplastic pavement marking for which AECOM recommends for payment as well as the deductions for bid items to the contract due to bid items not fully used as described below.

Please find and accept AECOM's letter for the Reconciliation Change Order, Change Order No. 5, in the amount of **-\$132,736.94**. Please find the following detail information below for the proposals that have been submitted to and reviewed by AECOM:

1. AECOM is in acceptance of proposal no. 24 – Quantity overrun for handrail, additional 7" concrete, and inlet throat adjustment. The cost is **\$13,984.52**
2. AECOM is in acceptance of proposal no. 25 – Raise 3 inlets on Market Street for a uniform sidewalk. The cost is **\$2,580.00**.
3. AECOM is in acceptance of proposal no. 27 – The use of thermoplastic pavement marking for Market Street. The cost is **\$14,837.04**.
4. The bid items that are to be deducted from the current contract value due to not being used 100% are the following: Bid items 6, 8, 47, 49, 50, 76, 96, 97, 131, 132, 134, 135, 137, 138, 139, 143, 146, 147, 148, and 149. The total value is **-\$164,138.50**. Please see the attached GLO form for the itemized descriptions.

Please find attached the Reconciliation Change Order, Change Order No. 5, along with Main Lane's proposals for along with AECOM's letter of recommendation for approval. If the City is in acceptance of AECOM's recommendation with the attached change order proposals please find the GLO Form for the City's signature for approval.

Sincerely,

Andres Berdugo, P.E.
Project Manager



Mr. Ross Blacketter, P.E.

August 14, 2018

Page 2

Attn: Attachment A – MC² Proposal No. 24
Attachment B – MC² Proposal No. 25
Attachment C – MC² Proposal No. 27
Attachment D – Change Order No. 5 GLO Form

Cc: City of Galveston – Tony Rodriguez, Trina Jankowski, Darren Miller
Main Lane – Billy Mitchell, P.E., Ed Henkel, Jim Lawler
CPS



City of Galveston
Construction Division
823 Rosenberg
Galveston, TX 77550

AECOM
19219 Katy Freeway, Suite 100
Houston, Texas 77094

Attention: Andres Berdugo
Project Engineer

June 28th, 2018

Re: Proposal CO#24 for Additional Quantities
Project Market St Reconstruction
City of Galveston Job No. 60264630
Purchase Order No. P170213

Mr. Berdugo,
Please find our cost proposal for the quantity overruns on Market Street.

The handrail requested at 20th, 23rd, 25th, totals 74 linear feet. Main Lane is requesting a contract value increase for Bid Item 141 for an additional 14 LF at \$100/LF for \$1400.

In order to meet the required maximum slopes for the driveways on the project, Main Lane had to enter into the ROW on several driveways on the project. This resulted in additional concrete and demolition quantities. Main Lane is requesting an increase in contract value for Bid Item 46 and Bid Item 19 for an additional 387 SY.

Main Lane discovered during field observations additional inlets that the throat height needed to be reduced. Main Lane is requesting an increase in contract value for Bid Item 171 for an additional 4 at \$871.13/EA for \$3,484.52

Bid Item 141 – Pedestrian Handrail	14 LF@ \$100/LF	= \$ 1,400.00
Bid Item 46 – 7" Concrete Driveways	91 SY@ \$90/SY	= \$ 8,190.00
Bid Item 19 – Remove Concrete Driveway	91 SY@ \$10/SY	= \$ 910.00
Bid Item 171 – Inlet Throat Adjustment	4 @ \$871.13/EA	= \$ 3,484.52

Requested Total Additional Payment **= \$ 13,984.52**

Once you have had an opportunity to review this information, please let me know if you require additional information and wish to proceed with the proposed work. Thank you.

Best Regards,

Ed Henkel

Ed Henkel
Project Manager
Main Lane Industries



City of Galveston
Construction Division
823 Rosenberg
Galveston, TX 77550

AECOM
19219 Katy Freeway, Suite 100
Houston, Texas 77094

Attention: Andres Berdugo
Project Engineer

June 21st, 2018

Re: Proposal CO#25 to Raise Inlets
Project Market St Reconstruction
City of Galveston Job No. 60264630
Purchase Order No. P170213

Mr. Berdugo,
Please find the cost proposal for raising inlets due to design changes at 23rd, 25th, and the pedestrian access to the bank between 21st and 22nd. The pricing is inclusive of all labor, material and equipment to perform the required work.

Raise Inlet	3 EA@ \$860/EA	= \$ 2,580.00
Requested Total Additional Payment		= \$ 2,580.00

Once you have had an opportunity to review this information, please let me know if you require additional information and wish to proceed with the proposed work. Thank you.

Best Regards,

Ed Henkel

Ed Henkel
Project Manager
Main Lane Industries



City of Galveston
Construction Division
823 Rosenberg
Galveston, TX 77550

AECOM
19219 Katy Freeway, Suite 100
Houston, Texas 77094

Attention: Andres Berdugo
Project Engineer

June 28th, 2018

Re: Proposal CO#27 - Thermoplastic Pavement Marking
Project Market St Reconstruction
City of Galveston Job No. 60264630
Purchase Order No. P170213

All Parties,

Attached is the pricing difference representative of the scope change in pavement marking. A discrepancy was identified between what the plan sheets call out for pavement marking versus what Main Lane believed to be the intended end product. The plan sheets for pavement marking call out Reflective Pavement Marking Type II, which Main Lane believes should have been Reflective Pavement marking Type I. When you look into the difference, Type I is thermoplastic while Type II is paint. The attached table breaks out the pricing between the desired thermoplastic product and the current contract paint product. Additionally, the latest plan sheets reflect quantity differences as well as new stripping items from the contract plan set. The table below reflects these changes as well.

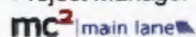
Main Lane requests an increase in contract value in a lump sum value for thermoplastic pavement marking.

Thermoplastic Pavement Marking	1LS @ \$14,837.04	=\$14,837.04
Requested Total Additional Payment		=\$14,837.04

Once you have had an opportunity to review this information, please let me know if you require additional information and wish to proceed with the proposed work. Thank you.

Best Regards,

Ed Henkel
Project Manager





City of Galveston

CAPITAL PROJECTS STAFF REPORT

30 July 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Ross E. Blackketter, P.E., Director of Capital Projects

RE: Consider for approval Change Order #5 for the contract with Lucas Construction Co., Inc., for the 51st Street Improvements from Broadway to Postoffice project, **decreasing** the contract from \$1,400,484.50 by the amount of \$45,285.00 to a new cost of \$1,355,199.50. Authorizing the City Manager to execute all necessary documents upon final approval by the City Attorney.

I. Background

- A. Many of the City's Streets were damaged during Hurricane Ike in 2008.
- B. The U.S. Department of Housing and Urban Development approved the State's amended action plan for \$1.7 billion in second round disaster recovery funding associated with Hurricane Ike and Dolly.
- C. The amended state plan allocates \$1.032 billion to the Houston-Galveston Area Council region.
- D. The General Land Office approved Arceneaux Wilson & Cole LLC to perform design and construction phase services for the 51st Street Improvements from Broadway to Postoffice project.
- E. Lucas Construction Co., Inc. was the low responsive bidder and was awarded the contract by Council Approval on 27 April 2017 in the amount of \$1,356,333.10.
- F. This contract was subsequently increased by \$2,000.00 to a total of \$1,358,333.10 in Change Order #1 in September 2017 and by \$67,541.70 to the cost of \$1,425,874.80 in Change Order #2 in October 2017, decreased by \$33,904.00 to a new cost of \$1,391,970.80 by Change Order #3 in January 2018, and increased by \$8,513.70 to a new cost of \$1,400,484.50 by Change Order #4 in April 2018.

II. Current Situation

- A. The construction of the 51st Street Improvements from Broadway to Postoffice project is complete.
- B. Lucas Construction has requested a final change order reconciling the accounting for this project as shown in the attached documentation.
- C. Unused items and value engineering for this contract result in a **decrease** of \$45,285.00 to the contract price.





City of Galveston

CAPITAL PROJECTS STAFF REPORT

III. **Impact or ramifications:**

This change order is necessary to close out this project.

IV. **Alternatives in order of priority**

- A. Approve Change Order #5 for the contract with Lucas Construction Co., Inc., for the 51st Street Improvements from Broadway to Postoffice project, decreasing the contract from \$1,400,484.50 by the amount of \$45,285.00 to a new cost of \$1,355,199.50.
- B. Do not approve the request.

V. **Recommendation**

Approve Change Order #5 for the contract with Lucas Construction Co., Inc., for the 51st Street Improvements from Broadway to Postoffice project, decreasing the contract from \$1,400,484.50 by the amount of \$45,285.00 to a new cost of \$1,355,199.50.

VI. **Fiscal Impact Report**

Requested by:

Ross E. Blackketter, P.E.
Director of Capital Projects

Funding Source:

CDBG DR Non-Housing Round 2.2

Construction Cost	\$ 1,355,199.50 (decrease of \$45,285.00)
<u>Construction Administration</u>	<u>\$ 130,685.00</u>
Total Cost of Implementation	\$ 1,485,884.50

Respectfully Submitted,

Ross E. Blackketter, P.E.
Director of Capital Projects





Texas General Land Office Disaster Recovery

Construction Contract Change Order Request Form

Engineer: Arceneaux Wilson & Cole LLC 2901 Turtle Creek Drive Suite 320 Port Arthur, TX 77642 Phone No.: 409.724.7888	Owner (Contractor Locality): City of Galveston 823 Rosenberg Galveston, TX 77550 Phone No.: 409.797.3630	Contractor: Lucas Construction 551 League City Pkwy #C League City, TX 77573 Phone No.: 281.316.9990 Agreement Date: 07/25/2017	
Date: July 30, 2018 Project Code No.: P21546-4 Bid Package No.: 228103-1_BID1	Contract For (Project Description): 51 st Street Improvements from Broadway – Post Office	GLO Contract No.: 15-081-000-8748 Change Order No.: 5	
You are hereby requested to comply with the following changes from the contract plans and specifications:			
Item No.	Description of Changes: Quantities, Units, Unit Prices, Change in Completion Scheduled, Etc.	Decrease in Contract Price	Increase in Contract Price
40	Type "C" Curb Inlet -1 EA @\$3,500.00/EA	\$ 3,500.00	
64	1-Inch Underground Electrical Conduct, PVC -371 LF @\$5.00/LF	\$ 1,855.00	
65	Electrical Ground Box -25 EA @\$500.00/EA	\$ 12,500.00	
68	Dewatering -300 LF @\$18.00/LF	\$ 5,400.00	
69	Extra Reinforcing Steel -40 LB @\$0.75/LB	\$ 30.00	
70	Extra Class "A" Concrete -100 CY @\$150.00/CY	\$ 15,000.00	

71	Extra Cement Stabilized Sand -50 CY @\$40.00/CY	\$ 2,000.00	
72	Extra 8-Inch Reinforced Concrete Pavement -100 SY @\$50.00/SY	\$ 5,000.00	
<u>Change in Contract Price</u>		<u>Change in Contract Time (Calendar Days)</u>	
Original Contract Price: \$1,356,333.10		Original Contract Time: 210 days	
Previous Change Order(s): No. 1 to No. 4 \$44,151.40		Net Change From Previous Change Orders: 115 days	
Contract Price Prior to this Change Order: \$1,400,484.50		Contract Time Prior to this Change Order: 325 days	
Net Increase/Decrease of this Change Order: - \$ 45,285.00		Net Increase/Decrease of this Change Order: 0 days	
Contract Price With all Approved Change Orders: \$1,355,199.50		Contract Time With all Change Orders: 325 days	
Cumulative Percent Change in Contract Price (+/-): - 0.0008%		Grantee Contract End Date: (mm/dd/yy) 12/31/2018	
Construction Contract Start Date: (mm/dd/yy) 07/25/2017		Construction Contract End Date: (mm/dd/yy) 06/15/2018	

Reimbursements of costs included in this change order are subject to review by the GLO-DR program.

* This document may be executed prior to submission for GLO-DR program review, but all parties involved will be held responsible if the change order or the amendment warranted as a result of this change order is not in compliance with CDBG or HUD requirements.

RECOMMENDED:

By:

ENGINEER

Arceneaux, Wilson & Cole LLC

Date: 07/30/2018

APPROVED:

By:

OWNER

City of Galveston

Date:

ACCEPTED:

By:

CONTRACTOR

Lucas Construction Company

Date: 7-26-18

JUSTIFICATION FOR CHANGE

1. Will this Change Order increase or decrease the number of beneficiaries?				☐ Increase	☐ Decrease	☒ No Change
If there is a change, how many beneficiaries will be affected?				Total ____ L/M ____		
2. Effect of this change on scope of work:				☒ Increase	☐ Decrease	☐ No Change
3. Effect on operation and maintenance costs:				☐ Increase	☐ Decrease	☒ No Change
4. Are all prices in the change order dependent upon unit prices found in the original bid?				☒ Yes	☐ No	
If "No", explain:						
5. Has this change created new circumstances or environmental conditions which may affect the project's impact, such as concealed or unexpected conditions discovered during actual construction?				☐ Yes	☒ No	
If "Yes", is an Environmental Re-assessment required?						
6. Is the Texas Commission on Environmental Quality (TCEQ) clearance still valid? (if applicable)				☒ Yes	☐ No	
7. Is the TCEQ permit approval still valid? (sewer projects only)				☐ Yes	☐ No	
8. Are the handicapped access requirements/approval still valid? (if applicable)				☐ Yes	☐ No	
9. Are other Disaster Recovery contractual special condition clearance still valid?				☒ Yes	☐ No	
(If no, specify):						

NOTE: Generally, a cumulative change in the contract price in excess of 25% cannot be reviewed (18% **decrease** for counties).



July 30, 2018

Mr. Ross Blacketter
City of Galveston
823 Rosenberg
Room 205
Galveston, Texas 77550

RE: CHANGE ORDER NO. 5
51st Street Improvements from Broadway to Post Office.
Job No. COG-020

Dear Mr. Blacketter:

Arceneaux Wilson & Cole, LLC has reviewed the Change Order No. 5 for the 51st Street Improvements from Broadway to Post Office project and recommends approval of the construction contract changes to close the project. We provide the following explanations for the proposed changes to the contract scope and associated cost.

Regarding this Change Order time and cost, the overall result for this change order is to decrease the contract amount by (-\$45,285.00). This change order will show removing bid items for Type "C" Curb Inlet (-\$3,500.00), 1-Inch Underground Electrical Conduit (-\$1,855.00), Electrical Ground Box (-\$12,500.00), Dewatering (-\$5,400.00), Extra Reinforcing Steel (-\$30.00), Extra Class "A" Concrete (-\$15,00.00), Extra Cement Stabilized Sand and Extra 8-Inch Reinforced Concrete Pavement (-\$5,000.00). I have attached Change Order No. 5 which modifies the contract to reflect this change for your consideration and action. Should you have any questions or require additional information, please contact our office.

Very truly yours,
Arceneaux Wilson & Cole LLC
TEXAS REGISTERED ENGINEERING FIRM F-16194

Keestan Cole, PE
Vice-President



City of Galveston

FLEET FACILITIES STAFF REPORT

July 30, 2018

Brian Maxwell, City Manager
Honorable Mayor and City Council Members

Subject: Consider for the approval of the final close out change order which is the net of all fees and charge backs totaling \$199,573.85 to General Contractors Services for the Seawall Boulevard Improvements Project (Phase II) which was awarded under BID# 16-01. The original approved amount was \$4,898,458 and the final total change order percentage will be 8.9%. This change order will be funded from the original grant contingency.

I. Background

- A. Funding for the Seawall Boulevard Improvements Project Phase II was acquired through Federal Grants that included local matching funds that were supported from a Frito Lay donation which was used to construct the Hampton Battery Park area (Phase I).
- B. Phase II included the installation of five new permanent restrooms with showers, lighting, covered bus stops, planters, signage, and trees on Seawall Boulevard.
- C. The project has concluded and General Contractors has requested a final close out change order for the identified items. Council was first briefed of the necessity for this final action during the February 22, 2018 workshop (Item 3C).
- D. The Goodman Corporation provided the construction management, and has supplied the supporting detailed documents. See attached.
- E. The contractor, engineers, consultants, and city staff have independently examined the project needs, changes, and cost estimates and agree that the items, quantities, and costs included in this change order are needed, fair and cost effective.

II. Current Situation

The City Council will have to consider approving the final close out change order which is the net of all fees and charge backs totaling \$199,573.85 to General Contractors Services for the Seawall Boulevard Improvements Project (Phase II) which was awarded under BID# 16-01. The original approved amount was \$4,898,458 and the final total change order percentage will be 8.9%. This change order will be funding from the original grant contingency.

III. Alternatives in order of priority





City of Galveston

FLEET FACILITIES STAFF REPORT

A. Approve the change order.

1. Cost - Added \$199,573.85
2. Timing - Project is complete.
3. Departmental Improvements - N/A

B. Do not approve the change order.

1. Cost - No additional costs at this time, but contractor claims can be expected.
2. Timing - Project is complete.
3. Departmental Improvements - N/A

IV. Recommendation

Concur in Alternative A; approve the request.

V. Environmental Impact

All work was performed under FTA, EPA, and TCEQ standards.

VI. Fiscal Impact

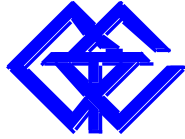
• Council Approved Contract	\$4,898,458.00	
• Four City Council approved change orders	\$235,170.71	
• This Change Order	\$199,573.85	
• Total Change Order cumulative change	\$434,744.56	(8.9%)

The funding source is Federal Grant TX-04-0113

Respectfully Submitted

David Smith
Executive Director





MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: August 13, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Order 5 [Project Closeout]

Construction is complete for the subject project by General Contractor Services Inc. At this time a final change order is required to account for unforeseen conditions approved after the fourth change order, credits for work that was not required to be completed over the course of the project, and adjustments for quantity differences between the bid/contract and actual installation. There are 16 individual items that are recommended for inclusion in the final change order. Attached is an individual recommendation for each one including the required backup documentation and, where needed, an independent cost estimate or review. Each one has been thoroughly reviewed with the contractor and, in most cases, reductions negotiated based on differing independent cost estimates or other discrepancies that were found. The following table summarizes these new requests that have been included.

The total of the 16 latest change items is \$199,573.85. This represents the final negotiation of all matters relating to cost, payment, funding, and project time. I recommend that change items #19 through #34 be approved in the amount stated above. Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. The cumulative total of all 34 change items is 8.2% of the original contract amount. If this change order is approved by City Council, GCSI should submit one additional pay application covering the remaining balance on the existing contract plus the change order amount. Subsequently they should submit a final pay application to recover retainage held.

GALVESTON SEAWALL BOULEVARD PHASE 2			
TRANSIT PEDESTRIAN ACCESS AND BEAUTIFICATION			
CHANGE ORDER APPROVAL SUMMARY			
CHANGE ORDER	approved		CHANGE
		TITLE	AMOUNT
19		Ground Penetrating Radar (53rd)	\$5,650.04
20		Unforeseen Conditions (45th)	\$27,746.13
21		Pavers Set in Grout	\$5,032.40
22		Transition Pavement (continuation of #13)	\$11,225.37
23		Lighted Bollard Open Trenches	\$20,531.30
24		Seawall Drain Cap Credit (CREDIT)	-\$3,569.60
25		Added Curbs (slotted and solid)	\$6,014.39
26		Added Flatwork with Pavers	\$46,702.55
27		Unneeded Coring (CREDIT)	-\$2,587.50
28		Bore Obstructions and Abandon Equip. (61)	\$14,173.75
29		Unforeseen Obstructions (29th)	\$13,740.09
30		Utility Quantity Adjustments	\$23,963.77
31		Added Curb Cutting	\$1,935.00
32		Multiple Boring Attempts (53rd)	\$23,969.26
33		Lighted Bollards Not Installed-9 (CREDIT)	-\$1,965.35
34		Unforeseen Obstructions (39th)	\$7,012.25
		Total new CO 5 (#19 to #34 only)	\$199,573.85



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: January 16, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 19 Recommendation [Ground Penetrating Radar at 53rd]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order due to unforeseen underground conditions. Based on previous issues with underground obstructions at several locations while trying to bore for water and sanitary sewer lines, it was decided that ground penetrating radar should be used prior to any further bores. However, since only a water line was needed at 53rd Street for irrigation purposes (smaller and not subject to gravity flow) an attempt was made to bore without the data. After several attempts, no clear path could be found. See Change Item 32. Therefore, a radar analysis is needed to be completed as soon as possible to continue work. As with previous locations, Radarview Inc. submitted a proposal for their services across the entire Seawall Boulevard street width with approximately a 50-foot wide swath.

A proposal from Radarview LLC was received on January 8, 2018. This proposed change item will result in engaging Radarview again at 53rd Street. Their individual proposal for this location is attached, which will result in their completion of the non-destructive data collection in a matter of a few hours. Based on that information, a game plan for completing the utility work at 53rd will be devised. This technology is not foolproof depending on the density of adjacent materials. However, its effectiveness has been so useful to date that the underground “preview” is preferred by all.

The price is \$5,650.04. This includes the Radarview field work, report preparation, traffic control, GCSI support, and overhead charges. The price includes a report that will become part of the documentary record of the overall seawall area conditions for the City, County, and Corps of Engineers.

Since this is a specialized activity that only a few companies have the capability to perform, no independent cost estimate was conducted. However, the price seems reasonable in light of the time, traffic control, and specialized equipment involved. The price quoted for this location is also

in line with the prices charged for the other locations along Seawall Boulevard for this project. Needed traffic control to ensure the area is undisturbed for field data readings, is one-third of the total.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the GCSI change cost proposal follows. Also attached is Radarview's proposal and the map of the areas to be assessed.

Underground Survey 53rd St R1	sub	line Item #	price by	quantity	pricing	cost
Radar View	RVI		proposal	1	\$ 2,995.00	\$ 2,995.00
traffic control	RTC		proposal	1	\$ 1,418.08	\$ 1,418.08
additional on site workers as needed	GCS				\$ 500.00	\$ 500.00
total						\$ 4,913.08
15% OH&P						\$ 736.96
grand total						\$ 5,650.04



HOUSTON
1036 1st St E, Ste A3
Humble, TX 77338
P 281.446.7363
F 800.516.5732

DALLAS / FT WORTH	972.432.6666
SAN ANTONIO / SO. TEXAS	210.775.1637
AUSTIN / WACO	512.551.0336
CHICAGO	847.459.9090
MIAMI	954.676.4147

AGREEMENT FOR PROFESSIONAL SERVICES

08-Jan-2018 09:16 AM

Robert Mullins
General Contractor Service, Inc.
8400 LaPorte Road
Houston, Texas, 77012
Office Phone: (713) 270-5300 Mobile 281-630-3883
Email: otlcs@aol.com Email goldieteltschick@aol.com

**Re: Seawall at 53rd Street
Seawall Blvd and 53rd St. Galveston Texas
Subsurface Utility Investigation**

Dear Robert Mullins,

We are pleased to present this proposal for performing a subsurface utility investigation at the above referenced location.

Thank you for the opportunity to provide this service. Please call me with any questions at 281.446.7363.

Sincerely,

Gabor Enekes, MS
Division Manager - Geophysics
Radarview LLC
Universal Construction Testing, Ltd.



HOUSTON
 1036 1st St E, Ste A3
 Humble, TX 77338
 P 281.446.7363
 F 800.516.5732

DALLAS / FT WORTH 972.432.6666
 SAN ANTONIO / SO. TEXAS 210.775.1637
 AUSTIN / WACO 512.551.0336
 CHICAGO 847.459.9090
 MIAMI 954.676.4147

CONTENTS

Section 1 Scope	3
Geophysical Investigation	4
Survey Methods:.....	4
Section 2 Applicable ASTM procedures	5
About the Geophysical technologies discussion	6
Electromagnetic Methods (EM):.....	6
Ground Penetrating Radar (GPR):.....	7
Pipe/Cable locators and metal detectors:	7
Section 3. Schedule:	8
Section 4. Considerations	8
Section 5. Fees and terms	9

Section 1 Scope

Radarview LLC has been asked to provide a subsurface utility investigation to quality level B as described in *(ASCE) Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data* on a portion of the Seawall at 53rd Street site.

The objective of the investigation is to develop an AutoCAD map file depicting the location of the detectable utilities.

The area of investigation is comprised of **areas as defined below. Drawings, if supplied, are attached.**

Investigation area:

SUI of industrial site. Use applicable technologies GPR, Metal Detectors (Fisher), Dynatel, Subsite.

Area 1: This area is located across the Seawall Blvd, east of the IHOP building (approximately 50'x20' in size);

Area 2: This area is located along the Seawall Blvd, east of the IHOP building (approximately 50'x30' in size);

Area 3: This area is located along the Seawall Blvd, east of the IHOP building (approximately 50'x20' in size).

* See separately attached scope image / drawing

Deliverables:

1. Create a new layer on the site AutoCAD file (if provided otherwise we can create a simple CAD drawing);
2. Produce a Google Earth Map (Only for presentation purposes);
3. Report documenting the process and results.

****Offsite analysis and reporting is included in the onsite day rates. We estimate the report could be delivered within 10 working days of field work completion.**

Geophysical Investigation

Survey Methods:

- Review client maps;
- Bi-directional traverses with Electromagnetic Induction (EM31) with +/- 1 meter accuracy on 5 foot x and y grid lines where possible, otherwise real-time traverses unrecorded;
- Bi-directional real-time traverses with Ground Penetrating Radar (GPR) with +/- 1 meter accuracy on 5 foot x and y grid lines where possible, otherwise real-time traverses unrecorded;
- Bi-directional traverses with TW-6 metal detector;
- check passive frequencies and 2 man inductive sweep with Dynatel and Subsite multi frequency locators;

Discussion:

Our approach will be to employ a handheld metal detector, electromagnetic induction instrument, 2 electromagnetic line locators including, 50/60 hertz scanning plus high frequency, and a ground penetrating radar (GPR) system with a low frequency antenna, and an Electromagnetic boom conductivity survey. Closely spaced traverses will be walked bi-directionally over the areas of investigation using the methods mentioned above. Targets large enough to represent buried metallic objects or utilities will be further investigated with the GPR to better define the source of the anomaly.

EM utility-locating instruments will be used to delineate metallic/electrically conductive utilities. Using a transmitter, radio frequency signals will be induced into the ground and used to trace the utilities. Additional ambient sweeps will be performed (Metallic lines to which electric lines are grounded produce electromagnetic fields that may be detectable at the surface). In addition, buried metallic lines often pick up and radiate background vibrations and commercial radio signals.

Detected utilities may be marked (depending on the site) on the ground using the American Public Works Association color code (red for electric, green for sewer, blue for water, etc.).

A report as described in the scope of work may consist of:

- Color Maps showing utilities and other buried metals;
- AutoCAD scaled drawing showing all utilities found.
- Other formats as defined in the scope may include Google Earth, ArcGIS, etc.

Section 2 Applicable ASTM procedures

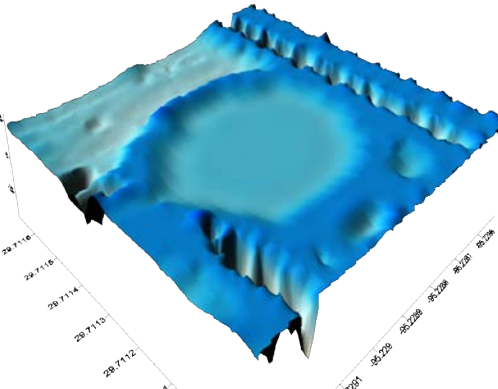
- Electromagnetic Method (EM) for detection of buried ferrous and non-ferrous metals.
 - o ASTM D6820 - 02 - Standard Guide for Use of the Time Domain Electromagnetic Method for Subsurface Investigation
 - o ASTM D6639 - 01 - Standard Guide for Using the Frequency Domain Electromagnetic Method for Subsurface Investigations
- Cesium Magnetometer and hand held Metal Detector for detection of subsurface metals
 - o ASTM D7046 - 11 - Standard Guide for Use of the Metal Detection Method for Subsurface Exploration
- Ground Penetrating Radar (GPR) mid and high frequency scans for near surface voids, pavement thickness, and detection of buried rail road features
 - o ASTM D6432 - 11 Standard Guide for Using the Surface Ground Penetrating Radar Method for Subsurface Investigation

About the Geophysical technologies discussion

Radarview uses applicable technologies to complete the project.

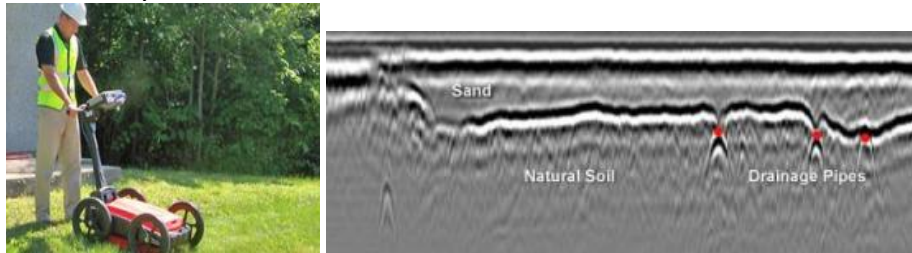
Electromagnetic Methods (EM):

EM is a well known technology for the detection of buried metals. Both Ferrous and non-ferrous metals can be detected. The system uses an Air-cored coil as an Electromagnetic source and two air-cored coils - a main coil and a focusing coil for EM sensors. The system has high spatial resolution and can be deployed as a hand-held, vehicle towed, and even helicopter mounted.



Ground Penetrating Radar (GPR):

GPR is a proven geophysical method for NDT (non destructive testing) surveys. GPR is an electromagnetic based instrument which is capable of detecting any kind of object embedded that is physically different than the surrounding environment. It uses electromagnetic energy similar to cell phones. The shielded antennas transmit into the ground and do not affect any air based systems. Bi-directional traverses with GPR are collected via a hand-cart mounted system (large areas use ATV and vehicle mounted systems).



Pipe/Cable locators and metal detectors:

Pipe & Cable locators come in many different configurations for specialized needs. They can be used to find underground pipes, cables, manhole covers, vaults, valve boxes, underground storage tanks (USTs), and other metallic objects.

- Conductive locating (Direct connections)
- Inductive locating (passive locating/ clamp)
- Metal detection

Electromagnetic Pipe Locators and Metal Detection



Section 3. Schedule:

The time required to complete the work is depicted below. The actual dates will vary depending on when authorization to proceed is granted. Work is performed Monday-Friday, normal business hours unless stated otherwise.

Arbitrary start date: 09-Jan-2018 07:00 AM

Estimated end date: 09-Jan-2018 04:00 PM

Section 4. Considerations

The Section 5 fees, based on the information provided us; assume easy vehicle access and sparse vegetation (recently mowed). Please also note the following considerations:

Investigating Subsurface Utilities and Features

It should be understood that the location of subsurface objects, pipes, and utilities is dependent upon the recognition of physical phenomena at the ground surface. These phenomena can be magnetic fields or electromagnetic waves that are interpreted as representative of subsurface objects. The fields or waves, however, can be attenuated and/or distorted by a number of factors including soil moisture, steel reinforced concrete, and proximity to other surface and subsurface facilities.

In practical terms, this investigation serves to reduce the chances of accidental damage during excavation operations. However, it is important to be aware that not all underground lines, piping, utilities, and facilities are detectable. Underground conduits or utilities made of non-metallic or non-electrically conductive materials (i.e. PVC, fiberglass, transite, etc.) are usually more difficult to detect than ones made of conducting metals.

We recommend that you mark any proposed excavations on the ground and notify the regional "one-call" center to inform them of your intentions a minimum of 72 hours prior to breaking ground. The responsibility to make this call is yours.

Investigations Using Ground Penetrating Radar (GPR)

GPR is affected by site conditions such as the subsurface soil type, surface materials, and soil moisture, therefore, the depth of penetration and usefulness of GPR data cannot be known until our arrival on site.

Investigations Using the Electromagnetic Method (EM) and Magnetometer Method (MAG)



HOUSTON
 1036 1st St E, Ste A3
 Humble, TX 77338
 P 281.446.7363
 F 800.516.5732

DALLAS / FT WORTH 972.432.6666
 SAN ANTONIO / SO. TEXAS 210.775.1637
 AUSTIN / WACO 512.551.0336
 CHICAGO 847.459.9090
 MIAMI 954.676.4147

The EM/MAG survey will be of the highest value for deeper detection of buried features, however surface metals (rebar in pavement, R/R tracks, metal fences, tanks, etc) can cause interference. When within 5 to 10' of these conditions, interference can prevent detection of some features.

Metallic lines to which electric lines are grounded produce electromagnetic fields that may be detectable at the surface. In addition, buried metallic lines often pick up and radiate background vibrations and commercial radio signals.

Section 5. Fees and terms

Qty	Service	Description	Rate	Amount
1.00	SUI Lump Sum - Galveston		2,995.00	\$ 2,995.00
The estimated charge is: \$ 2,995.00				
Terms are net 30 days, Interest applies per Terms and Conditions below. After hours, weekends, and holidays are +\$400/day			Remit to: Radarview LLC PO BOX 775, Humble, TX 77347	
Acceptance and Agreement	Execution of this agreement by Radarview LLC between Client evidences Radarview LLC’s and Client’s acceptance and agreement to the terms and conditions incorporated into this proposal (below). Client further agrees any type of notification to proceed for a service subject to this Proposal is evidence of acceptance and agreement to the Terms and Conditions, even if client fails to return a signed copy of this proposal. Client shall incorporate Radarview’s Proposal Number in any and all purchase orders it may issue.			
	Radarview LLC		Client Authorization (Signature)	
				
	Name:	Gabor Enekes gabor.enekes@radarviewllc.com Direct: 713.401.4129		Name:



HOUSTON 1036 1st St E, Ste A3 Humble, TX 77338 P 281.446.7363 F 800.516.5732	DALLAS / FT WORTH	972.432.6666
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	AUSTIN / WACO	512.551.0336
	CHICAGO	847.459.9090
	MIAMI	954.676.4147

STANDARD TERMS AND CONDITIONS

Performance

Radarview LLC (hereafter called **RADARVIEW**) and its employees will exercise the degree of skill and care expected by customarily accepted practices and procedures. No warranties, expressed or implied, are made with respect to RADARVIEW's performance, unless agreed to in writing. RADARVIEW is not a guarantor of the project to which its services are directed, and its responsibility is limited to work performed for the client. RADARVIEW is not responsible for acts or omissions of the client, nor for third parties not under its direct control. RADARVIEW shall not be liable for any reason for any special, indirect or consequential damages including loss of use and loss of profit. RADARVIEW may rely upon information supplied by the client engaging RADARVIEW, or its contractors or consultants, or information available from generally accepted reputable sources, without independent verification.

Use of Reports, Drawings, etc.

RADARVIEW retains ownership of letters, reports, drawings, specifications, test data and notes. These documents or parts thereof may not be reproduced in advertisements, brochures, or sales material, nor used by the client for any purpose other than the purpose for which they were prepared, nor by third parties, without the written permission of RADARVIEW. Conclusions by RADARVIEW based on test results are limited to the specific conditions for which the tests were performed.

Proposals

Proposals expire 60 days after submission to a client unless a different expiration limit is included in the proposal. RADARVIEW may withdraw or modify a proposal at any time prior to acceptance by the client.

Time Charges

Accrued on an hourly, portal to portal basis, unless other arrangements are established. Minimum time charges at a job site are 4 hours per day (portal to portal) and at 1/2 hour increments thereafter. A factor of 1.3 times the normal rate will be applied for time beyond our normal work hours (6:00 a.m. - 6:00 p.m.) Monday - Friday. A factor of 1.5 times the normal rate will be applied for Sunday and Holiday work.

Affiliated Consultants

RADARVIEW retains certain consultants as independent contractors, providing them with insurance and support services.

Sample Storage

Samples not consumed in our work will be discarded 60 days after submission of the test report unless the client requests other disposition. Charges may be made, after notification, for extended storage of materials, records, or equipment. RADARVIEW will exercise reasonable care in safeguarding materials, records, or equipment, but assumes no liability for loss or damage.

Safety

Field work will be performed only under conditions deemed safe by our personnel. Charges may be made for safety or security measures required by hazardous job conditions.

Subpoenas and Court Orders

The client is responsible, after notification, for payment of time charges, attorney fees and other expenses resulting from a required response to subpoenas or court orders issued by any party in conjunction with our work. Charges are based on billing rates in effect at the time of our response.

Insurance

RADARVIEW is protected for general, automobile, workers' compensation and employers' liability coverage by policies underwritten by A rated Insurance Companies. Limits are \$1,000,000 per occurrence and \$2,000,000 aggregate and \$5,000,000 umbrella. Errors and Omissions insurance is \$1,000,000. Coverage is subject to annual renewal.

PROPOSAL NUMBER	9201	PAGE 10 of 11
PROJECT NAME:	Seawall at 53rd Street_Subsurface Utility Investigation	
DATE:	08-Jan-2018 09:16 AM	



HOUSTON 1036 1st St E, Ste A3 Humble, TX 77338 P 281.446.7363 F 800.516.5732	DALLAS / FT WORTH 972.432.6666 SAN ANTONIO / SO. TEXAS 210.775.1637 AUSTIN / WACO 512.551.0336 CHICAGO 847.459.9090 MIAMI 954.676.4147
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STANDARD TERMS AND CONDITIONS (cont'd)

Billing Terms

Invoices will be submitted in approximately monthly intervals. Payment is due upon invoice submittal and is past due after twenty (20) days of receipt of the invoice, unless otherwise arranged in writing. Any questions with respect to the invoice shall be submitted to RADARVIEW by the client within ten (10) days after the invoice date. Failure to provide RADARVIEW with a clear statement within ten (10) days shall constitute acceptance of an invoice as submitted. The Client agrees to pay a finance charge of one and one-half percent (1.5%) per month (18% annually) on past due accounts. It is agreed that all expenses incurred by RADARVIEW in liening or collecting any delinquent amount, including but not limited to reasonable attorney's fees, financial charges, witness personnel, document duplication, organization and storage costs, court costs, travel and subsistence, shall be paid to RADARVIEW in addition to the delinquent amount.

Liability

In no event shall RADARVIEW or its employees or agents have any obligations or liability for any loss or damage of any nature which results from performing work to industry standards or practices, or any direct, indirect, or consequential damages arising out of errors or omissions due to technological limitations of RADARVIEW's equipment and/or methods or from errors or omissions due to incorrect, incomplete, insufficient information, data, software, drawings, and/or specifications provided by Client. In any event, RADARVIEW's liability for damages arising out of the Client's use of the results of RADARVIEW's work or any recommendations made shall not be greater than the amount paid to RADARVIEW for the professional services rendered. In no event shall RADARVIEW be liable for any consequential damages, including but not limited to loss of profit, loss of use, loss of prodRadarviewion, damage to the environment, or other similar consequential damages suffered by the Client.

Indemnification

RADARVIEW shall indemnify and hold the Client harmless from any losses, damages, demands and claims or causes of action of every kind or character, including losses and damages suffered by third parties, resulting from or arising out of the sole negligence of RADARVIEW, its officers, agents, employees and representatives, or RADARVIEW's subcontractors, their officers, agents, employees and representatives. Where such negligence is found to be the concurrent proximate cause of the loss or damage, along with the Client's negligence, RADARVIEW shall indemnify and hold the Client harmless for RADARVIEW's pro-rata share of liability.

The Client shall indemnify and hold RADARVIEW harmless from losses, damages, demands, and claims or causes of action of every kind or character, including losses and damages suffered by third parties, resulting from or arising out of the sole negligence of the Client, its officers, agents, employees and representatives. Where such negligence is found to be the concurrent proximate cause of the loss or damage, along with RADARVIEW's negligence, the Client shall indemnify and hold RADARVIEW harmless for the Client's pro-rata share of liability.

Claims

In respect to any claim, loss, damage or expense however arising, RADARVIEW's maximum aggregate liability to the Client shall in no event exceed the value of compensation to be paid to RADARVIEW by CLIENT pursuant to the Proposal.

Taxes

The fees and costs quoted in this proposal do not include US or non-US taxes. If applicable, fees associated with taxes will be invoiced to Client and payments of such taxes on RADARVIEW's behalf will be the responsibility of the Client.

Disputes

If a dispute arises out of or relates to this Agreement, or its breach, the parties agree to submit the dispute to arbitration by and pursuant to the rules of the American Arbitration Association.

PROPOSAL NUMBER PROJECT NAME: DATE:	9201 Seawall at 53rd Street_Subsurface Utility Investigation 08-Jan-2018 09:16 AM	PAGE 11 of 11
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Crockett Blvd



2D

☁ 66°

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MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 11, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 20 Recommendation [Unforeseen Obstruction at 45th]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order due to unforeseen underground conditions. In attempting to bore under the street for the utility lines, an obstruction was encountered about half way across the street that the equipment could not penetrate. Since this was the first bore undertaken for this project, extreme caution was taken. Four phases of activity were conducted over a four month period. Galveston County and the Corps of Engineers were contacted per their respective roles in permitting and overseeing this project. Permission was received to excavate down from the street surface to the point of obstruction about 10 feet below the surface, expecting to find rubble. Instead a cast in place concrete structure was found, which the Corps wanted to inspect and perhaps include historic experts. Because of their delay in accessing the site, scheduled special events, and not wanting to undermine the road, the hole was filled and covered with road plates. When the Corps representatives scheduled their inspection, the site was re-excavated. Since there was not an immediate determination of the nature and origin of the concrete mass, the hole was refilled again to prevent undermining and avoid traffic detours. The hole was opened once more for a second Corps inspection. At that time, it was determined that the obstruction was a concrete duct bank associated with an observation tower that was part of the historic Fort Crockett. Because of the potential historic value, it could not be removed or altered in any way. The hole was closed once more until a civil engineering alternative for the utility line could be determined. In the end a smaller line was able to be bored below the obstruction and the hole was opened once again to place protective material around the duct bank, and back-fill the hole permanently with concrete and cement-stabilized sand topped with a permanent concrete and asphalt road surface.

The attached worksheet shows the work and materials involved with each of the four phases associated with this unforeseen incident, identification of the issues, and final disposition. Most of the line items were taken from the bid form or schedule of values for this project. Other items were carefully checked against cost standards for each item. Some of the items were done under emergency conditions so a traditional independent cost estimate did not apply.

The total estimated cost by GCSI was \$57,746.13. The original contract included an allowance for unforeseen conditions for just such an occurrence. That amount of \$30,000 was officially allocated toward this situation that was beyond the control of the City. The balance of the proposed amount or \$27,746.13 is the requested amount of this change item to be added to the GCSI contract.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal and quantities follows along with a cross-sectional sketch of the area which was excavated and backfilled. The previous authorization to apply the contingency is also included.

45th Civil Worksheet	pricing by	quantity	pricing	cost	notes
PHASE 1 LOCATING OBSTRUCTION (7'x7'x7') 02/08/17					
saw cut	lf	50	\$ 5.25	\$ 262.50	
demo of concrete & paving	sqft	28	\$ 50.01	\$ 1,400.28	
haul off of paving	loads	1	\$ 55.00	\$ 55.00	7 to 10 cy per load
excavation	cy	23	\$ 45.00	\$ 1,035.00	
excavation haul off	load	3	\$ 82.50	\$ 247.50	7 to 10 cy per load
back fill w/ sand	cy	23	\$ 25.00	\$ 575.00	
replacement					
sub total				\$ 3,575.28	
PHASE 2 uncover for County & Corps to review 02/13/17					
saw cut	lf	25	\$ 5.25	\$ 131.25	
demo / haul off of paving	load	3	\$ 55.00	\$ 165.00	7 to 10 cy per load
excavation	cy	23	\$ 45.00	\$ 1,035.00	
excavation haul off	load	3	\$ 55.00	\$ 165.00	7 to 10 cy per load
back fill	cy	23	\$ 25.00	\$ 575.00	
sub total				\$ 2,071.25	
Phase 3 uncover for 2nd Corps to review 2/29/17					
saw cut	lf	64	\$ 5.25	\$ 336.00	
demo / haul off of paving	loads	3	\$ 55.00	\$ 165.00	7 to 10 cyd per load
excavation	cy	27	\$ 45.00	\$ 1,215.00	
excavation haul off	load	4	\$ 55.00	\$ 220.00	7 to 10 cyd per load
back fill	cy	27	\$ 25.00	\$ 675.00	
asphalt placement to cover road plates	sqft	211	\$ 42.50	\$ 8,967.50	
sub total				\$ 11,578.50	
Phase 4 final uncover, complete bore & permanent paving replacement 05/24/17					
demo / haul off of paving	loads	2	\$ 55.00	\$ 110.00	7 to 10 cyd per load
excavation	cy	27	\$ 45.00	\$ 1,215.00	
excavation haul off	load	4	\$ 55.00	\$ 220.00	7 to 10 cyd per load
boring / 12" casing & 8" pipe	lf	87	\$ 91.25	\$ 7,938.75	
additional labor	day	1	\$ 1,000.00	\$ 1,000.00	4 men, tools & truck
additional labor	day	1	\$ 1,000.00	\$ 1,000.00	4 men, tools & van
wrapping obstruction	ea	1	\$ 175.00	\$ 175.00	
forming bulk head for flow fill	ea	1	\$ 685.00	\$ 685.00	2 men, materials, tool & truck
flow fill & labor around casing and undermining of road at south side MH due to time lag time from phase 1	cy	10	\$ 150.00	\$ 1,500.00	
back fill	cy	7	\$ 25.00	\$ 175.00	around obstruction
concrete base to bottom of asphalt	cy	20	\$ 145.00	\$ 2,900.00	per TXDOT
asphalt placement	sqft	211	\$ 42.00	\$ 8,862.00	
sub total				\$ 25,780.75	
associated cost					
road plates at obstruction for time between phase 3 (02/13/17) & 4 (05/24/17) 3ea 8'x12'	invoice	4	\$ 1,080.18	\$ 3,605.26	
road plates at bore pit for time between 1st bore (11/31/16) & 4th (05/24/17) 2ea 8'x12'	invoice	6	\$ 720.12	\$ 3,602.99	
sub total				\$ 7,208.25	
total				\$ 50,214.03	
15 % OH&P				\$ 7,532.10	
grand total				\$ 57,746.13	
line item #54				\$ 30,000.00	\$7500.00 drawn on pay app 10 / \$22500.00 to be on final
balance due				\$ 27,746.13	



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 15, 2017
SUBJECT: Seawall Boulevard 45th Street Obstruction Recommendation.

While attempting to bore under Seawall Boulevard at 45th Street for a sanitary sewer line, the casing hit an obstruction that may have historical significance. The decision was made to avoid the obstruction.

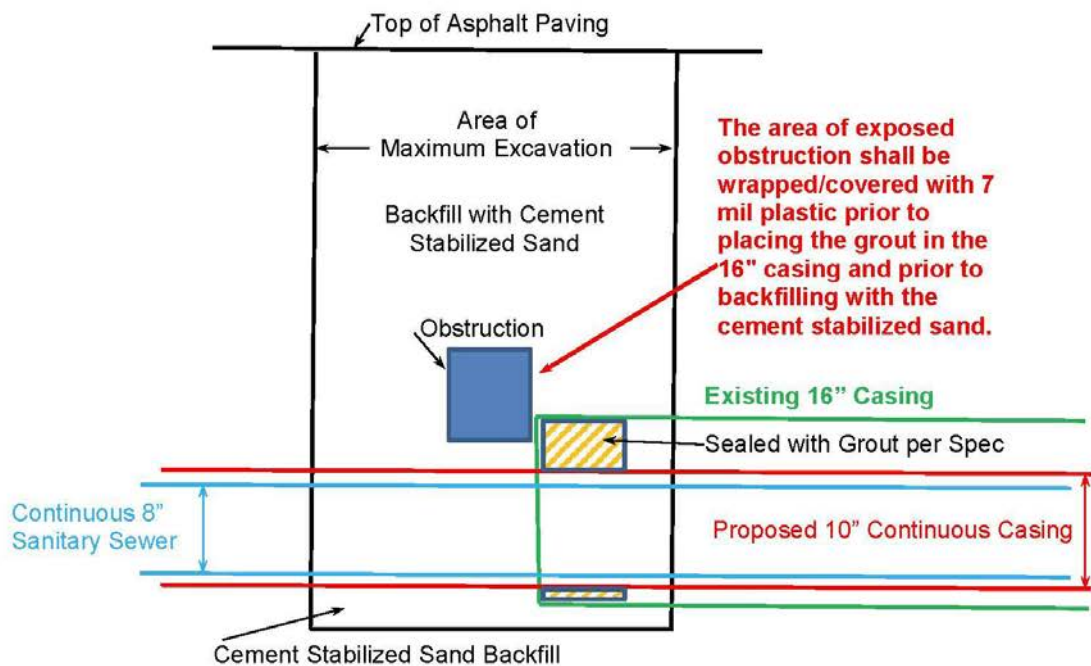
The attached sketch shows the proposed approach to avoiding the obstruction, installing the needed sewer line with protective casing, sealing up the existing casing, and backfilling the emergency excavation dug to identify the situation.

The first 16" casing will be left in place. A smaller 10" casing will be inserted which will fit below the obstruction and allow boring to continue southward to the required location under the south parking lane. An 8" sanitary sewer pipe will be installed within the 10" casing continuously between two manholes per the original plans. The open end of the first 16" casing will be sealed with grout per the specifications for similar situations on this project. The entire excavated area (in the middle of the street) will be backfilled with cement stabilized sand using the same specifications as in other areas of this project. The top surface will be finished with roadway base material and asphalt to match the surrounding paved surface.

The area of exposed obstruction shall be wrapped/covered with 7 mil plastic prior to placing the grout in the 16" casing and prior to backfilling with the cement stabilized sand.

Please forward this proposed approach to The Galveston County Engineer's Office according to the terms of the Section 408 permit for this project. Ask them to review the the proposal and forward to the Corps of Engineers for approval.

Galveston Seawall Boulevard Phase 2
Transit Pedestrian Access and Beautification Program



Proposed 45th Street Obstruction Solution
[Section Looking West, Not To Scale]

City of Galveston



P. O. Box 779 / Galveston, Texas 77553-0779

February 6, 2017

Pamela Teltschick, President
General Contractor Services, Inc.
8400 La Porte Road
Houston, Texas 77012

Dear Ms. Teltschick:

As you know in attempting to bore under Seawall Boulevard for underground utilities required in your current contract with the City of Galveston, an obstruction was encountered at 45th Street stopping the installation of the pipe casing approximately half way across the street. A tentative plan has been devised to find, identify, and remove this obstruction. That plan includes setting up traffic control, saw cutting the existing surface paving; breaking up and removing the paving materials; digging down until the obstruction is reached; removing the obstruction; backfilling the hole with cement stabilized sand; restoring the layer of concrete paving; and restoring the layer of asphalt paving.

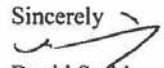
There are several unknowns in addressing this problem. They include the size of the obstruction, the nature of the obstruction, and whether the boring will be able to be continued versus using open trench construction the remainder of the required distance toward the south side of the right-of-way. The cost estimate provided by GCSI included individual line items that were necessarily vague in terms of quantities and total cost, making evaluation of the added amount difficult to evaluate.

The bid form and your contract schedule of values include Item # 54 that is an allowance for unforeseen conditions in the amount of \$30,000. The possibility of encountering a situation like the one at 45th Street is the reason this allowance was established.

This letter is authorizing GCSI to make the expenditures associated with the obstruction to be billed against the allowance. At this point the authorization is not to exceed \$7,000 until more specific quantities and the nature of the obstruction and future course of action are determined. At the appropriate time an adjustment to the amount will be made as necessary.

Please begin the work described above immediately and keep track of all expenditures and

quantities above the original scope of work.

Sincerely 
David Smith
Executive Director
City of Galveston

Cc: Robert Mullins, John Carrara, Trina Jankowski, Jimmy Hamilton, David Rodgers.



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 14, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 21 Recommendation [Grout-Set Pavers]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order due to unforeseen circumstances. The base condition for installing pavers throughout the project is to provide a structural concrete base and then lay the pavers in a sand bed on top of the concrete. In a few locations, a different method of installation was required. This could only be determined in the field as the contractor was attempting to match existing conditions. One of these conditions exists where sidewalk pavement abuts the seawall. In many cases the existing sidewalk elevation is slightly above the elevation of the top of the seawall. In order to provide the required cross slope in the new paving along the ADA accessible path and to match the conditions at each end of the new pavers, the new pavers were set slightly above the elevation of the adjacent seawall. This situation in sand set pavers is unstable and provides an opportunity for them to loosen over time and for tampering with the pavers along the edge closest to the seawall. To provide a more solid installation that will be durable over time at six locations, the pavers along the seawall edge were set in grout instead of sand. This has provided a firm surface. Three of those locations were previously addressed in change item #11.

Near the 61st Street Fishing Pier, vehicular traffic regularly crosses the sidewalk to allow delivery access to the Pier tenants. Again, to make the paver installation more durable and prevent movement under traffic, those pavers at the Pier's "driveway" were also set in grout for the full sidewalk width. This approach has provided a superior installation where needed.

Using this material instead of a sand bed resulted in a one-third increase in cost per square foot for laying those units requiring the more secure setting. Previously, change item 11 added to the contract 202 square feet requiring the grout setting. The same unit price for the addition is applied here to the balance of the required areas to finish out the project. This included approximately 547 square feet out of the total 29,800 square feet of pavers for the entire project beyond the extra amount approved in change item #11.

GCSI is requesting \$5,032.40 for this additional work as shown on the following spreadsheet.

grout set pavers running totals	sub	line Item #	price by	quantity	pricing	cost	notes
as of 1/19/18							
61st S	PPI		sqft	171	\$ 8.00	\$ 1,368.00	at pier access & over utility lines to pier
53rd S	PPI		sqft	216	\$ 8.00	\$ 1,728.00	raised area at bus drop off area (curb to seawall)
sub total						\$ 3,096.00	
15% OH&P						\$ 464.40	
Total						\$ 3,560.40	COG Change Order pending
as of 1/29/18							
53rd S	PPI		sqft	160	\$ 8.00	\$ 1,280.00	at beach access
sub total						\$ 1,280.00	
15% OH&P						\$ 192.00	
Total						\$ 1,472.00	COG Change Order pending
Grand Total						\$ 5,032.40	

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract.



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 15, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 22 Recommendation [Transition Concrete Paving]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order due to unforeseen conditions at 26 locations. At these locations, although the new pavers are installed according to ADA slope and cross-slope requirements, the existing surrounding pavement that the new pavers are to match is not always in compliance. Therefore, a transition of plain concrete pavement is required to provide the required continuous flush transition between new and existing surfaces. The conditions vary throughout the six-mile long project and could not be accurately determined in advance. Depending on the elevation variation, different lengths of transition were required. Therefore, field adjustment is required as conditions are encountered at each location where new pavers are installed. This occurs both on the north and south sides of the corridor. In most cases the transition is required on both ends of the new paver section and have required from 25 to 158 square feet of additional demolition and new pavement per node. The first table below shows the locations where this need has occurred, the dimensions of each transition, and total area of each transition section. Eighteen of the areas were addressed in the previous change item 13 (2,489 square feet). Five additional locations were encountered during the rest of the project that need to be addressed as the project is closed out.

The GCSI cost proposal includes an additional 491.5 square feet of transition concrete paving not included in the previous change item at \$22.84 per square foot pricing. This results in a total amount requested in this change item of \$11,225.37. These costs are based on unit pricing for each of the scope items already included in the contractor's schedule of values for the project as noted in the SOV column of the second table below. No independent cost estimate is required.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the contractor's quantity table and change cost proposal follows.

street	station #	transition east	subtotal sqft	transition west	subtotal sqft	adtdional sidewalk	total sqft	grand total sqft	Notes
81st	1 north	0	0	0	0	0	0	0	
	1 south	0	0	0	0	0	0	0	
69th	2 north	0	0	0	0	0	0	0	
	2 south	0	0	0	0	0	0	0	
Central City	3 north	0	0	0	0	0	0	0	
	3 south	0	0	0	0	0	0	0	
61st	4 north	0	0	0	0	0	0	0	
	4 south	2'-4"x11'-6"	27	6"x9'-5"	22	0	0	49	
57th	5 north	2'-6"x10'	25	2'-6"x10'	25	8"x30'	20	70	3 sides (ends & street side)
	5 south	6'-6"x10'	65	5'-1"x10'	51	0	0	116	
53rd	6 north	2'-4"x10'	23	2'-10"x10'	28	0	0	51	
	6 south	8"x10'	80	4'-11"x 10'	49	0	0	129	
Laval Battery	7 north	N/A						0	
	7 south	3'-3"x16'	43	3'x11'-4"	52	0	0	95	
45th	8 north	0	0	0	0	0	0	0	
	8 south	0	0	0	0	2'-6"x 51'	127	127	temp sidewalk
39th	9 north	0	0	0	0	0	0	0	
	9 south	5'x14'	70	6'x14	84	0	0	154	
	9 SW	2'-6"x10'-6"	26	3'-1"x10'6"	33	0	0	59	saw cut & demoed
35th	10 north	N/A						0	
	10 south	0	0	2'x21'-4"	43	14'-2"x 20'-8"	293	484	temp sidewalk
						7'-2"x20'8"	148		temp parking lane
33rd	11 north	N/A						0	
	11 south	6'x14'	84	4'-8"x14'	65	0	0	149	county sidewalk billed in c.o. #7
29th	12 north	4'x10'	40	4'x10'	40	0	0	80	
	12 south	4'-6"x14'	63	6'-6"x14	91	0	0	154	
25th	13 north	2'x14'	28	4'x14'	56	0	0	84	
	13 south	4'-5"x14'	63	7'-10"x14'	110	0	0	173	
23rd	14 north	0	0	0	0	0	0	0	
	14 south	0	0	0	0	0	0	0	
21st	15 north	6'x12'-9"	76	5'6"x12'-9"	70	0	0	146	
	15 south	5'x14'	70	5'-8"x14'	80.5	0	0	150.5	
19th	16 north	6'x13'-4"	80	5'-8"x13'-4"	75.5	0	0	155.5	
	16 south	5'-4"x14"	78	7'x13'-10"	92	0		170	
14th	17 north	0	0	0	0	0	0	0	
	17 south	2'x15'	30	2'x15'	30	0	0	60	
10th	18 north	5'-4"x15'-4"	82	4'-7"x15'-4"	72	0	0	154	
	18 south	6'x15'-6"	93	5'x15'-6"	77.5	0	0	170.5	
6th	19 north	N/A						0	
	19 south	0	0	0	0	0	0	0	
Stewart Beach	20 north	N/A						0	
	20 south	0	0	0	0	0	0	0	
			1146		1246.5			2392.5	total transitions
							588	588	total additional sidewalk
TOTAL								2980.5	
Change Order # 13								2489	
#7.1 Balance								491.5	

Unit Pricing for Sidewalk	SoV line item #	Amount	quantity	total	notes
demo	4	\$ 5.17			
stabilized sand	29 B	\$ 3.75			
concrete (under pavers)	29 C	\$ 9.38			
concrete (exposed broom finish)	N/A	\$ 1.56			
sub total		\$ 19.86			
15% OH&P		\$ 2.98			
Total		\$ 22.84	491.5	\$ 11,225.37	Balance not in previous C.O. # 13



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: August 13, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 23 Recommendation [Open Cut for Lighting Conduit]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order due to unforeseen underground conditions. The contractor's approach to installing the underground conduit and foundations for the lighted bollards on the south side of Seawall Boulevard included digging individual footings and shallow boring between footings for the electrical conduit. The contractor encountered two areas where there were so many abandoned items under the sidewalk that they could not find a boring path without hitting obstructions. Thus, the contractor was allowed by the County and Corps of Engineers to dig an open trench behind the curb parallel to the curb in two areas as shown on the attached drawings. These include trenches 6 feet long west of 21st, 22 feet long east of 21st, and 60 feet long east of 23rd. Although these trenches are the same width as the individual footings, in two areas (21st and 23rd) the County required replacing full sidewalk panels to match the work done previously by the County, for better appearance, and to simplify future maintenance. These two areas also required replacing the existing wheelchair ramps, adding even more unforeseen pavement. This new work added 530 square feet of sidewalk demolition and reconstruction to the project.

The GCSI price proposal for the additional sidewalk full panel replacement is \$12,104.67. The price for the ramp replacement is \$8,426.63. This cumulative additional work is \$20,531.30. Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase.

This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal is shown below followed by the as-built drawing markup of the two locations.

Unit Pricing for Lit Bollards additional demo & pour back due to obstructions					
Unit Pricing for Sidewalk (full panel replacement)	SoV line item #	Amount	per sqft	quantity	total
demo	4	\$ 5.17	\$ 5.17		
stabilized sand	29 B	\$ 3.75	\$ 3.75		
concrete (under pavers)	29 C	\$ 9.38	\$ 9.38		
concrete (exposed broom finish)	N/A	\$ 1.56	\$ 1.56		
sub total		\$ 19.86	\$ 19.86		
15% OH&P		\$ 2.98	\$ 2.98		
Total		\$ 22.84	\$ 22.84	530.00	\$ 12,104.67
Ramp replacement	SoV line item #	Amount			
23rd (full ramp)					
demo	N/A	\$ 1,850.00			
pour back	32	\$ 3,125.00			
21st (wings only = 1/2 of ramp)					
demo	N/A	\$ 790.00			
pour back	32	\$ 1,562.50			
sub total		\$ 7,327.50			
15% OH&P		\$ 1,099.13			
Total		\$ 8,426.63			
Grand Total		\$20,531.30			





MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 21, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 24 Recommendation [Seawall Drain Cap Credit]

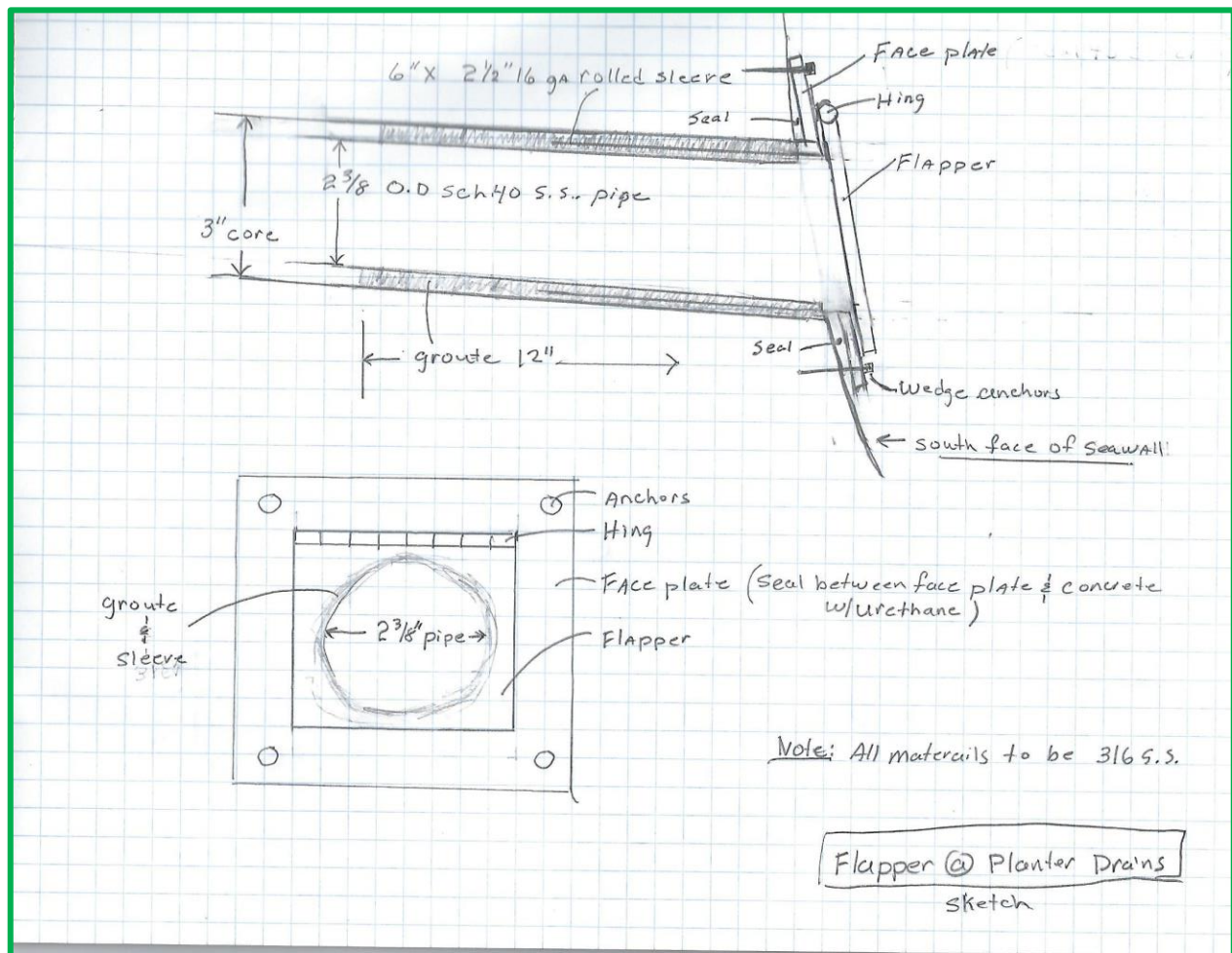
Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order to account for a credit for work that was not required to be completed by the contractor. Eight planters were constructed in four locations to contain landscaping. To have proper drainage for the otherwise completely sealed concrete planter boxes, one drain was designed for each planter box. Permission was requested (and received) from the Corps of Engineers to drill a three-inch diameter hole, sloping downward, through the seawall at each location fitted with a pipe to allow for the drainage. Initial Corps approval came with the requirement that the outward end (beach side) of the drain pipe have a flap or check valve to prevent storm surge from backing up the pipe and potentially undermining the fill behind the seawall. Once construction was ongoing, the Corps realized that the planter boxes were completely sealed so no backwash or undermining could occur. So, the check valve requirement was eliminated. Since it was already included in the contractor's price for the drain line (SOV #28), a credit is being deducted from those line items

The contractor did work with the supplier to identify a design and draw it up into a proposal for approval. Since that was not needed, the proposed cost for fabrication and installation reflects the amount of the credit. The fabrication costs of the flapper/covers from D&A Welding & Fabrication Co. are attached. The total credit amount is \$3,569.60.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows along with D&A's bid for fabrication of the covers and sketch of the proposed item.

CREDIT BACK	Flapper Cap on Planted Drain Lines thru Seawall	sub	line Item #	price by	quantity	pricing	cost	notes
omit		D&A	28	ea	8	\$ 388.00	\$ 3,104.00	this is part of line 28 - "Drains with Caps at Seawall" assembly
	subtotal						\$ 3,104.00	
	oh&p						\$ 465.60	
	total						\$ 3,569.60	credit back



From: Baher, Nancy <Nancy.Baher@co.galveston.tx.us>
Sent: Monday, March 20, 2017 12:48 PM
To: David Smith
Cc: John Carrara; Shannon, Michael; Ross Blackketter
Subject: Seawall Blvd. Phase 2 Project_Drainage

Good Afternoon David,

I have spoken with Scott Leimer with USACE regarding the flappers at the end of the drainage pipes through the Seawall. He has confirmed that you can leave that out of the proposed design if you chose to do so. Let me know if you have any further questions or concerns.

SINCERELY,

NANCY BAHER, P.E.
ASSISTANT COUNTY ENGINEER

COUNTY OF GALVESTON
722 MOODY|GALVESTON|TX| 77550
PHONE|409|770|5399 DIRECT|409|770|5556





MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 21, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 25 Recommendation [Added Curbs]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order to reconcile the difference between the amount of solid and slotted curbing on the bid form and the amount actually installed by the contractor. In some cases, it was a measurement difference and in other cases the difference was due to change in size of specific nodes, as when the planter at 61st Street was moved and when the restroom at 19th Street was moved. In some cases, particularly on the north side, curbs were added for safety.

In total 1,549.5 linear feet of slotted curbing was installed versus 1,000 linear feet on the original bid form resulting in an additional quantity of 549.5 linear feet. A total of 554 linear feet of solid curb was installed versus 530 on the bid form resulting in an additional quantity of 24 linear feet.

Schedule of values line item #30 for slotted curb was at a unit price of \$9.19 per linear foot. Schedule of values line item #31 for solid curb was at a unit price of \$7.50 per linear foot. Although the slotted curb uses less material than the solid curb, the additional labor required to form the slots resulted in the higher unit price. As shown in the following contractor price proposal, the total for all added curbing is \$6,014.39.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows along with the added quantities at each node.

Unit Pricing for Additional Curbing	SoV line item #	Amount	quantity	total	notes
slotted curb	30	\$ 9.19	549.5	\$ 5,049.91	bid sheet quantity 1000 lf
solid curb	31	\$ 7.50	24	\$ 180.00	bid sheet quantity 530 lf
sub total				\$ 5,229.91	
15% OH&P				\$ 784.49	
Total				\$ 6,014.39	

street	station #	slotted curbs	solid curbs	notes
81st	1 north	0	0	
	1 south	273	0	
69th	2 north	0	0	
	2 south	37	0	
Central City	3 north	0	0	
	3 south	37	0	
61st	4 north	0	0	
	4 south	375	0	
57th	5 north	0	0	
	5 south	66.5	0	
53rd	6 north	45	0	
	6 south	309	0	
Laval Battery	7 north	0	0	
	7 south	37	0	
45th	8 north	0	0	
	8 south	66	0	
39th	9 north	43.5	0	
	9 south	32.5	0	
	9 SW	0	0	41 lf included in C.O. #17
35th	10 north	0	0	
	10 south	0	36	
33rd	11 north	0	167	
	11 south	0	0	
29th	12 north	0	89	
	12 south	0	31	
25th	13 north	0	29	
	13 south	0	25	
23rd	14 north	25	0	
	14 south	65	0	
21st	15 north	0	0	
	15 south	0	0	
19th	16 north	0	40	
	16 south	0	102	
14th	17 north	33	0	
	17 south	65	0	
10th	18 north	0	35	
	18 south	40	0	
6th	19 north	0	0	
	19 south	0	0	
Stewart Beach	20 north	0	0	
	20 south	0	0	
total		1549.5	554	
bid sheet quantity		1000	530	
additional lf		549.5	24	



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 22, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 26 Recommendation [Additional Flatwork and Pavers]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order due to unforeseen conditions. Because of inconsistencies between the flatwork and paver quantities on the bid form and actual field conditions combined with other directed minor changes to the physical layouts during construction, the quantity actually installed by the contractor exceeded the amount in the original bid. The contractor is requesting compensation for the full quantity installed. Some of the discrepancies were the result of extending the amount of concrete sidewalk demolition to the nearest existing pavement joints, variations related to transition concrete pavement (see change item #22), shifting of node components related to underground obstructions/local preferences, and discrepancies in the width of nodes. The attached table shows the actual square footage installed at each of the 41 nodes. Note that in some instances (such as the restroom that was relocated to 39th Street) the as-built amounts were addressed in previous change orders. Flatwork refers to the demolition and provision of a concrete base for the pavers to sit on. The pavers are installed in a sand bed on top of the concrete.

The total quantity of flatwork and pavers installed was 31,204.25 square feet. The amount indicated on the bid form was 29,800 square feet resulting in an additional amount of 1,404.25 square feet). Using the unit prices from the original bid and the contractor's schedule of values, the total request is for an additional \$46,702.55 as shown in the following contractor price proposal table. This amount represents an increase of 4.5 % to the amount of flatwork/pavers expected.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

Since there are already schedule of values line items from the contractor's bid for these items, no independent cost estimate was required.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows along with the quantity differential by node.

Unit Pricing for Flat Work with Pavers	SoV line item #	Amount	quantity	total	notes
demo	4	\$ 5.17			
pavers	29 A	\$ 10.62			
stabilized sand	29 B	\$ 3.75			
concrete (under pavers)	29 C	\$ 9.38			
sub total		\$ 28.92			
15% OH&P		\$ 4.34			
Total		\$ 33.26	1404.25	\$ 46,702.55	

street	Node Station #	flat work & pavers	notes
81st	1 north	250	
	1 south	3698	
69th	2 north	250	
	2 south	471	
Central City	3 north	250	
	3 south	475	
61st	4 north	287.5	
	4 south	5571	
57th	5 north	250	
	5 south	889	
53rd	6 north	500	
	6 south	3157	
Laval Battery	7 north	0	
	7 south	395	
45th	8 north	200	
	8 south	1032.75	
39th	9 north	506.25	
	9 south	585.5	
	9 SW	0	in C.O. # 17
35th	10 north	0	
	10 south	484	
33rd	11 north	0	
	11 south	2224.5	
29th	12 north	250	
	12 south	1642	
25th	13 north	350	
	13 south	535	
23rd	14 north	325	
	14 south	252	
21st	15 north	314	
	15 south	350	
19th	16 north	546	
	16 south	1835	
14th	17 north	550	
	17 south	1125	
10th	18 north	383.25	
	18 south	588.5	
6th	19 north	0	
	19 south	310	
Stewart Beach	20 north	0	
	20 south	372	
total		31204.25	
bid sheet quantity		29800	
additional sqft		1404.25	



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 22, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 27 Recommendation [Credit for Reduction of Coring]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order to account for a credit for work that was not required to be completed over the course of the project. On the north side of the Seawall Boulevard right-of-way there is a concrete sheet-pile wall that supports the roadway fill and provides additional backup protection for the seawall. In order to extend the sanitary sewer and water utilities and electrical to the new restrooms at nine locations along the corridor, it was necessary to penetrate the wall to access the city's water and sewer system to make connections farther north. The penetrations are made by coring through the wall at the required depth. The average depth at which these lines were to penetrate the wall was 5 to 7 feet below street surface. In two locations (at 22nd and 33rd streets) the sheet pile wall only extended down 36 inches below the surface. The utility was to be installed at an elevation 42 inches below the surface. Thus, coring through concrete was not necessary at those two locations. The seawall and the street were constructed in at least six increments over a 60-year period. Because of this the conditions vary widely from place to place and accurate drawings from 115 years ago are not available for reference.

The subject credit will delete the cost of the two unused corings from the GCSI contract. As shown in the following table, at an original bid price of \$1,125 each, the credit for two equals \$2,250 plus the amount of overhead and profit that would have been charged for a total credit of \$2,587.50. These are represented in the contractor's schedule of values as line items # 43 and #48.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

Since this change was based on an established schedule of values price, no independent cost estimate was conducted.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows.

CREDIT BACK For Coring Not Needed (civil not included)	sub	line Item #	price by	quantity	pricing	cost	notes
33rd irrigation	C&M	48	ea.	1	\$ 1,125.00	\$ 1,125.00	sheet piling only extended 36" below sidewalk, bored 42"
22nd electrical	C&M	43	ea.	1	\$ 1,125.00	\$ 1,125.00	sheet piling only extended 36" below sidewalk, bored 42"
subtotal						\$ 2,250.00	
oh&p						\$ 337.50	
total						\$ 2,587.50	credit back



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: August 13 22, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 28 Recommendation [Boring and Abandoned Pipe at 61st]

Construction activity for the subject project by General Contractor Services Inc. has led to a situation that requires a change order due to unforeseen underground conditions. Attempting to bore under Seawall Boulevard at 61st Street for water and sanitary sewer lines proved to be exceptionally difficult. It was also the first bore attempt along older sections of the seawall and at a point where the 1927 seawall ended and was not extended until 1951. Because of this, an end cap with many internal supports was in place for 24 years to prevent erosion and undermining of the wall. In most cases where obstructions are encountered, the boring equipment can be backed out of the casing and sometimes even the casing itself can be removed with a second attempt to bore. At 61st the nature of the obstruction caused the boring bit to seize in place on the first attempt and the boring equipment could not be backed out, also preventing the casing from being removed. At this location TxDOT, Galveston County, and The Corps of Engineers would not allow an open cut to investigate the blockage as was done at 45th. After numerous attempts to recover the bore cutter and casing, it was eventually decided that the bore attempt and all related materials and equipment would need to be abandoned in place. Subsequently, ground penetrating radar (change item #5) was used to identify a clear path for a second bore attempt that proved to be successful. In retrospect, viewing the radar results indicates that digging down to the obstruction would not have provided sufficient information to continue boring on a successful path. Multiple attempts to redo the bore and to extract the equipment resulted in a substantially longer time expended than required for a normal bore, but without the needed result. The decision to abandon the casing and equipment left the following items that either were redone or were left buried underground:

- 18-inch coring through the concrete sheet pile wall that needed to be repeated at the ultimate, successful boring location.
- 90 feet of 18-inch casing that was installed underground but could not be used or removed.
- 30 feet of 12-inch casing that was installed underground but could not be used or removed.
- Additional time expended by workers trying unsuccessfully to complete the bore and extricate the bore equipment and casing.
- Additional charges for equipment used by workers trying unsuccessfully to complete the

bore and extricate the bore equipment and casing.

- Additional time for pulling pushing stuck casing and hauling off equipment and remobilizing at the site by boring subcontractor
- Additional time for pulling/pushing stuck casing by GCSI.
- Time to mobilize and use track hoe attempting to free equipment and casing.
- Additional charges for use of traffic control equipment during lengthy attempts to free equipment and casings.
- Subcontractor's boring equipment abandoned in place. These items included drill rods, pullback swivels, and fluted reamer cutter. [The value of those items was not charged to the City.]
- Additional cement stabilized sand used and its trucking to the site.
- Additional haul-off of spoils associated with the first unsuccessful bore.
- Flow fill and related labor and temporary containment bulkhead to fill the abandoned casing. (Note, the Corps of Engineers will not allow leaving voids under the Seawall Boulevard pavement or through perforations in any underground seawall-related appurtenances. Empty casings were required to be filled)

The total requested GCSI price is \$14,173.75 as shown on the following worksheet from GCSI. Abandoned casings are as priced in the bid form and contractor's schedule of values. Additional time is actual recorded in the field. Abandoned boring equipment was not charged to the City.

This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been taken into consideration in the final negotiations.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows.

61st 1st bore under Seawall Blvd.	pricing by	quantity	pricing	cost	notes
1st bore and abandoned work					
18" core abandoned	ea	1	\$ 1,750.00	\$ 1,750.00	
90' boring abandoned	lf	90	\$ 37.83	\$ 3,405.00	
30' of 12" casing abandoned	lf	30	\$ 47.50	\$ 1,425.00	
mobilization & using track hoe	day	1	\$ 2,580.00	\$ 2,580.00	w/ additional traffic control for unloading / haul off
additional lane closure / traffic control at work area	day	2	\$ 350.00	\$ 700.00	per TXDOT
stabilized sand (trucking)	load	1	\$ 75.00	\$ 75.00	
stabilized sand	ton	12	\$ 18.75	\$ 225.00	1 load
haul off spoils	load	3	\$ 55.00	\$ 165.00	7 to 10 cyd per load
flow fill and labor for abandon casing	cy	10	\$ 150.00	\$ 1,500.00	
forming bulk head for containment of grout	1/2 day	1	\$ 500.00	\$ 500.00	3 men, materials, tools & truck
total				\$ 12,325.00	
oh&p				\$ 1,848.75	
grand total				\$ 14,173.75	



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: August 13, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 29 Recommendation [Underground Obstructions at 29th]

Construction activity for the subject project by General Contractor Services Inc. led to a situation occurred which requires a change order due to unforeseen underground conditions. In installing the water and sanitary sewer lines for the restroom facilities along 29th Street, obstructions and other problems were encountered at seven locations along these utility connection alignments. In this case only one was under Seawall Boulevard (Area 6); the others were beneath 29th Street along the 500 feet to the north required to connect into existing City of Galveston utility lines. The attached drawing indicates the locations of the seven incidents. Each one is described below:

- **Area 1.** There was a leak in the existing sewer line. The leak was repaired by City. The undermining of the street and additional asphalt were repaired by the contractor, including additional excavation, saw cutting, asphalt haul off, backfill, asphalt replacement and down time.
- **Area 2.** A small concrete obstruction was removed by contractor. Work included saw cut, breakout, haul off, asphalt replacement.
- **Area 3.** A small concrete obstruction just north of the concrete sheet piling wall at a depth of 2 feet-6 inches. Work included breakout and haul off.
- **Area 4.** Small concrete obstruction just north of sheet piling wall at 5-foot depth. Work included breakout and haul off.
- **Area 5.** Small concrete obstruction just north of sheet piling wall at 7 -foot depth. It was left in place; the casing sits on top of it. Work included breakout and haul-off of the area around it to assess the nature of the obstruction and solution to move past it.
- **Area 6.** An obstruction was encountered under Seawall Boulevard while inserting 12-inch casing. It was rebores and cleared the obstruction with a 10-inch casing. Work included abandoning the unused 12-inch casing and bore, the replacement 10-inch casing for the 6-inch sanitary sewer. The Corps of Engineers will not allow leaving voids under the Seawall Boulevard pavement. The abandoned 12-inch casing required flow fill to eliminate the

void under the street and behind the seawall.

- **Area 7.** Unknown conduit and wiring encountered. City of Galveston Traffic Department verified the line was not active and cut it. The hole was reopened for the City inspection.

All work items were based on pricing in the original bid form and the contractor's schedule of values. An independent cost estimate was not required. During the final negotiations regarding these changes, work associated with areas 2, 3, 4, and 5 were considered incidental to the activity and not charged to the City. The total contractor's change request for added work only in areas 1, 6, and 7 is \$13,740.09 for all instances associated with the 29th utility installation. Sufficient contingency funds are available in Federal Transit Administration grants to accommodate this increase.

This change item is part of the final General Contractor Services, Inc. final project closeout change order. Payment, funding, and project time have all been taken into consideration in the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows along with a sketch (looking west) showing the locations of the seven obstructions.

29th Civil Obstructions North of Sheet Pilings	line item #	pricing by	quantity	pricing	cost	RM notes
area 1 - unknown leak in existing sewer line w/ undermining of road						sewer line repaired by COG following day
additional excavation		cy	5	\$ 21.00	\$ 105.00	
saw cutting		lf	35	\$ 5.00	\$ 175.00	
haul off asphalt		hr	3	\$ 55.00	\$ 165.00	
back fill w/ existing soils		cy	5	\$ 21.00	\$ 105.00	
asphalt replacement		sqft	52	\$ 32.00	\$ 1,664.00	
down time		men	3	\$ 250.00	\$ 750.00	
sub total					\$ 2,964.00	
area 6 - unknown obstruction under Seawall Blvd.						at 43' casing locked up. Re-bored next day & cleared with 10" casing
bore for 12" casing	18	lf	43	\$ 51.60	\$ 2,218.80	
6" SAN in 10" casing		lf	90	\$ 59.24	\$ 5,331.60	
flow fill 12" casing		lot	1	\$ 1,283.50	\$ 1,283.50	
sub total					\$ 8,833.90	
area - 7 unknown conduit with wiring						COG verified not used, then cut conduit & wiring
re-open hole for COG		lot	1	\$ 150.00	\$ 150.00	
total					\$ 11,947.90	
15% OH&P					\$ 1,792.19	
grand total					\$ 13,740.09	

[VIEW LOOKING WEST]

1) Leak in existing sewer line - Repaired by COG, under mining of road & additional asphalt by Contract

2) concrete obstruction - Removed by Contractor

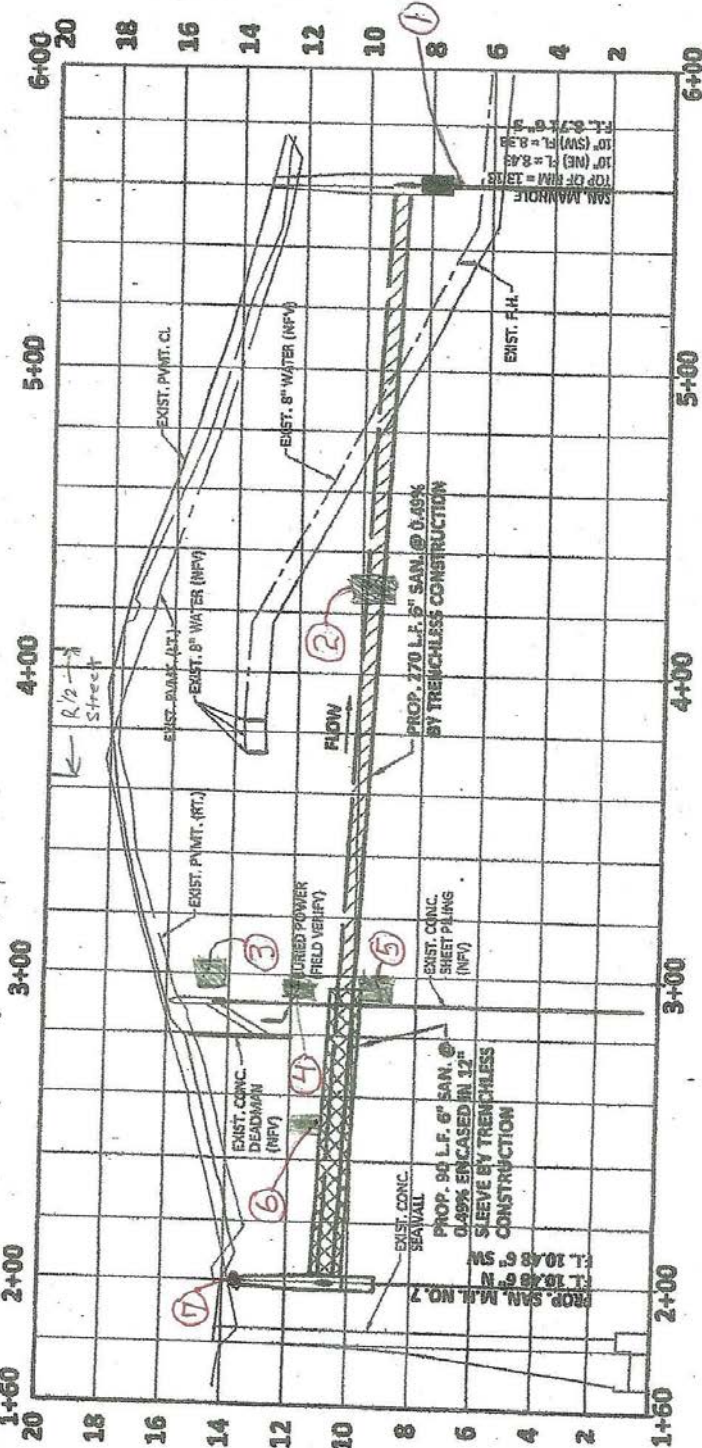
3) concrete obstruction - Removed by Contractor at bore pit

4) concrete obstruction - Removed by Contractor at bore pit

5) concrete obstruction - Left in place, casing setting on top

6) obstruction encountered with 12" casing - re-bored & cleaned obstruction w/ 10" casing

7) Unknown conduit & wiring - COG traffic Verified not active & cut



BASELINE B

1" = 40', 1" = 4' V



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 22, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 30 Recommendation [Civil Utility Quantity Adjustments]

Construction activity for the subject project by General Contractor Services Inc. led to a situation has occurred which requires a change order due to variances in underground utility quantities. Because of differences from the original plans in the actual installation of water and sanitary sewer utilities, the quantities of various pipes, casings, and connections were different from those in the original bid form. This was due to several situation (not reflected in other change orders) including the need to reroute the connections due to obstructions, shifting restroom locations, shifting manhole locations, an item missing from the original construction plans, and the sheet pile wall coring size required to accommodate the angle that the final pipe alignment required. Also included in the change item request are credits associated with items that were not used or that represented shorter runs than originally thought. These included plugs, clamps, sheet pile coring size changes, fewer manholes, less 6-inch sewer in open cut with casing, other changes resulting from change item #17 (relocation of restroom from 53rd to 39th), and bid form item not on plans thus not installed.

The following worksheet provides detailed accounting for the quantity differences at 61st, 53rd, 45th, 29th, and 19th. Each item is unique in its quantity and unit price. The percent complete column represents the overage or underage of each item based on actual quantities installed. Also shown are the positive or negative difference in quantity, and difference in cost based on the original bid form and schedule of values unit prices. The total request is for an additional \$23,963.77 as shown in the following contractor price proposal table. It represents the amount due for what was actually installed; these adjustments could not have been determined in advance.

Since there are already schedule of values line items from the contractor's bid for these items, no independent cost estimate was required.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows along with the quantity differential for each of 28 utility items. The colored columns indicate the quantities associated with each of the restroom locations. The white columns indicate the resolution of the final differences (increases and decreases), pricing, and notes for each item.

LINE	QTY	UNIT	CIVIL (work in place)	L-1 61st C-1 "A"	L-1 61st C-1 "B"	61st TOTAL	L-6 53rd C-2 "A"	L-6 53rd C-2 "B"	53rd TOTAL	L-8 45th C-3 "A"	L-8 45th C-3 "B"	45th TOTAL	L-12 29th C-4 "A"	L-12 29th C-4 "B"	29th TOTAL	L-16 19th C-5 "A"	L-16 19th C-5 "B"	19th TOTAL
8	450	LF	1 1/4" WATER LINE ENCASED IN 3" SLEEVE BY TR	0	86	86	0	94	94	0	109	109	0	98	98	66	80	146
9	195	LF	1 1/4" WATER LINE BY TRENCHLESS CONSTRUCT	0	0	0	0	0	0	36	57	93	48	107	155	0	281	281
9.1		LF	1 1/4" WATER LINE IN OPEN CUT	15	10	25	15	0	15	0	15	15	48	0	48	0	0	0
9.2		LF	1 1/4" WATER LINE ENCASED IN 3" SLEEVE IN OPE	0	0	0	0	0	0	0	0	0	0	0	0	55	0	55
10	5	EA	1 1/4" WATER LINE PLUG AND CLAMP	1	0	1	0	0	0	1	0	1	1	0	1	1	0	1
14	4	EA	14" DIA CORE HOLE THROUGH CONCRETE SHEET	0	0	0	0	0	0	0	0	0	0	1	1	0	1	1
15	10	EA	PROPOSED SANITARY MANHOLE	1	3	4	0	0	0	1	0	1	1	0	1	1	2	3
16	515	LF	6" SANITARY SEWER LINE IN TRENCHLESS CONST	0	0	0	0	0	0	102	0	102	48	276	324	66	76	142
17	435	LF	6" SANITARY SEWER LINE IN OPEN CUT CONSTRU	25	208	233	0	0	0	45	0	45	49	0	49	55	0	55
18	355	LF	6" SANITARY SEWER LINE ENCASED IN 12" SLEEV	0	89	89	0	0	0	0	0	0	0	85	85	0	88	88
20	165	LF	REMOVE EXISTING 10" SANITARY SEWER LINE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	369	LF	8" SANITARY SEWER LINE IN OPEN CUT CONSTRU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	155	LF	8" SANITARY SEWER LINE IN TRENCHLESS CONST	0	0	0	0	0	0	0	160	160	0	0	0	0	286	286
23	90	LF	8" SANITARY SEWER LINE ENCASED IN 16" SLEEV	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.1		If	8" SANITARY SEWER LINE ENCASED IN 12" SLEEV	0	0	0	0	0	0	0	88	88	0	0	0	0	0	0
24	5	EA	6" SANITARY PLUGS AND CLAMPS	1	0	1	0	0	0	1	0	1	1	0	1	1	0	1
26	160	LF	REMOVE EXISTING 8" SANITARY SEWER LINE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	1	EA	18" DIA CORE HOLE THROUGH CONCRETE SHEET	0	1	1	0	0	0	0	1	1	0	1	1	0	1	1

LINE	QTY	UNIT	CIVIL (work in place)	GRAND TOTAL	% complete	unit cost	difference in quantities	extended cost	notes
8	450	LF	1 1/4" WATER LINE ENCASED IN 3" SLEEVE BY TR	533	118%	\$ 34.38	83	\$ 2,853.54	changed path to avoid traffic signal conduit
9	195	LF	1 1/4" WATER LINE BY TRENCHLESS CONSTRUCT	529	271%	\$ 27.50	334	\$ 9,185.00	change at 29th
9.1		LF	1 1/4" WATER LINE IN OPEN CUT	103	100%	\$ 21.50	89	\$ 1,913.50	from sheet piling to main & at restroom
9.2		LF	1 1/4" WATER LINE ENCASED IN 3" SLEEVE IN OPE	55	100%	\$ 24.83	55	\$ 1,365.65	parallel to sewer line per COG
10	5	EA	1 1/4" WATER LINE PLUG AND CLAMP	4	80%	\$ 321.00	-1	\$ (321.00)	1 ea at 39th sw
14	4	EA	14" DIA CORE HOLE THROUGH CONCRETE SHEET	2	50%	\$ 1,500.00	-2	\$ (3,000.00)	size to small for angle bore
15	10	EA	PROPOSED SANITARY MANHOLE	9	90%	\$ 2,250.00	-1	\$ (2,250.00)	less 3 @ 53rd , +2 @ 61st
16	515	LF	6" SANITARY SEWER LINE IN TRENCHLESS CONST	568	110%	\$ 43.75	53	\$ 2,318.75	
17	435	LF	6" SANITARY SEWER LINE IN OPEN CUT CONSTRU	382	88%	\$ 35.00	-53	\$ (1,855.00)	61st & at restrooms
18	355	LF	6" SANITARY SEWER LINE ENCASED IN 12" SLEEV	262	74%	\$ 62.50	-93	\$ (5,812.50)	
20	165	LF	REMOVE EXISTING 10" SANITARY SEWER LINE	0	0%	\$ 17.50	-165	\$ (2,887.50)	credit back in C.O. #17 & cased others per COG
21	369	LF	8" SANITARY SEWER LINE IN OPEN CUT CONSTRU	0	0%	\$ 40.00	36	\$ 1,440.00	less 222' at 19 , 111' credit back in C.O. #17, balance
22	155	LF	8" SANITARY SEWER LINE IN TRENCHLESS CONST	446	288%	\$ 70.63	291	\$ 20,553.33	added 19th
23	90	LF	8" SANITARY SEWER LINE ENCASED IN 16" SLEEV	0	0%	\$ 103.75	-90	\$ (9,337.50)	could not use at 45th due to obstruction
23.1		If	8" SANITARY SEWER LINE ENCASED IN 12" SLEEV	88	100%	\$ 91.50	90	\$ 8,235.00	used at 45 due to obstruction
24	5	EA	6" SANITARY PLUGS AND CLAMPS	4	80%	\$ 62.50	-1	\$ (62.50)	
26	160	LF	REMOVE EXISTING 8" SANITARY SEWER LINE	0	0%	\$ 25.00	-160	\$ (4,000.00)	not on plans
27	1	EA	18" DIA CORE HOLE THROUGH CONCRETE SHEET	4	400%	\$ 1,875.00	3	\$ 5,625.00	size required for angle bore
total difference								\$ 23,963.77	



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 23, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 31 Recommendation [Curb Removal at 53rd Ramp]

Construction activity for the subject project by General Contractor Services Inc. led to a situation that requires a change order to account for extra work associated with a section of slotted curb that was installed and then removed. The contractor installed new slotted curb between the two new planters at 53rd Street according to the approved construction plans. After the fact, the Park Board and Beach Patrol complained that the curb cut off access to the informal ramp down to the beach at that intersection. As seen in the attached photo, the ramp is just a temporary earthen mound that was never thought to be permanent or in need of permanent access. After learning that access was important, the contractor was instructed to remove the amount of slotted curb equal to the 14-foot width of the ramp and repair the surface between the street asphalt pavement and the sidewalk pavers to include a short ramp.

The GCSI cost proposal as shown in the accompanying table includes approximately 14 linear feet of demolition at \$128 per linear foot for demolition and patching to include the pavement transition along with a traffic control charge. This results in a total amount requested in this change item of \$1,935. These costs are based on unit pricing for each of the scope items already included in the contractor's schedule of values for the project table below. Schedule of values line item #30 for slotted curb was at a unit price of \$9.19 per linear foot. No independent cost estimate is required.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract.

Remove curb at 53rd for beach access (saw cut, demo, haul off & pour back flat area with rebar)	sub	quantity	pricing	cost
53rd S	B&L	14'	\$ 1,800.00	\$ 1,800.00
traffic control	B&L	1	\$ 135.00	\$ 135.00
total				\$ 1,935.00





MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: August 13, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 32 Recommendation [Re-boring at 53rd Planter]

Construction activity for the subject project by General Contractor Services Inc. led to a situation that requires a change order to account for extra work associated with multiple boring attempts for the water line at 53rd Street. As noted in Change Item # 19, initial attempts to bore for the water line required at this location were done without the benefit of ground-penetrating radar because of the greater flexibility associated with a small water line. However, after three unsuccessful attempts, no clear path could be found. Therefore, the radar analysis was conducted and a clean bore was able to be completed.

As with other bores, the procedure included setting up and maintaining traffic control, saw cutting existing surface pavement, excavating to the bore depth, coring through the concrete sheet pile wall, engaging the boring equipment, removing spoils, removing boring equipment, backfilling the excavated hole, restoring concrete sub base and replacing the asphalt surface, and restoring pavement markings.

The accompanying table includes the subcontractor, quantity, pricing for each line item of activity. The total amount requested in this change item is \$23,969.26. Added traffic control and road plates associated with this work were not charged to the City. The GCSI cost proposal used existing schedule of values pricing so no independent cost estimate was required.

This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been taken into consideration in the final negotiations.

Sufficient contingency funds are available in Federal Transit Administration grants to accommodate this increase. I recommend that the City of Galveston approve this change to GCSI's contract.

53rd St. Irrigation Re-bores under Seawall Blvd. at location per GPR survey	pricing by	quantity	pricing	cost
second bore				
asphalt removal at turn lane	sf	60	\$ 3.80	\$ 228.00
excavate bore hole to deeper depth	cy	3.5	\$ 21.00	\$ 73.50
haul off of spoils (trucking per hour)	hr	4	\$ 65.00	\$ 260.00
muck out (vacumned out) bore pit	min	1	\$ 484.07	\$ 484.07
coring larger hole at a deeper depth	ea	1	\$ 1,750.00	\$ 1,750.00
remove additional side walk for different bore angle	sf	5.5	\$ 9.00	\$ 49.50
final bore	bore	1	\$ 760.00	\$ 760.00
saw cut additional turn lane	lf	35.67	\$ 3.00	\$ 107.01
asphalt removal at turn lane	sf	71	\$ 3.80	\$ 269.80
excavate parking lane	cy	15.77	\$ 3.00	\$ 47.31
haul off of spoils (trucking per hour)	hr	4	\$ 65.00	\$ -
third bore				
saw cutting	lf	32	\$ 3.00	\$ 96.00
asphalt removal at west bound lane	sf	60	\$ 3.80	\$ 228.00
excavate at obstruction	cy	13.33	\$ 21.00	\$ 279.93
haul off of spoils (trucking per hour)	hr	8	\$ 65.00	\$ 520.00
provide backfill	ld	2	\$ 125.00	\$ 250.00
bore	per day	1	\$ 760.00	\$ 760.00
stibilized sand (material)	ton	36	\$ 18.75	\$ 675.00
back fill w/ stabilized sand (trucking, placement & compaction)	ld	3	\$ 175.00	\$ 525.00
6" concrete sub base	sf	214.7	\$ 23.55	\$ 5,056.19
4" asphalt	sf	214.7	\$ 32.00	\$ 6,870.40
replace side walk at 2nd bore hole	sf	68	\$ 22.84	\$ 1,553.12
total				\$ 20,842.83
oh&p				\$ 3,126.42
grand total				\$ 23,969.26



MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: May 23, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 33 Recommendation [Credit for Unused Bollards]

Construction is complete for the subject project by General Contractor Services Inc. At this time a change order is required to account for a credit for work that was not required to be completed over the course of the project. Over 180 pedestrian lighting bollards were installed on the south side of Seawall Boulevard between 19th and 29th streets. At two locations, lighted bollards were not installed. At 25th Street, installation was complicated by driveway access, walkway, utilities and other appurtenances associated with the Pleasure Pier. Since that area is already brightly lit, it was decided to eliminate four lighted bollards between the crosswalks at that intersection. At 19th Street there were several underground obstructions preventing installation of three lighted bollards in that area. Since that was the end of the proposed lighted section and there is a street light at the intersection, the three lighted bollards between the two crosswalks were deleted from the project.

A total of seven lighted bollards were not installed. They are now in the City's inventory to be used as replacements for others that may be damaged over time. Since they were not installed, the contractor is providing a credit to be formalized in a change order. The credit includes cost for labor to install fixtures, cost for wiring/conduit/labor to connect fixtures, bores not needed, demolition of existing pavement not needed, concrete for footings not needed, and cost to pour concrete to level out the surface which was not needed. This credit amounted to \$244 for each of the seven locations or a total of \$1,965.35 as shown in the following table. Locations are shown in the attached drawings for each intersection.

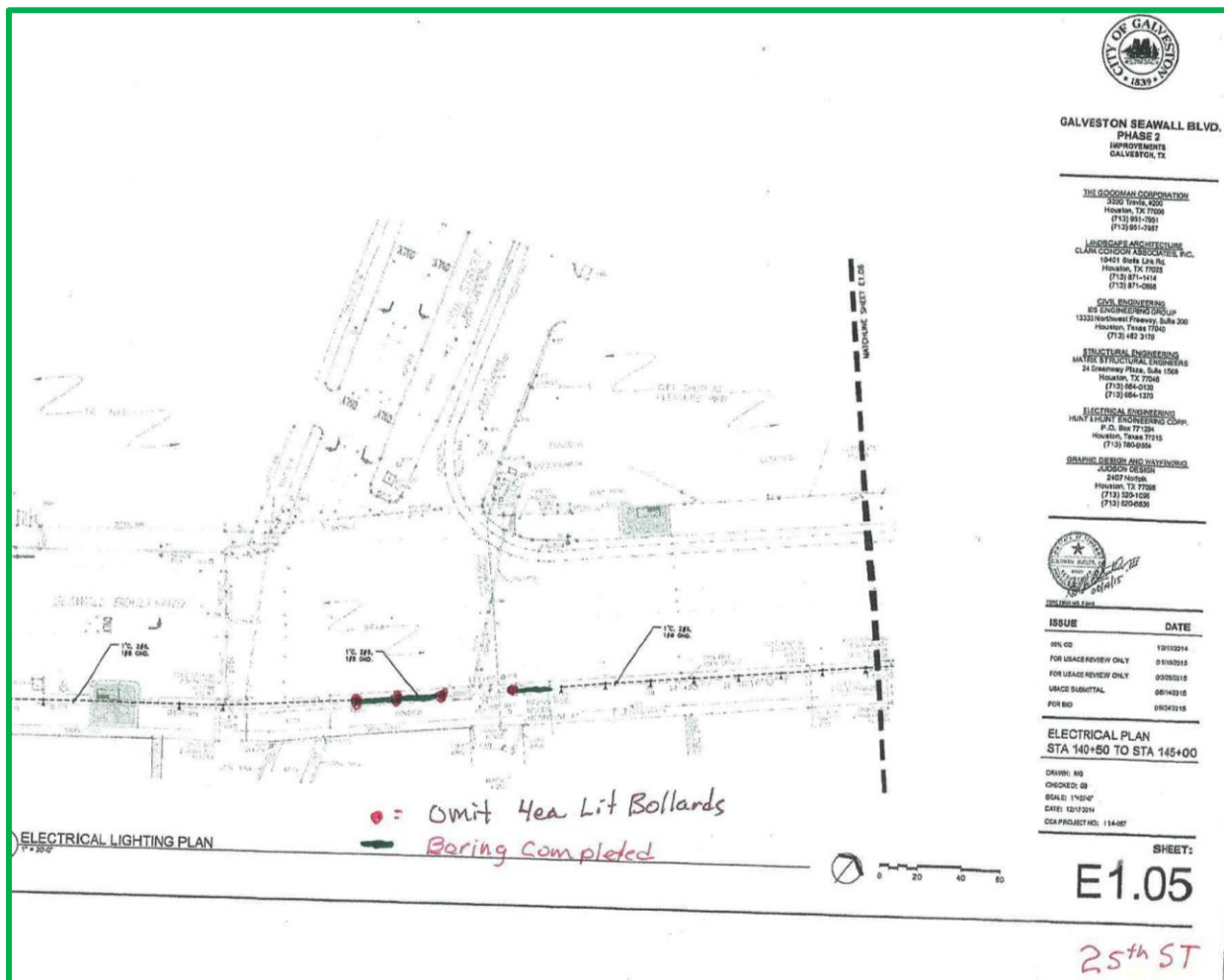
Since this change was based on an established schedule of values prices, no independent cost estimate was conducted.

Sufficient contingency funds remain in Federal Transit Administration grants to accommodate this increase. This change item is part of the final General Contractor Services, Inc. project closeout change order. Payment, funding, and project time have all been considered as part of the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows.

CREDIT BACK omit bollards due to location & obstructions	ea.	cost for labor to install fixture	total cost for labor to install fixture	total cost for wiring & labor to install fixture to fixture	total wiring cost	bores not needed	boring and conduit cost	total boring cost	total
25th St intersection	4	\$ 92.00	\$ 368.00	\$ 45.00	\$ 180.00	1	\$ 250.00	\$ 250.00	\$ 798.00
19th St intersection	3	\$ 92.00	\$ 276.00	\$ 45.00	\$ 135.00	2	\$ 250.00	\$ 500.00	\$ 911.00
total									\$ 1,709.00
oh&p									\$ 256.35
total									\$ 1,965.35

[Note, wiring & labor includes conduit.]





**GALVESTON SEAWALL BLVD.
PHASE 2
IMPROVEMENTS
GALVESTON, TX**

THE SCDM CORPORATION
200 Travis Ave.
Houston, TX 77002
(713) 867-1000
(713) 444-7000

LANDSCAPE ARCHITECTURE
CLARK TORREN ASSOCIATES, INC.
1401 Basha Drive
Houston, TX 77058
(713) 871-1000
(713) 871-0888

CIVIL ENGINEERING
DAVIDSON ENGINEERING GROUP
13333 Northwest Freeway, Suite 300
Houston, Texas 77040
(713) 452-2170

STRUCTURAL ENGINEERING
MAFAC STRUCTURAL ENGINEERS
24 Glenview Plaza, Suite 100
Houston, TX 77058
(713) 864-0100
(713) 864-0100

ELECTRICAL ENGINEERING
HUNT & HUNT ENGINEERING CORP.
P.O. Box 17718
Houston, Texas 77218
(713) 780-8000

GRAPHIC DESIGN AND DIVERSITY
JORDEN DESIGN
3407 South
Houston, TX 77058
(713) 524-1000
(713) 524-0800



ISSUE	DATE
REV. 05	10/10/04
FOR URGENT REVIEW ONLY	01/03/05
FOR URGENT REVIEW ONLY	03/03/05
URGENT SUBMITTAL	08/10/05
FOR BID	09/02/05

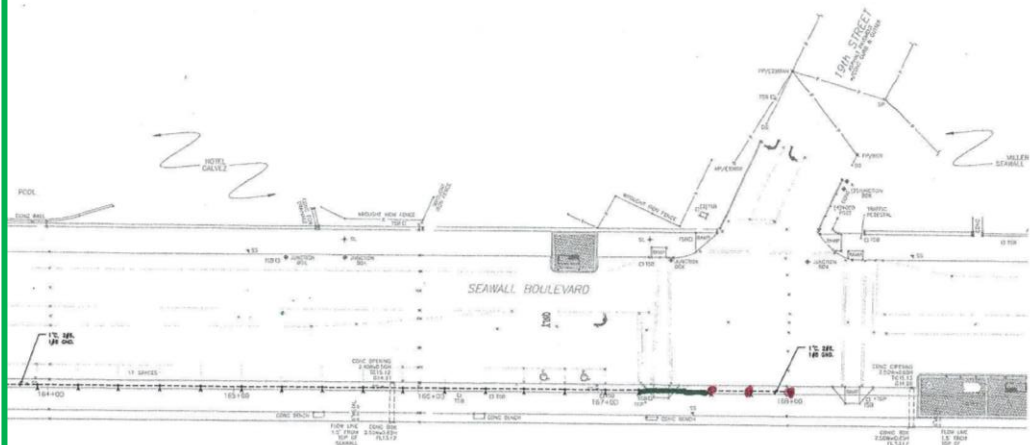
**ELECTRICAL PLAN
STA 163+60 TO END**

DRAWN BY:
CHECKED BY:
SCALE: 1"=40'
DATE: 10/10/04
SEA PROJECT NO: 114-087

SHEET:

E1.10

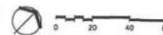
19th St



① ELECTRICAL LIGHTING PLAN

• = Omit 3 ea lit Bollards

— = Boring Completed





MEMORANDUM

TO: David Smith
FROM: John Carrara
DATE: August 13, 2018
SUBJECT: Galveston Seawall Boulevard Phase 2 Transit Pedestrian Access and Beautification Program
Change Item 34 Recommendation [Underground Obstructions at 39th]

Construction activity for the subject project by General Contractor Services Inc. led to a situation that requires a change order due to unforeseen underground conditions. In installing the water and sanitary sewer lines for the restroom facilities moved to 39th Street, obstructions and other problems were encountered along the alignment. Additional costs associated with locating a restroom at this location instead of at 53rd were addressed in Change Item #17. However, in completing the installation, unforeseen underground conditions were encountered north of Seawall Boulevard along 39th Street attempting to install the water line and on the south side of Seawall Boulevard installing the sanitary sewer line parallel to the seawall. The attached drawings indicate the locations of the obstructions. Each is described below:

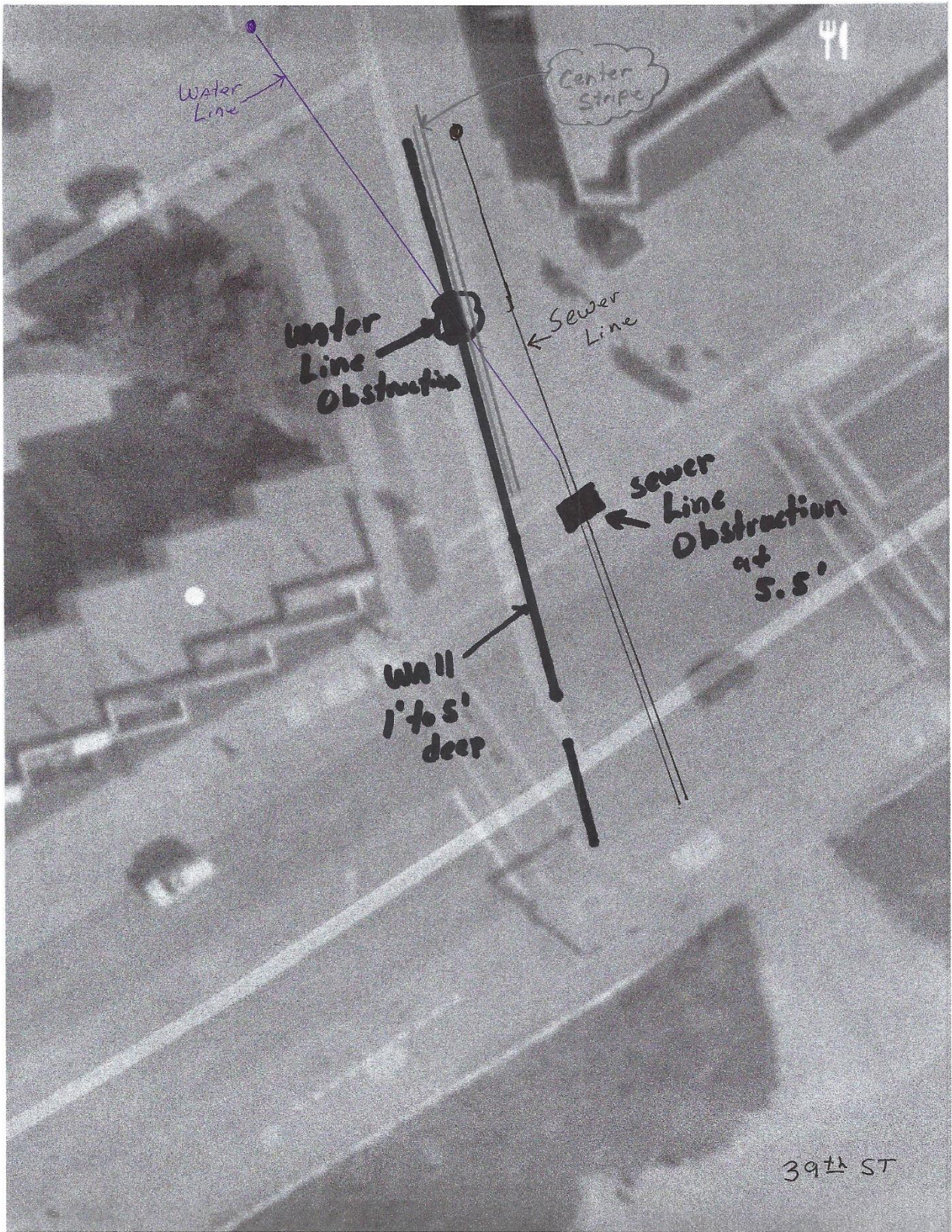
- **Water Line (60 feet north in turn lane).** Traffic control, road plates, asphalt removal, excavation, saw cut& jackhammer, remove obstruction, back fill, asphalt, concrete to protect water valve, concrete sub base, re-bore.
- **Sewer Line (under sidewalk, south side).** Excavate around obstruction, jackhammer to break up, haul off spoils, backfill with stabilized sand.

All work items were based on pricing in the original bid form and the contractor's schedule of values. An independent cost estimate was not required. The total contractor's change request is \$7,012.25. Sufficient contingency funds are available in Federal Transit Administration grants to accommodate this increase.

This change item is part of the final General Contractor Services, Inc. project closeout final change order. Payment, funding, and project time have all been taken into consideration in the final negotiations.

I recommend that the City of Galveston approve this change to GCSI's contract. A summary of the change cost proposal follows along with sketches showing the locations.

39th SW boring obstructions	pricing by	quantity	pricing	cost
water line obstruction 60' north side of seawall (in turn lane)				
saw cut & jackhammer top of wall (water valve)	ls	1	\$ 850.00	\$ 850.00
remove obstruction (turn lane)	ls	1	\$ 250.00	\$ 250.00
back fill w/stablized sand	ld	3	\$ 75.00	\$ 225.00
4" asphalt (turn lane and water valve)	sf	112.2	\$ 32.00	\$ 3,590.40
6" concrete sub base (turn lane)	sf	50.2	\$ 23.55	\$ 1,182.21
total				\$ 6,097.61
oh&p				\$ 914.64
grand total				\$ 7,012.25





City of Galveston

FLEET FACILITIES STAFF REPORT

August 14, 2018

Brian Maxwell, City Manager
Honorable Mayor & City Council Members

Subject: Consider for the approval of the annual payment totaling \$22,900 for the Shah Transportation Manager / NewGen dispatch licensing and software support which will be funded by the Island Transit maintenance contracts account, and authorize the City Manager to execute the contract upon final approval by the City Attorney.

I. Background

- A. The Island Transit dispatch center currently utilizes Shah Transportation Software, which controls and captures the bus routing data, and also handles some of the routing assignments of customers on the demand response buses.
- B. This system has been in operation since May of 2002 by Island Transit. It is now a web based cloud system, which has eliminated server problems that have occurred in the past.
- C. The annual dispatch licensing and support fee is \$22,900 and covers from September 2018 through August 2019.
- D. It would be cost prohibited to bid and purchase new transit software at this time due to budget restraints.

II. Current Situation

The City Council will have to approve the annual payment totaling \$22,900 for the Shah Transportation Manager / Newgen dispatch licensing and software support.

III. Alternatives in order of priority

- A. Approve the request.
 - 1. Cost - \$22,900
 - 2. Timing - As soon as possible.





City of Galveston

FLEET FACILITIES STAFF REPORT

3. Departmental Improvements - Will provide the Island Transit with needed support for its software.

B. Do not approve the request.

1. Cost - No additional cost at this time.
2. Timing - N/A
3. Departmental Improvements - Island Transit will not be able to utilize the software to its fullest capacity. This operation would be performed manually which is labor intensive.

IV. Recommendation

Concur in *Alternative A*; approve the annual payment totaling \$22,900 for the Shah Transportation Manager / NewGen dispatch licensing and software support which will be funded by the Island Transit maintenance contracts account, and authorize the City Manager to execute the contract upon final approval by the City Attorney.

V. Fiscal Impact Report

Requested by	David Smith Executive Director
Funding Source	Island Transit Maintenance Contracts (531240)
Cost	\$22,900
Savings Estimation	N/A

Respectfully Submitted,

David Smith
Executive Director



Shah Software, Inc
1 Collinway Pl
Dallas, TX 75230
www.shahsoftware.com

Invoice

Date	Invoice #
8/1/2018	2018216

Bill To

Island Transit
David Smith
3115 Market
Galveston, TX 77550

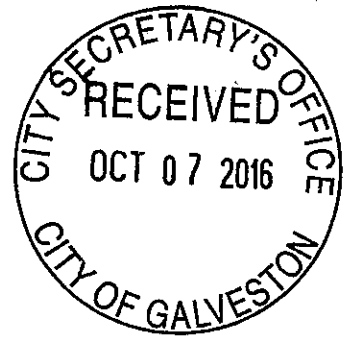
P.O. No.	Terms	Due Date	Account #	Project
	Net 30	8/31/2018		
Description		Qty	Rate	Amount
Transportation Manager -NewGen System Software licensing Sep 2018 - Aug 2019		1	22,900.00	22,900.00

It's been a pleasure working with you!

info@shahsoftware.com
1(800) 968 2748
FEID 75-2798653

All amounts shown on this invoice are in US
Dollars unless specified otherwise

Total	\$22,900.00
Payments/Credits	\$0.00
Balance Due	\$22,900.00



LICENSE AGREEMENT

This License Agreement (this "Agreement") is entered into as of September 20, 2016 (the "Effective Date") by and between the following:

LICENSOR: SHAH SOFTWARE, INC.
1 COLLINWAY PL
DALLAS, TX 75230
(800) 968-2748
(432) 224-1014 (facsimile)

LICENSEE: ISLAND TRANSIT
3115 MARKET
GALVESTON, TX 77550
Ph. 409-797-3909

RECITALS

WHEREAS Licensor develops and markets web based computer software applications (on demand software) for transportation scheduling commonly referred to "Transportation Manager - NewGen", and

WHEREAS Licensee desires to acquire a license to use the software and Licensor desires to grant Licensee the license.

NOW THEREFORE, for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

1.1. "Software" means Licensor's core web-based software application for transportation scheduling known as "Transportation Manager-NewGen" which includes the ability to book and map reservations. Software as used herein shall also include any options or modules added to the core application as identified on Exhibit B hereto, incorporated herein, which may include linking to Hardware, automated calling, fare cards, import modules and custom modules.

1.2 "Documentation" means all user manuals and other written material created by Licensor to describe the functionality or assist in the use of the Software.

1.3. "Hardware" means the optional hardware, if any, identified on Exhibit C, attached hereto and incorporated herein, procured for Licensee by Licensor.

1.4 "License Fee" means the fee to be paid by Licensee to Licensor as consideration for the license(s) granted under this Agreement and the right to use the Software and the Documentation, as further described herein and on Exhibit A.

2. GRANT OF LICENSE

2.1. Grant. Subject to the terms and conditions set forth in this Agreement, Licensor hereby grants to Licensee a nonexclusive, nontransferable license in the Software, to use the Software exclusively for Licensee's business purposes and to use the Documentation solely in connection with Licensee's use of the Software, for use only by the number of licensed users permitted on Exhibit A.

2.2. License Restrictions. Except as specifically granted in this Agreement, Licensor owns and retains all right, title, and interest in the Software, Documentation, and any and all related materials. This Agreement does not transfer ownership rights of any description in the Software, Documentation, or any related materials to Licensee or any third party. Licensee will not modify, reverse engineer, or decompile the Software, or create derivative works based on the Software. Licensee will not grant access to the Software to any persons or entities other than Licensee's employees, consultants, or contractors and then only to the number of licensed users specified in Exhibit A. Licensee may not sell the Software or right to use the Software to any person or make any other commercial use of the Software. Licensee will retain all copyright and trademark notices on the Software and Documentation and will take other necessary steps to protect Licensor's intellectual property rights.

3. FEES & COSTS

3.1. License Fees. In consideration for the License granted to Licensee under this Agreement, Licensee shall pay Licensor:

- (a.) Annual License Fee. The fee provided in Exhibit A attached hereto, and incorporated herein, annually, in advance for each term of this Agreement, which includes the Software license fee, annual maintenance and support, web

hosting fees and the fees for any additional module or component identified on Exhibit B.

- (b.) Initial Set-up of components, Account Creation, Map Licensing, Hardware procurement. A one-time, non-reoccurring fee of \$0 payable on or after the Effective Date but prior to the Commencement Date.

3.3 Taxes. In addition to other amounts payable under this Agreement, Licensee will pay any and all federal, state, municipal, or other taxes, duties, fees, or withholding currently or subsequently imposed on Licensee's use of the software or the payment of the License Fee or Hardware costs to Licensor, other than taxes assessed against Licensor's net income. Such taxes, duties, fees, withholding, or other charges will be paid by Licensee or Licensee will provide the appropriate authority with evidence of exemption from such tax, duty, fee, withholding, or charge. If Licensor is required to pay any such tax, duty, fee, or charge, or to withhold any amount from monies due to Licensor from Licensee pursuant to this Agreement, Licensee will promptly reimburse Licensor any such amounts.

4. LICENSOR'S OBLIGATIONS

4.1. Deliverables. On the Commencement Date or Conversion Date specified in Exhibit A of this Agreement, Licensor will provide (i) access to the Software, limited to the number of users as specified in Exhibit A, for Licensee's use, together with the Documentation.

4.2. Support and Maintenance. For so long as Licensee subscribes to the Software, and for so long as Licensor offers support and maintenance for users of the Software, Licensor will provide Licensee with telephone technical support, software upgrades as developed, webinars on request in connection with Licensee's use of the Software included in Licensee's annual license fee.

5. TERM AND TERMINATION

5.1. Term. This Agreement is effective on the Effective Date first specified above. The license granted under this Agreement becomes effective on the Commencement Date/ Conversion Date specified in Exhibit A. The initial term of this Agreement shall be one (1) year from the Commencement Date/Conversion Date specified in Exhibit A. Unless sooner terminated as set forth in Sections 5.2 and 5.3, below, the Agreement will automatically renew and continue in effect

for subsequent one (1) year terms immediately upon the expiration of the then current term until the expiration of Licensor's rights in the Software, for a maximum of four (4) one year renewals. This agreement may not extend past September 20, 2021.

5.2. Termination for Convenience. Licensor or Licensee may terminate the Agreement at any time and from time to time on thirty (30) days' prior written notice to the other. Licensor's notice of any termination for convenience must be accompanied by a refund of any prorated payments received by Licensor in advance for months beyond the termination date. Licensor may also terminate this Agreement as to any additional modules, applications, or components in excess of the core application (as identified on Exhibit B) upon thirty (30) days' written notice (without discount or refund) if (i) Licensor's core software application no longer supports such additional modules, applications, or components or (ii) Licensee fails to upgrade any Hardware or acquire additional hardware necessary to make such modules, applications, or components compatible with Licensor's core application software.

5.3. Termination for Cause. Either party, as applicable, will have the right, in addition, and without prejudice to any other rights or remedies, to terminate this Agreement as follows:

- a. By Licensor, on 3 days' written notice, if Licensee fails to pay the amounts due to Licensor pursuant to this Agreement;
- b. By Licensor, on 15 days' written notice, if there is a change in control of Licensee, whether by sale of assets, stock, merger, or otherwise;
- c. By either party for any material breach of this Agreement, other than failure to make payments under Section 3, that is not cured within 10 days of receipt by the party in default of a notice specifying the breach and requiring its cure; or
- d. By either party, immediately on written notice, if: (i) all or a substantial portion of the assets of the other party are transferred to an assignee for the benefit of creditors, to a receiver, or to a trustee in bankruptcy; (ii) a proceeding is commenced by or against the other party for relief under bankruptcy or similar laws and such proceeding is not dismissed within 60 days; or (iii) the other party is adjudged bankrupt.

5.4. Rights on Termination. Licensor has and reserves all rights and remedies that it has by operation of law or otherwise to enjoin the unlawful or unauthorized use of the Software or Documentation, including, without limitation, terminating Licensee's access to the Software. Sections 6, 7, and 8 will survive termination or expiration of this Agreement as will any cause of action or claim of either party, whether in law or in equity, arising out of any breach or default.

6. WARRANTIES, DISCLAIMER, AND LIMITATIONS

6.1. Warranties.

(a.) Software and Documentation. Licensor hereby warrants to Licensee that Licensor is the owner of the Software and the Documentation or has the right to grant to Licensee the license to use the Software and Documentation in the manner and for the purposes set forth in this Agreement without violating any rights of a third party.

(b.) Third Party Goods or Services. To the extent the items delivered pursuant to this Agreement include any product developed, manufactured, or delivered by a person or entity other than Licensor, including but not limited to goods, services, software, licenses, applications or code, mobile data computers, tablets, or terminals, LICENSOR EXPRESSLY DISCLAIMS AND EXCLUDES ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, ORAL OR WRITTEN, INCLUDING, WITHOUT LIMITATION, ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND ANY AND ALL WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. All such third party products are delivered and accepted by Licensee "AS-IS, WHERE-IS, and with ALL FAULTS."

6.2. Disclaimer. THE WARRANTIES SET FORTH IN SECTION 6.1, ABOVE, ARE IN LIEU OF, AND THIS AGREEMENT EXPRESSLY EXCLUDES, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, ORAL OR WRITTEN, INCLUDING, WITHOUT LIMITATION: (a) ANY WARRANTY THAT THE SOFTWARE IS ERROR-FREE, WILL OPERATE WITHOUT INTERRUPTION, OR IS COMPATIBLE WITH ALL EQUIPMENT AND SOFTWARE CONFIGURATIONS; (b) ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY; AND (c) ANY AND ALL WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE.

6.3. Remedies on Breach of Warranty. In the event of any breach of the warranty set forth in this Section 6, Licensee's exclusive remedy will be for Licensor to refund the license fees actually received from Licensee and applicable to service dates from the date of breach forward.

6.4 Limitation of Liability. LICENSOR IS NOT LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES, INCLUDING THE LOSS OF PROFITS, REVENUE, DATA, OR USE OR COST OF PROCUREMENT OF SUBSTITUTE GOODS INCURRED BY LICENSEE OR ANY THIRD PARTY, WHETHER IN AN ACTION

IN CONTRACT OR TORT OR BASED ON A WARRANTY, EVEN IF LICENSOR OR ANY OTHER PERSON HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

7. CONFIDENTIALITY

7.1. Confidentiality. Licensee acknowledges that the Software and Documentation, and all information relating to the business and operations of the Licensor that Licensee learns or has learned during or prior to the term of this Agreement, is the valuable, confidential, and proprietary information of the Licensor. During the period this Agreement is in effect, and at all times afterwards, Licensee, and its employees, contractors, consultants, and agents, will:

- a. safeguard the confidential information with the same degree of care that it uses to protect its own confidential information;
- b. maintain the confidentiality of this information;
- c. not use the information except as permitted under this Agreement; and
- d. not disseminate, disclose, sell, publish, or otherwise make available the information to any third party without the prior written consent of Licensor.

7.2. Limitations on Confidentiality Restrictions. Section 7.1 does not apply to any information that:

- a. Is already lawfully in the Licensee's possession (unless received pursuant to a nondisclosure agreement);
- b. Is or becomes generally available to the public through no fault of the Licensee;
- c. Is disclosed to the Licensee by a third party who may transfer or disclose such information without restriction;
- d. Is required to be disclosed by Licensee as a matter of law (provided that the Licensee will use all reasonable efforts to provide the disclosing party with prior notice of such disclosure and to obtain a protective order therefore);
- e. Is disclosed by the Licensee with the disclosing party's approval; and
- f. Is independently developed by the Licensee without any use of confidential information.

In all cases, the receiving party will use all reasonable efforts to give the disclosing party 10 days' prior written notice of any disclosure of information under this agreement.

7.3. Injunctive Relief for Breach. Licensor and Licensee acknowledge that any breach of Section 7.1 by a receiving party will irreparably harm Licensor. Accordingly, in the event of a breach, Licensor is entitled to promptly seek injunctive relief, without the requirement to post a bond, in addition to any other remedies that Licensor may have at law or in equity.

8. GENERAL

8.1. Assignment. Licensee may not assign, sublicense, or transfer Licensee's rights or delegate its obligations under this Agreement without Licensor's prior written consent. This Agreement will be binding on the successors and assigns of Licensee.

8.2. Entire Agreement. This Agreement, along with the Exhibits attached and referenced in this Agreement, including Licensor's "Terms and Conditions" attached hereto as Exhibit D as may be amended from time to time, constitute the final and complete understanding between the parties, and replaces and supersedes all previous oral or written agreements, understandings, or arrangements between the parties with respect to the subject matter contained in this Agreement.

8.3. Notices. Except as otherwise provided in this Agreement, notices required to be given pursuant to this Agreement will be effective when received, and will be sufficient if given in writing, hand-delivered, sent by facsimile with confirmation of receipt, sent by First Class Mail, return receipt requested, postage prepaid, or sent by overnight courier service and addressed as provided on page 1 of this Agreement or such other address as the parties may provide to the other in writing.

8.4. Governing Law and Jurisdiction. The license is sold and delivered in Dallas, Texas. This Agreement will be governed by and construed in accordance with Texas law, without regard to the principles of conflict of laws. Venue shall be Galveston, Texas.

8.5. Severability. In case any provision of this Agreement is held to be invalid, unenforceable, or illegal, the provision will be severed from this Agreement, and such invalidity, unenforceability, or illegality will not affect any other provisions of this Agreement.

8.6. Attorney's Fees. In the event of any dispute between the parties arising out of this Agreement, a party awarded damages or a permanent injunction will be entitled, in addition to any other rights and remedies it may have, to recover its reasonable attorney's fees and costs.

IN WITNESS, the parties have caused this Agreement to be executed as of the date written above.

LICENSOR: **SHAH SOFTWARE, INC.**

By: [Signature]
Jagat Shah, President

LICENSEE:

City of Galveston
By: [Signature]
Name: Daniel J. Buckler
Title: Deputy City Manager

Approved As to Form:

[Signature]
Asst. City Secretary

APPROVED AS TO FORM: ,

[Signature]
Asst. City Attorney

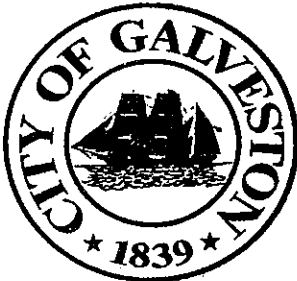


EXHIBIT A

NO. OF LICENSED USERS: **FIVE**

LICENSE FEE: - (TERM 12 MONTHS) **\$22900**

Transportation Manager – NewGen Software Licensing	1	\$22900
Total		\$22900

COMMENCEMENT/CONVERSION DATE: **September 1, 2016**

Licensee's Initials: _____

EXHIBIT B

ADDITIONAL APPLICATIONS OR MODULES:

NONE

Licensee's Initials: _____

EXHIBIT C

HARDWARE

NONE

Licensee's Initials: _____

EXHIBIT D

TERMS OF USE

User agrees to abide by these terms of use, as may be changed from time to time upon notice in the Licensor's sole discretion.

Disclaimers. USER HEREBY WAIVES ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USE; ANY WARRANTY OF COMPATIBILITY BETWEEN THE SYSTEM, EQUIPMENT, SOFTWARE, OR DATA PROVIDED BY LICENSOR AND CUSTOMER OWNED EQUIPMENT OR SOFTWARE; OR ANY LIABILITY IN NEGLIGENCE, TORT, STRICT LIABILITY, OR OTHERWISE, WITH RESPECT TO THE SYSTEM, EQUIPMENT, SOFTWARE, DATA, OR SERVICES FURNISHED HEREUNDER. USER AGREES THAT LICENSOR SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES UNDER ANY CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO, LOSS OF REVENUES, EVEN IF ADVISED OF THE RISK OF SUCH DAMAGES IN ADVANCE. Although Licensor has attempted to find and correct any bugs in the software, Licensor is not responsible for any damage or losses of any kind caused by the use or misuse of the programs. Licensor shall not be liable nor deemed to be in default of this Agreement for any delays, errors, malfunctions, compatibility problems, or breakdowns with respect to the system, equipment, data, or services provided hereunder or used in connection herewith.

Payment. User shall pay to Licensor in advance the fees pursuant to its License Agreement. Licensor shall notify User of any rate increase at least ten (10) days before same takes effect. Failure of Licensor to issue any invoice or bill shall not relieve User of the obligation to pay for any charge owed Licensor hereunder. User shall pay all fees and other charges within the earlier of fifteen (15) days from the receipt of an invoice or, for a renewal license term, three (3) days of the start of the license term. In the event that User fails to pay any amount within thirty (30) days of the date due, Licensor shall be entitled to interest on the amounts due at the highest rate allowed by law from the date due until payment in good funds is received by Licensor. Licensor shall also have the right to terminate User's access, without notice, if any invoice remains unpaid for more than thirty (30) days. User shall pay all sales, use, personal property, excise, license, and any other taxes or similar fees, charges, or assessments which arise as a result of User's use of the software.

Notice. All notices, requests, demands, or other communications hereunder shall be in writing, hand delivered, sent by first class mail, overnight mail, or facsimile (upon electronic confirmation that the transmission was received), and shall be deemed to have been given when received at the addresses stated on this invoice. Any notice provided by facsimile which is received after 4:00 p.m. local time shall be deemed received the following business day. A party may change its addresses for notice on not less than ten (10) business days' prior written notice to the other party.

Confidential & Proprietary Information. User understands that the information it has access to through the right of access to Licensor's software and/or facilities is of a confidential and proprietary nature, and User may hereinafter have access to other information of Licensor which is of a confidential and proprietary nature and could result in irreparable harm to Licensor if any such confidential or proprietary information is directly or indirectly: (1) used by User for any purpose other than as specifically set forth herein; or (2) disclosed to any third party. Accordingly User agrees not to use the information for other purposes or disclose or allow access to such information or software to any third party. User agrees that a breach of these conditions shall be grounds sufficient for immediate termination of its use and legal as well as injunctive relief.

Modifications. Licensor retains the right, in its sole discretion, to enhance, modify, or alter the operation of the software at any time and further retains the

right to make such enhancements, modifications, or alterations generally available to other users of the software.

Title. Title and full and complete ownership rights to all Licensor's owned or developed software (including source and object code) and other technical specifications, addresses, or configurations (collectively the "Software") associated with or contained in the system or used by User in connection herewith shall remain with Licensor. User understands and agrees that Licensor's owned or developed Software is Licensor's trade secret, proprietary information, and confidential information whether any portion thereof is or may be validly copyrighted or patented. Any Software provided to User is provided by license only, and such license is personal, nonexclusive, nontransferable, and limited to the right to use such Software only according to guidelines established by Licensor from time to time. Such Software shall be utilized by User only in accordance with these Terms of Use and shall not be copied, duplicated, reproduced, manufactured, decompiled, reverse engineered, incorporated into any software (including any source code, object code, or algorithms), modified or disclosed in any form by any media to any other person or party. User agrees to abide by any terms imposed by any third party that has directly or indirectly licensed Licensor to use Software in relation hereto.

Miscellaneous. Nothing herein is intended or shall be construed to create or establish an agency, partnership, or joint venture relationship between the parties.

The captions herein are for convenience only and in no way define, limit, or enlarge the scope of any of the provisions therein.

No waiver by either party of any provision or any breach of this agreement constitutes a waiver of any other provision or breach, and no waiver shall be effective unless made in writing. The right of either party to require strict performance and observance of any obligations hereunder shall not be affected in any way by any previous waiver, forbearance, or course of dealing.

Except for User's obligation to make payments hereunder, neither party will be deemed in default as a result of a delay in performance or failure to perform its obligations caused by acts of God or governmental authority, strikes or labor disputes, fire, acts of war, failure of third-party suppliers, or for any other cause beyond the control of that party.

User shall not sell, assign, license, sublicense, franchise, or otherwise convey in whole or in part to any third party any of the services provided hereunder without the prior written consent of Licensor.

This is a nonexclusive agreement. Similar agreements may be entered into by either party with any other person.

This agreement shall be governed by, construed, interpreted, and enforced according to the laws of the State of Texas, without regard to principles of conflict of laws and rules. Each party hereby consents to the nonexclusive jurisdiction of the courts of the State of Texas and United States federal courts located in the State of Texas to resolve any dispute arising out of this agreement.

In the event that any material provision of these terms are determined to be invalid, unenforceable, or illegal, then such provision shall be deemed to be superseded and the parties' agreement modified with a provision which most nearly corresponds to the intent of the parties and is valid, enforceable and legal.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
CERTIFICATION OF FILING**

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

SHAH SOFTWARE, INC.
DALLAS, TX United States

Certificate Number:
2016-109442

Date Filed:
09/08/2016

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

CITY OF GALVESTON

Date Acknowledged:
09/13/2016

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

COG-CON-16-143
SOFTWARE SYSTEM

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.



6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.

Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said _____, this the _____ day of _____,
20_____, to certify which, witness my hand and seal of office.

Signature of officer administering oath

Printed name of officer administering oath

Title of officer administering oath

City of Galveston



P. O. Box 779 / Galveston, Texas 77553-0779

Municipal Fleet Facility
502 32nd, Galveston Texas 77550

Staff Report

August 8, 2016

Brian Maxwell, City Manager
Honorable Mayor & City Council Members

Subject: Consider for the approval of the annual payment totaling \$22,900 for the Shah Transportation Manager / Newgen dispatch licensing and software support which will be funded by the Island Transit maintenance contracts account, and authorize the City Manager to execute the contract upon final approval by the City Attorney.

I. Background

- A. The Island Transit dispatch center currently utilizes Shah Transportation Software, which controls and captures the bus routing data, and also handles the routing assignments of customers on the demand response buses.
- B. This system has been in operation since May of 2002 by Island Transit. It is now a web based cloud system, which has eliminated server problems that have occurred in the past.
- C. The annual dispatch licensing and support fee is \$22,900 and covers from September 2016 through August 2017.

II. Current Situation

The City Council will have to approve the annual payment totaling \$22,900 for the Shah Transportation Manager / Newgen dispatch licensing and software support.

III. Alternatives in order of priority

- A. Approve the annual payment totaling \$22,900 for the Shah Transportation Manager / Newgen dispatch licensing and software support.
 - 1. Cost - \$22,900
 - 2. Timing - As soon as possible.

COUNCIL APPROVED	
DATE	8/25/16
SIG.	<i>[Signature]</i>

3. Departmental Improvements - Will provide the Island Transit with needed support for its software.

B. Do not approve the annual payment totaling \$22,900 for the Shah Transportation Manager / Newgen dispatch licensing and software support.

1. Cost - No additional cost at this time.
2. Timing - N/A
3. Departmental Improvements - Island Transit will not be able to utilize the software to its fullest capacity. This operation would be performed manually which is labor intensive.

IV. Recommendation

Concur in Alternative A; approve the annual payment totaling \$22,900 for the Shah Transportation Manager / Newgen dispatch licensing and software support.

V. Fiscal Impact Report

Requested by	David Smith Director
Funding Source	Island Transit Maintenance Contracts (531240)
Cost	\$22,900
Savings Estimation	N/A

Respectfully Submitted,

David
Smith

David Smith
Director

Digitally signed by David Smith
DN: cn=David Smith, o=City of
Galveston, ou,
email=smithdave@cityofgalveston.
org, c=US
Date: 2016.08.08 14:31:57 -0500

Invoice

Shah Software, Inc
1 Collinway Pl
Dallas, TX 75230
www.shahsoftware.com

Date	Invoice
8/1/2016	2016228

Bill To

Island Transit
David Smith
3115 Market
Galveston TX 77550

P.O. No.	Terms	Due Date	Account #	Project
	Net 30	8/31/2016		
Description		Qty	Rate	Amount
Transportation Manager -NewGen System Software licensing Sep 2016 - Aug 2017			22,900.00	22,900.00
Total				\$22,900.00
Payments/Credits				\$0.00
Balance Due				\$22,900.00

It's been a pleasure working with you!

info@shahsoftware.com
(800) 968 2748
FEID 75-2798653

All amounts shown on this invoice are in \$
Dollars unless specified otherwise



City of Galveston

FLEET FACILITIES STAFF REPORT

August 14, 2018

Brian Maxwell, City Manager
Honorable Mayor and City Council Members

Subject: Consider for the approval allowing the Fleet Facility to purchase the listed street repair service vehicle and associated equipment from Freightliner of Austin through Buy Board for \$151,809 which will be funded from the vehicle replacement fund, and authorize the City Manager to execute the contract upon final approval by the City Attorney.

I. Background

- A. New street repair equipment has been requested.
- B. The Public Works department has researched street repairing equipment and has requested to purchase the identified vehicle. This equipment has the capability of expediting street repairs and produces a stronger and more durable repair as compared to previous methods.
- C. Pricing was obtained through Buy Board which is attached.
- D. Buy Board is a cooperative purchasing organization that the city is a member of that performs bidding packages for local governments. The Municipal Fleet Facility has performed competitive bidding packages on previous equipment purchases to assure that HGAC and Buy Board are the better option.
- E. Requested vehicle.
 - 2019 Freightliner M2106 with a TCM 425-80 DHE pot hole patching unit attached.
- F. The extended purchase price for this package is \$151,809.
- G. Freightliner of Austin is located in the Austin area.
- H. Delivery should be within 30 days from date of the purchase order issue.

II. Current Situation





City of Galveston

FLEET FACILITIES STAFF REPORT

The City Council will have to approve the approval allowing the Fleet Facility to purchase the listed street repair service truck and associated equipment from Freightliner of Austin through Buy Board for \$151,809 which will be funded from the vehicle replacement fund, and authorize the City Manager to execute the contract upon final approval by the City Attorney.

III. Issues

1. Cost - What is the cost to the city?
2. Timing - When is it needed?
3. Divisional Improvements - Those changes to the department that will improve the financial systems and techniques of the department.

IV. Alternatives in order of priority

A. City Council approves the request.

1. Cost - \$151,809
2. Timing - Delivery should be within 30 days.
3. Divisional Improvements - Will provide the city with needed equipment to perform duties. Newer equipment will reduce fleet operational costs and will improve operations.

B. City Council does not approve the request.

1. Cost - No additional cost at this time.
2. Timing - N/A
3. Divisional Improvements - City staff will not be able to function without needed equipment. Older equipment will take on a heavier load, which will increase operational costs. Operations will slow.

V. Recommendation

Concur in Alternative A and approve allowing the Fleet Facility to purchase the listed street repair service truck and associated equipment from Freightliner of Austin through Buy Board for \$151,809 which will be funded from the vehicle replacement fund, and authorize the City Manager to execute the contract upon final approval by the City Attorney.





City of Galveston

FLEET FACILITIES STAFF REPORT

VI. Fiscal Impact Report

Requested by	David Smith Executive Director
Funding Source	Vehicle Replacement Fund
Savings Estimation	Will help reduce unit repair costs on the older fleet vehicles and will assist with improving services.

VII. Environmental Impact

All listed vehicles are produced under current EPA standards.

Respectfully Submitted

David Smith
Executive Director





FREIGHTLINER OF AUSTIN

1701 Smith Rd. (Hwy. 183 So.)
Austin, Texas 78721

Bus: 512-389-0000
FAX: 512-389-2663
Wats: 1-800-395-2005

INV. _____

PURCHASING NAME CITY OF GALVESTON		TELEPHONE 409-797-3500	
ADDRESS 823 ROSENBERG	CITY GALVESTON	STATE TX	ZIP CODE 77553

I/We Hereby Purchase from You, Under the Terms and Conditions Specified, the Following:

YEAR 2019	MAKE FREIGHTLINER	MODEL/BODY M2106	VIN 1FVACXFC9KHKG4019	LICENSE PLATE
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A documentary fee is not an official fee, a documentary fee is not required by law but may be charged to buyers for handling documents and performing services relating to the the closing of a sale. Buyers may avoid payment of the fee to the seller by handling the documents and performing the services relating to the closing of the sale. A documentary fee may not exceed \$50.00. This notice is required by law.

El cobro documental no es un cobro oficial. El cobro documental no es un requisito bajo la ley, pero se le puede cobrar. Al comprador por el rendimiento de los servicios relacionados con la completacion de la venta y por completar los documentos. El comprador puede evitar el pago al vendedor de este costo si el comprador mismo se encarga de manejar los documentos y de los servicios necesarios para la completacion de la venta. El cobro documental no puede sobrepasar los \$50.00 (U.S.) Este aviso es requerido bajo la ley.

Disclaimer of Warranties

Any warranties on the products sold hereby are those made by the factory. The Seller, Freightliner of Austin, hereby expressly disclaims all warranties, either expressed or implied including any implied warranty of merchantability or fitness for a particular purpose, and Freightliner of Austin, neither assumes nor authorizes any other person to assume for it any liability in connection with the sale of this vehicle.

MILEAGE:

BUY BOARD CONTRACT #521-16

CHASSIS SELLING PRICE

\$ 72,787.00

TCM 425-80 DHE POT HOLE PATCHER

\$ 78,622.00

BUY BOARD FEE

\$ 400.00

CUSTOMER SIGNATURE

SALESMAN SIGNATURE KEVIN KRIEG

CONTRACTUAL DISCLOSURE STATEMENT FOR USED VEHICLE ONLY. "The information you see on the window form for this vehicle is part of this contract. Information on the window form overrides any contrary provisions in the contract of sale."

MILEAGE:	TRADE-IN
-----------------	-----------------

YEAR	MAKE	MODEL/BODY	VIN	LICENSE PLATE
------	------	------------	-----	---------------

MILEAGE:	TRADE-IN
-----------------	-----------------

YEAR	MAKE	MODEL/BODY	VIN	LICENSE PLATE
------	------	------------	-----	---------------

		TOTAL	\$ 151,809.00
PAYOFF TO:		Trade Allowance	N/A
ADDRESS:		Trading Difference	N/A
TELEPHONE: / FAX:		Sales Tax	N/A
GOOD UNTIL:		Vehicle Inventory Tax	N/A
QUOTED BY:		License Fee	N/A
SHOW LIEN TO:		Documentary Fee	N/A
ADDRESS:		Federal Excise Tax	N/A
		TOTAL SALE PRICE	\$ 151,809.00
DATED: LIEN AMOUNT \$		Payoff on Trade	
DRAFT FOR \$		Ext. Service Agreement	
DRAFT THRU:		Less Deposit	
ADDRESS:		Total Balance Due	\$ 151,809.00

Full disclosure required by federal regulation "Z", The Consumer Protection Act and The Texas Consumer Credit Code, will be made prior to consummation of a credit sale. This written order comprises the entire agreement pertaining to this purchase and no other agreement of any kind, verbal understanding or promise whatsoever, will be recognized. It is expressly agreed that the purchaser acquires no right, title or interest in or to the property which he agrees to purchase hereunder until such property is delivered to him/her and either the full price is paid in cash or satisfactory deferred payment agreement is executed by the parties hereto, the terms of which shall thereafter be controlling, and a clear title is furnished to dealer for the used cars or trucks involved, if any. THIS IS NOT A CONDITIONAL SALES CONTRACT, BUT IS A BUYER'S ORDER. All new vehicles carry the standard factory warranty. It is understood there is no guarantee on the above described new or used vehicle other than appears on this Buyer's Order. Mileage, if used vehicle model is not guaranteed and a verbal agreement by the Salesman will not be considered binding on the Seller. It is agreed that neither Freightliner of Austin nor the manufacturer will be



H.D. INDUSTRIES, Inc.

Pro-Patch Pot Hole Patcher

P.O. BOX 8250 • JACKSONVILLE, TEXAS 75766 • (903) 586-6126 • www.pro-patch.com

August 14, 2018

Dave Smith
City of Galveston

I am sending you this quote with recommended options for a well-equipped patch unit for Galveston, TX. You may add or delete any options to meet your needs. This is a Buyboard quote.

1. Basic Unit Model TCM 425-80 DHE	\$51,500.00
2. 1.25 Cubic yard 30" Spoils Bin Gravity Dump	2,090.00
3. Hydraulic Bi-fold Steel Top Doors	2,695.00
4. Stanley SFP1850 Compactor	2,695.00
5. Hydraulic Rear Lift Platform for compactor Plate w/Breaker Mount	2,695.00
6. Stanley BR45 Pavement Breaker w/ Asphalt Cutter & Tamper shoe	2,995.00
7. Hydraulic Tool Line Hose Reel w/ Dual 25 Ft. Hose	1,495.00
8. Hydraulic Secondary Auger Motor	1,687.00
9. Diesel Fuel Hose Reel w/20 FT Hose	375.00
10. 8 Gallon Drip & Waste Pan	385.00
11. 10 Gallon Stainless Steel Water Tank	495.00
12. 50 Gallon Frame Mounted LP Gas Bottle	1,550.00
13. Superior Signal SRTA16, 16-Light Arrowboard	1,495.00
14. Superior Signal SS-SYLED04-AA Grill Mount Strobe Lights	87.00
15. Meteorlight SY2000 Strobe Light LED, Pedestal Mount	305.00
16. Truck Lights Rectangular 6.5" Oval Tail Lights	500.00
17. 18" x 46" Work Deck.....	997.00
18. Backup Camera RVS-770613- KIT1 Color w/ Audio Sound	495.00
19. Two Asphalt Lute/Shovel Holder	240.00
20. Chelsea Hot Shift PTO	1,994.00
21. Electronic Engine Throttle Control	362.00
22. Color: Black	Included
Subtotal	\$77,132.00
Delivery and two (2) days training.....	\$1,490.00
TOTAL	\$78,622.00

We will try to deliver by the 25th of September.

I hope this information is helpful to you. If you have any questions or need any additional information, please feel free to give me a call at 1-800-256-6126. Thank you.

Sincerely,

Harold Dillingham

Harold Dillingham,
President



H.D. INDUSTRIES, Inc.

Pro-Patch Pot Hole Patcher

P.O. BOX 8250 · JACKSONVILLE, TEXAS 75766 · (903) 586-6126 · www.pro-patch.com

ASPHALT POTHOLE PATCHER SPECIFICATIONS MODEL TCM 425-80-DHE

1. **GENERAL**

The **Pro-Patch** model TCM 425-80-DHE is a unitized asphalt repair machine capable of making permanent asphalt repairs under most weather conditions.

2. **BODY DIMENSIONS**

The body is 112" long, 50" high and 78" wide. It has Diamond Tread safety step side fenders with two ladders, body assist handles. Ladders and assist handles are not available on bodies with a work deck. Body has L.E.D. style stop, turn, emergency flashers and marker lights. The body has a lockable tool storage compartment measuring 83" long, 18" deep and 10" high. **MUD FLAPS INCLUDED.**

3. **BODY INSULATION**

The asphalt aggregate hopper and road oil tank are fully insulated with 2" industrial, high temperature 12R factor insulation encased in a double steel jacket.

4. **CAPACITY**

The asphalt aggregate hopper holds 4.25 cubic yards level full or 6 tons maximum load.

5. **HEATING SYSTEMS**

The body shall have a dry radiant heat chamber heated by 2 each 150,000 BTU retort tube propane burners with vertical exhaust stacks. **The exhaust stack dampeners are electronically actuated to close when burners are off to reduce heat loss.** The burners are thermostat controlled and regulated at 10 PSI. The ignition system is 12 volt DC with electronic igniter. Gas burner has a safety shut-off on loss of flame or excessive temperature. Automatic safety shut-off when diesel pump is operating. Burner has two stages, ignites on 10 oz. pressure, operates at 10 PSI, on high burn regulated by the same thermostat as the electric heater. Thermostats will be 0/300° F. solid state. *Systems using Heat Transfer Oil are not acceptable.*

6. **ELECTRONIC CONTROLS**

All electronic controls will be solid state shock resistant. Thermostat for tack oil tank is 50/200° F. Thermostat for asphalt aggregate hopper is 0/300° F. Digital with temperature read out. Thermostat for the asphalt hopper has built in high limit safety shut down switch. Same thermostat controls the 12 volt LP Gas fired system and the 220 volt electric heating system.

7. **EMULSION OIL TANK CAPACITY AND HEATING SYSTEM**

The tank, built onto the main body, has a capacity of 80 gallons and a double steel jacket with 2" insulation. The tank is equipped with a heat transfer system with an adjustable temperature valve that is capable of heating the emulsion oil from 0 to 150° F., using the truck engine coolant system as the heat source. *The emulsion pump and all lines are in an insulated heated area.* The tank has 220 volt thermostat controlled **NEMA explosion proof** dry well electric heater. Tank has an 8" fill spout and a 2" gate valve on tank drain. *For ease of maintenance or change out of heater, tank does not have to be drained.*

8. **ELECTRIC HEATING SYSTEM**

The asphalt aggregate hopper and liquid asphalt oil tank is heated by a 220 volt, 62 kw **OSHA required NEMA explosion proof** dry well electric heater, thermostat controlled with 25' of cord with dual in-line 30 amp fuses with MOV 220 vac surge absorber. The heating system is capable of maintaining heated material up to 300° F. during non-working hours.

9. **FRAME MOUNTED LP GAS BOTTLE**

50 Gallon frame mounted LP gas Bottle with quick fill connector, 10 PSI regulator and fuel sight gauge.

10. **HAND TORCH**



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Pro-Patch Pot Hole Patcher

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ASPHALT POTHOLE PATCHER

SPECIFICATIONS MODEL TCM 425-80-DHE

For drying off repair site and cleaning hand tools, the unit has a 200,000 BTU propane hand torch with shut-off valve and 10' of hose with hose rack. Hand torch has mounting bracket for transport.

11. **TEMPERATURE GAUGES**

The unit has two 3" dial type, stainless steel temperature gauges that constantly monitor the temperature of the asphalt hopper and road oil tank.

12. **LIQUID ASPHALT OIL PUMP**

A hydraulically driven, 1 1/2" self priming, variable speed, reversible, rotary gear pump with relief valve. Operating at 20 GPM at 1200 RPM, 100 PSI. *The emulsion pump and all oil lines are in an insulated heated area.* The pump will circulate the emulsion oil to prevent separation and to crush any lumps that may form and cause clogging of the spray tip. *Air injection systems do not have this capability.*

13. **DIESEL FUEL / RELEASING AGENT STORAGE TANK**

An 18 gallon capacity tank, equipped with a 1.6 gpm @ 60 psi 12 volt DC pump and a hand sprayer for cleaning tools and unit. There shall be a connector valve for flushing road oil pump and lines and a 1" drain. For easy hopper cleaning access and to spray hopper before loading, units with a work deck shall have an additional front mounted spray wand with 3 ft. of hose.

14. **DIESEL FUEL HOSE REEL**

Hose reel for diesel fuel spray wand has 20' of hose. Reel is spring loaded auto-retractable.

15. **LIQUID ASPHALT HAND SPRAYER**

A 5' x 3/8" wand, equipped with fan nozzle and Deadman Control Valve. Sprayer hose is 15' x 1/2" with a reversible pump and diesel flush system for cleaning pump and lines.

16. **PAVEMENT BREAKER**

Stanley BR45, Pavement Breakers, complete with quick couplers, asphalt cutter, tamper and detachable shank with lockable transporting bracket.

17. **HYDRAULIC TOOL LINE HOSE REEL**

Shall be 3000 PSI with dual 25' hydraulic tool lines. Reel is spring loaded auto-retractable.

18. **HYDRAULIC PUMP**

PTO Direct mount hydraulic pump is gear type, variable speed at 12 GPM and has an operating pressure of 2000 PSI at 900 RPM.

19. **HYDRAULIC OIL RESERVOIR**

30 gallon capacity with sight and temperature gauge, ventilated fill cap, 150 micron sump strainer and a 10 micron return filler with 1" gate cutoff valve at filter.

20. **HYDRAULIC OIL COOLER**

An AKG 15 tube hydraulic oil cooler with shroud. Fan operates on 12 vdc and is thermostat controlled at 115° F.

21. **HYDRAULIC HOSE AND FITTINGS**

All high pressure hoses and crimped fittings have a minimum of 9600 PSI burst pressure.



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ASPHALT POTHOLE PATCHER SPECIFICATIONS MODEL TCM 425-80-DHE

22. **HYDRAULIC CONTROL VALVE**

Five spool, two-way, variable flow with 2200 PSI relief valve. The valve controls hydraulic screw conveyor, hydraulic doors, asphalt agitator, liquid asphalt pump and tool circuit. **The valve has an internal or external safety design that will protect the operator and not allow the screw conveyor or asphalt agitator to operate when the doors are open.** This system is designed to divert hydraulic oil pressure back to the tank. Electric solenoids on hydraulic valve are not acceptable due to mechanical override feature and ease of bypassing system. The valve is operated from the rear of machine by remote levers. To reduce maintenance problems the main directional control valve stack has no electric solenoids.

23. **HYDRAULIC OPERATED STEEL TOP DOORS**

Two (2) hydraulically operated bi-fold steel top doors with hex brake for rigidity. Doors are insulated with 2" of high temperature insulation in a double steel jacket. The doors have rain seal caps and flex plates to keep asphalt out of door hinges. Each door shall have a 1 1/2" bore with 13" stroke hydraulic cylinder with bypass and flow control valves. The controls for doors are at the rear of the unit.

24. **HYDRAULIC REAR LIFT PLATFORM FOR COMPACTOR**

Equipped with a hydraulically operated lift platform for loading or unloading compactor plate. The platform has a Safety latch in the up position, an in cab "platform down" indicator light with compactor holding down brackets and A pavement breaker mount. All controls for platform are at the rear of the unit.

25. **ASPHALT DISPENSING SYSTEM, SCREW CONVEYOR TYPE**

10' long by 6" diameter progressive screw conveyor has hard surfaced flights welded continuously on 2" scheduled 80 pipe and is ball bearing mounted. Conveyor is driven by a 13,000 in.lb. torque variable speed hydraulic motor with forward and reverse. Shall have a delivery chute with 120° of pivot. *All bearings can be greased through a feeder line mounted outside the unit from ground level.*

26. **ASPHALT AGITATOR**

The agitator shaft is built into the premix hopper and designed to break up asphalt bridging due to vibratory compaction. The scheduled 160 shaft has 12 spikes and is ball bearing mounted and driven by a 13,000 in.lb. torque variable speed hydraulic motor with forward and reverse. *All bearings can be greased through a feeder line mounted outside the unit from ground level.*

27. **HYDRAULIC SECONDARY AUGER MOTOR**

A secondary, hydraulic, 13,000 in. lb. torque, variable speed booster motor installed at rear of auger to assist in dispensing bad or stiff asphalt mix. This also eliminates shearing coupler keys and bolts in the auger shaft.

28. **STANLEY COMPACTOR PLATE**

Model SFP1850 Equipped with 5.5 hp gasoline Honda Engine with auto oil alarm shut down. Operating Weight 220#, centrifugal force 4000#, plate size is 20" x 23", water tank and locking holding down brackets.

29. **WATER TANK**

A frame mounted stainless steel ten (10) gallon tank with valve and hose. Water supply for asphalt compactor plate.

30. **DRIP PAN**

An eight (8) gallon drip pan for waste oil combination, for flushing pump, spray wand and lines at the end of the work Day, with necessary valve for draining.



H.D. INDUSTRIES, Inc.

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ASPHALT POTHOLE PATCHER SPECIFICATIONS MODEL TCM 425-80-DHE

31. **WORK DECK**
18"x46" work deck shall be constructed of ¼" angle iron and 3/16" expanded metal and expanded metal steps with assist hand rails and shall be mounted between truck and hopper body. Deck provides easy and safe access to emulsion oil tank and asphalt hopper.
32. **SPOILS BIN**
The spoils bin is 30" wide with a 1.25 cubic yard capacity, gravity dump. Asphalt spoils may be loaded or discharged from both sides of the truck.
33. **DIRECTIONAL ARROW BOARD**
State D.O.T. Approved Superior Signal model SRTA16. With 16 amber (L.E.D.) lights, 32 flash patterns, 8 patterns per function. Arrow flashing left, right, and warning bar. The board is mounted on the rear of the patch unit with in cab controls.
34. **STROBE LIGHT**
A pedestal mounted Meteorlight model SY2000 LED Amber, 80 Flashes per minute.
35. **TRUCKLITE RECTANGLE 6.5" OVAL TAIL LIGHTS**
RED, CLEAR, AMBER, & STROBE tail lights
36. **GRILL MOUNT STROBE LIGHT**
Superior Signal SS-SYLED04-AA, Amber or White 4" Front Grill Strobe Lights, 22 flash patterns.
37. **BACKUP CAMERA**
Backup Camera RVS-770613 – Kit1 Color w/ audio sound
38. **ASPHALT LUTE AND SHOVEL HOLDERS**
Two (2) each spring loaded asphalt lute and shovel holders. One (1) mounted driver's side and one (1) mounted curb side of unit.
39. **P.T.O.**
A Chelsea Hot Shift with over speed.
40. **ELECTRONIC THROTTLE CONTROL**
A two (2) or three (3) speed, depending on application, rear mounted remote switch allows operator more control over which speed and pressure each particular job requires. As a safety feature, the switch will not function unless the park brake is set on the vehicle.
41. **COLOR**
Standard color Gloss Black. Two (2) parts epoxy primer, two (2) finish coats polyurethane with epoxy hardener.
42. **SERVICE MANUALS AND TRAINING**
H.D. Industries, will furnish two (2) parts, service and operators manuals with a two (2) day training program for each machine and delivery.
43. **WARRANTY**
H.D. Industries warrants the **Pro-Patch** Asphalt Pothole Patcher for a full twelve (12) months against defects in material and workmanship of the body and on all parts and labor.





P.O. Box 400
Austin, TX 78767-0400
800.695.2919 | 512.467.0222 | Fax: 800.211.5454
buyboard.com

November 9, 2017

Sent via email to: carlton@ftl1.com

Carlton Hempel
Freightliner of Austin
1701 Smith Road
Austin TX 78721

Re: Refuse Bodies, Trailers, Other Bodies
BuyBoard Contract 516-16

The Local Government Purchasing Cooperative (BuyBoard) awarded your company a contract under Refuse Bodies, Trailers, & Other Bodies, Contract 516-16, effective December 1, 2016 through November 30, 2017, with two possible one-year renewals. At this time, we are renewing your contract through **November 30, 2018.**

All discounts, terms, and conditions of your contract will remain the same. If you agree to this renewal, there is nothing you need to do. However, if you do not agree to this renewal, you must notify me immediately via email at connie.burkett@tasb.org.

Reminder: Once a BuyBoard contract is awarded, vendors must generate a minimum of \$15,000 annually or they may not be offered a contract renewal. Evaluations will be made annually, prior to the expiration date of the contract term, and the BuyBoard reserves the right to discontinue the vendor's contract at that time.

Additionally, **all purchase orders must be processed through the BuyBoard. Except as expressly authorized in writing by the Cooperative's administrator, you are not authorized to process a purchase order received directly from a Cooperative member.** Accepting orders directly from a member entity without Cooperative authorization is a violation of the terms of your contract. We request your assistance in immediately forwarding any orders received directly from member entities. Purchase orders may be sent to us either by fax (800-211-5454) or by email (info@buyboard.com). If by chance an order sent directly to you has been unintentionally processed, please forward it to the Cooperative and note it as **RECORD ONLY** to prevent duplication.

If you have questions or comments concerning this renewal, please contact me as soon as possible at connie.burkett@tasb.org. We appreciate your interest in The Local Government Purchasing Cooperative.

Sincerely,

Connie W Burkett, CTSBS
Contract Administrator



P.O. Box 400
Austin, TX 78767-0400
800.695.2919 | 512.467.0222 | Fax: 800.211.5454
buyboard.com

October 19, 2016

Sent Via E-mail: carlton@ftl1.com

Carlton Hempel
Freightliner of Austin
1701 Smith Road
Austin, TX 78721

Re: *Notice of The Local Government Purchasing Cooperative Award*

Proposal Name and Number: Refuse Bodies, Trailers, and Other Bodies No. 516-16

Congratulations, The Local Government Purchasing Cooperative (Cooperative) has awarded your company a BuyBoard® contract based on the above-referenced Proposal. The contract is effective 12/1/2016 through 11/30/2017, with two possible one-year renewals. The contract documents are those identified in Section 3 of the General Terms and Conditions of the specifications.

To view the items your company has been awarded, please review the proposal tabulation No. 516-16 on the following web-site: www.buyboard.com/vendor. Only items marked as awarded to your company can be sold through the BuyBoard contract. In addition, on this website you will find the membership list which will provide you with the names of all entities with membership in our purchasing cooperative.

Enclosed with this letter you will find the following documents:

- Vendor Quick Reference Sheet
- Electronic Catalog Format Instructions
- Vendor Billing Procedures

You are advised that receipt of a purchase order directly from a Cooperative member is not within the guidelines of the Cooperative. Accepting purchase orders directly from Cooperative members may result in a violation of the State of Texas competitive bid statute and termination of this Cooperative BuyBoard contract. **Therefore, all purchase orders must be processed through the BuyBoard in order to comply.** Please forward by fax (1-800-211-5454) any order received directly from a Cooperative member. If you inadvertently process a purchase order sent directly to you by a Cooperative member, please fax the order to the above number and note it as **RECORD ONLY** to prevent duplication.

Per proposal specifications, awarded vendors will have 30 days or sooner to submit their electronic catalog including pricing. If the electronic data is not provided within 30 days or sooner of notice of award, we reserve the right to inactivate any company's award information from the BuyBoard until such time the electronic data is received.

On behalf of the Texas Association of School Boards, we appreciate your interest in the Cooperative and we are looking forward to your participation in the program. If you have any questions, please contact **BuyBoard Procurement Staff** at 800-695-2919.

Sincerely,

Arturo Salinas
BuyBoard Procurement Director
v.12.15



The Local Government Purchasing Cooperative is endorsed by the Texas Association of School Boards,
Texas Municipal League, Texas Association of Counties, and the Texas Association of School Administrators.

October 19, 2016

Sent Via E-mail: carlton@ftl1.com

Carlton Hempel
Freightliner of Austin
1701 Smith Road
Austin, TX 78721

Re: Notice of National Purchasing Cooperative Piggy-Back Award

Proposal Name and Number: Refuse Bodies, Trailers, and Other Bodies, Proposal No. 516-16

Congratulations, The National Purchasing Cooperative (National Cooperative) has awarded your company a BuyBoard® contract based on the above-referenced Proposal. As provided for in the Proposal and your National Purchasing Cooperative Vendor Award Agreement, you are authorized to sell the goods and services awarded under the Proposal to National Cooperative members in states other than Texas through the BuyBoard. The contract is effective 12/1/2016 through 11/30/2017, with two possible one-year renewals.

The National Cooperative membership list is available at our website www.buyboard.com/vendor. The list identifies the current members that may purchase awarded goods and services under your National Cooperative BuyBoard contract.

You are advised that receipt of a purchase order directly from a National Cooperative member is not within BuyBoard guidelines. Accepting purchase orders directly from Cooperative members may result in a violation of applicable competitive procurement law and termination of this National Cooperative BuyBoard contract. **Therefore, all purchase orders from National Cooperative members must be processed through the BuyBoard.** Please forward by fax (1-800-211-5454) any order received directly from a National Cooperative member. If you inadvertently process a purchase order sent directly to you by a National Cooperative member, please fax the order to the above number and note it as **RECORD ONLY** to prevent duplication.

Per proposal specifications, awarded vendors will have 30 days or sooner to submit their electronic catalog including pricing. If the electronic data is not provided within 30 days or sooner of notice of award, we reserve the right to inactivate any company's award information from the BuyBoard until such time the electronic data is received.

On behalf of the National Cooperative, we are looking forward to your participation in the program. If you have any questions, please contact BuyBoard Procurement Staff at 800-695-2919.

Sincerely,



BuyBoard Procurement Director
v.12.15



509

12007 Research Boulevard • Austin, Texas 78759-2439
PH: 800-695-2919 • FAX: 800-211-5454 • www.buyboard.com

PROPOSER'S AGREEMENT AND SIGNATURE

Proposal Name: Refuse Bodies, Trailers, and
Other Bodies

Proposal Opening Date and Time:
April 19, 2016 at 2:00 PM

Proposal Number: 516-16

Location of Proposal Opening:
Texas Association of School Boards, Inc.
BuyBoard Department
12007 Research Blvd.
Austin, TX 78759

Contract Time Period: November 1, 2016
through October 31, 2017 with two (2) possible
one-year renewals.

Anticipated Cooperative Board Meeting Date:
September 2016

Freightliner of Austin

Name of Proposing Company

4-19-16
Date

1701 Smith Rd.

Street Address

Carlton Hempel
Signature of Authorized Company Official

Austin, TX 78721

City, State, Zip

Carlton Hempel

Printed Name of Authorized Company Official

512-389-0000

Telephone Number of Authorized Company Official

Vice President

Position or Title of Authorized Company Official

512-389-2663

Fax Number of Authorized Company Official

26-1564219

Federal ID Number

The proposing company ("you" or "your") hereby acknowledges and agrees as follows:

1. You have carefully examined and understand all Cooperative information and documentation associated with this Proposal Invitation, including the Instructions, General Terms and Conditions, Attachments/Forms, Item Specifications, and Line Items (collectively "Requirements");
2. By your response ("Proposal") to this Proposal Invitation, you propose to supply the products or services submitted at the prices quoted in your Proposal and in strict compliance with the Requirements, unless specific deviations or exceptions are noted in the Proposal;
3. Any and all deviations and exceptions to the Requirements have been noted in your Proposal and no others will be claimed;

H-N
N-Y

CD



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PH: 800-695-2919 • FAX: 800-211-5454 • www.buyboard.com

4. If the Cooperative accepts any part of your Proposal and awards you a contract, you will furnish all awarded products or services at the prices quoted and in strict compliance with the Requirements (unless specific exceptions are noted in the Proposal), including without limitation the Requirements related to:
 - a. conducting business with Cooperative members, including offering pricing to members that is the best you offer compared to similar customers;
 - b. payment of a service fee in the amount specified and as provided for in this Proposal Invitation;
 - c. the **possible** award of a piggy-back contract by another governmental entity, in which event you will offer the awarded goods and services in accordance with the Requirements; and
 - d. submitting price sheets or catalogs in the proper format for posting on the BuyBoard as a prerequisite to activation of your contract;
5. You have clearly identified any information in your Proposal that you believe to be confidential or proprietary or that you do not consider to be public information subject to public disclosure under a Texas Public Information Act request or similar public information law;
6. The individual signing this Agreement is duly authorized to enter into the contractual relationship represented by this Proposal Invitation on your behalf and bind you to the Requirements, and such individual (and any individual signing a Form) is authorized and has the requisite knowledge to provide the information and make the representations and certifications required in the Requirements;
7. You have carefully reviewed your Proposal, and certify that all information provided is true, complete and accurate, and you authorize the Cooperative to take such action as it deems appropriate to verify such information; and
8. Any misstatement, falsification, or omission in your Proposal, whenever or however discovered, may disqualify you from consideration for a contract award under this Proposal Invitation or result in termination of an award or any other remedy or action provided for in the General Terms and Conditions or by law.



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PH: 800-695-2919 • FAX: 800-211-5454 • www.buyboard.com

VENDOR PURCHASE ORDER, REQUEST FOR QUOTES, AND INVOICE RECEIPT OPTIONS

Company: Freightliner of Austin General Contact Name: Carlton Hempel

Purchase Orders: Purchase orders from Cooperative members will be available through the Internet or by facsimile.

Option 1: Internet. Vendors need Internet access and at least one e-mail address so that notification of new orders can be sent to the Internet contact when a new purchase order arrives. An information guide will be provided to vendors that choose this option to assist them with retrieving their orders.

Option 2: Fax. Vendors need a designated fax line available at all times to receive purchase orders.

Please choose only one (1) of the following options for receipt of purchase orders and provide the requested information:

☒ I will use the **INTERNET** to receive purchase orders.

E-mail Address: Carlton@FTL1.com

Internet Contact: Carlton Hempel Phone: 512-389-0000

Alternate E-mail Address: Jay@FTL1.com

Alternate Internet Contact: Jay Hendrix Phone: 512-389-0000

☐ I will receive purchase orders via **FAX**.

Fax Number: _____

Fax Contact: _____ Phone: _____

Request for Quotes ("RFQ"): Cooperative members will send RFQs to you by e-mail. Please provide e-mail addresses for the receipt of RFQs:

E-mail Address: Carlton@FTL1.com

Alternate E-mail Address: Jay@FTL1.com

Invoices: Your company will be billed monthly for the service fee due under a contract awarded under this Proposal Invitation. **All invoices are available on the BuyBoard website and e-mail notifications will be sent when they are ready to be retrieved.** Please provide the following address, contact and e-mail information for receipt of service fee invoices and related communications:

Mailing address: 1701 Smith Rd. **Department:** _____

City: Austin **State:** TX **Zip Code:** 78721

Contact Name: Scott Miiller **Phone:** 512-389-0000

Fax: 512-389-2663 **E-mail Address:** SMiiller@FTL1.com

Alternative E-mail Address: _____



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FORM B

COMM.V.11.18.15

FELONY CONVICTION DISCLOSURE AND DEBARMENT CERTIFICATION

FELONY CONVICTION DISCLOSURE

Subsection (a) of Section 44.034 of the Texas Education Code (Notification of Criminal History of Contractor) states: "A person or business entity that enters into a contract with a school district must give advance notice to the district if the person or an owner or operator has been convicted of a felony. The notice must include a general description of the conduct resulting in the conviction of a felony."

Section 44.034 further states in Subsection (b): "A school district may terminate a contract with a person or business entity if the district determines that the person or business entity failed to give notice as required by Subsection (a) or misrepresented the conduct resulting in the conviction. The district must compensate the person or business entity for services performed before the termination of the contract."

Please check (✓) one of the following:

- ☐ My company is a publicly-held corporation. (Advance notice requirement does not apply to publicly-held corporation.)
☒ My company is not owned or operated by anyone who has been convicted of a felony.
☐ My company is owned/operated by the following individual(s) who has/have been convicted of a felony:

Name of Felon(s): _____

Details of Conviction(s): _____

By signature below, I certify that the above information is true, complete and accurate and that I am authorized by my company to make this certification.

Freightliner of Austin

Company Name



Signature of Authorized Company Official

Carlton Hempel

Printed Name

DEBARMENT CERTIFICATION

Neither my company nor an owner or principal of my company has been debarred, suspended or otherwise made ineligible for participation in Federal Assistance programs under Executive Order 12549, "Debarment and Suspension," as described in the Federal Register and Rules and Regulations.

By signature below, I certify that the above is true, complete and accurate and that I am authorized by my company to make this certification.

Freightliner of Austin

Company Name



Signature of Authorized Company Official

Carlton Hempel

Printed Name

FORM C

COMM.V.11.18.15



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RESIDENT/NONRESIDENT CERTIFICATION

Chapter 2252, Subchapter A, of the Texas Government Code establishes certain requirements applicable to proposers who are not Texas residents. Under the statute, a "resident" proposer is a person whose principal place of business is in Texas, including a person whose ultimate parent company or majority owner has its principal place of business in Texas. A "nonresident" proposer is a person who is not a Texas resident. Please indicate the status of your company as a "resident" proposer or a "nonresident" proposer under these definitions. Please check (✓) one of the following.

☒ I certify that my company is a **Resident Proposer.**

☐ I certify that my company is a **Nonresident Proposer.**

If your company is a Nonresident Proposer, you must provide the following information for your resident state (the state in which your company's principal place of business is located):

_____ Company Name	_____ Address	
_____ City	_____ State	_____ Zip Code

A. Does your resident state require a proposer whose principal place of business is in Texas to under-price proposers whose resident state is the same as yours by a prescribed amount or percentage to receive a comparable contract?

☐ Yes ☐ No

B. What is the prescribed amount or percentage? \$_____ or _____%

VENDOR EMPLOYMENT CERTIFICATION

Section 44.031(b) of the Texas Education Code establishes certain criteria that a school district must consider when determining to whom to award a contract. Among the criteria for certain contracts is whether the vendor or the vendor's ultimate parent or majority owner (i) has its principal place of business in Texas; or (ii) employs at least 500 people in Texas.

If neither your company nor the ultimate parent company or majority owner has its principal place of business in Texas, does your company, ultimate parent company, or majority owner employ at least 500 people in Texas? Please check (✓) one of the following.

☐ Yes ☒ No

By signature below, I certify that the information in Sections 1 (*Resident/Nonresident Certification*) and 2 (*Vendor Employment Certification*) above is true, complete and accurate and that I am authorized by my company to make this certification.

Freightliner of Austin

Company Name



Signature of Authorized Company Official

Carlton Hempel

Printed Name



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HISTORICALLY UNDERUTILIZED BUSINESS CERTIFICATION

A proposer that has been certified as a Historically Underutilized Business (also known as a Minority/Women Business Enterprise or "MWBE" and all referred to in this form as a "HUB") is encouraged to indicate its HUB certification status when responding to this Proposal Invitation. The electronic catalogs will indicate HUB certifications for vendors that properly indicate and document their HUB certification on this form.

Please check (✓) all that apply

- ☐ I certify that my company has been certified as a HUB in the following categories:
- ☐ **Minority Owned Business**
 - ☐ **Women Owned Business**
 - ☐ **Service-Disabled Veteran Owned Business (veteran defined by 38 U.S.C. §101(2), who has a service-connected disability as defined by U.S.C. § 101(16), and who has a disability rating of 20% or more as determined by the U. S. Department of Veterans Affairs or Department of Defense)**

Certification Number:

Name of Certifying Agency:

☒ My company has **NOT** been certified as a HUB.

By signature below, I certify that the above is true, complete and accurate and that I am authorized by my company to make this certification.

Freightliner of Austin
Company Name

Signature of Authorized Company Official
Carlton Hempel
Printed Name



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AFFIRMATION REGARDING CONSTRUCTION-RELATED GOODS AND SERVICES

A contract awarded under this Proposal Invitation covers only the specific goods and services awarded by the BuyBoard. As explained in the BuyBoard Construction Related Goods and Services Advisory for Texas Members ("Advisory"), **Texas law prohibits the procurement of architecture or engineering services through a purchasing cooperative. This BuyBoard contract does not include such services. Architecture or engineering services must be procured by a Cooperative member separately, in accordance with the Professional Services Procurement Act (Chapter 2254 of the Texas Government Code) and other applicable law and local policy.**

The Advisory, attached to this Form F, provides an overview of certain legal requirements that are potentially relevant to a Cooperative member's procurement of construction or construction-related goods and services, including those for projects that may involve or require architecture, engineering or independent testing services.

By signature below, the undersigned affirms that Proposer has read and understands the Advisory attached to this Form F and is authorized by Proposer to make this affirmation. If Proposer sells construction-related goods or services to a Cooperative member under a BuyBoard contract awarded under this Proposal Invitation, Proposer will comply with the Advisory and applicable legal requirements, make a good faith effort to make its Cooperative member customers or potential Cooperative member customers aware of such requirements, and provide a Cooperative member with a copy of the Advisory before executing a Member Construction Contract with the member or accepting the member's purchase order for construction-related goods or services, whichever comes first.

	<u>Freightliner of Austin</u> Company Name
<u>Signature of Authorized Company Official</u>	<u>Carlton Hempel</u> Printed Name
	<u>4-19-16</u> Date



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BUYBOARD PROCUREMENT AND CONSTRUCTION-RELATED GOODS AND SERVICES ADVISORY FOR TEXAS MEMBERS

Why make purchases using BuyBoard? Purchasing through a cooperative or “interlocal contract” satisfies the requirement of local governments to seek competitive procurement for the purchase of goods or services.ⁱ Therefore, you may purchase goods and services from a vendor through BuyBoard without having to conduct your own competitive procurement. If, however, you are procuring construction-related services through a BuyBoard Job Order Contract (JOC) or contract for the installation of equipment or materials (e.g., athletic fields and surfaces, kitchen equipment, HVAC, playground equipment, or modular buildings), you may, as explained in this Advisory, need to procure certain aspects of these services using a separate procurement process outside of the BuyBoard and should consult your procurement officer and/or legal advisor for specific advice.

What is BuyBoard’s Procurement Process? The BuyBoard uses a competitive procurement process to award contracts to vendors for goods and services that the BuyBoard determines, based on an evaluation of multiple criteria, represents the best value for its members.

How does BuyBoard award a contract to a vendor? As a condition of being awarded a BuyBoard contract, a vendor is bound by and must agree to comply with all the terms of the BuyBoard’s proposal invitation (or specifications), the vendor’s proposal response, and any additional contract terms negotiated with the BuyBoard member. Among other things, the vendor must honor the pricing submitted in the vendor’s proposal. **THE PRICE YOU PAY FOR THE GOODS AND SERVICES COVERED BY THE BUYBOARD CONTRACT MAY BE LESS THAN THE AWARDED PRICING, BUT CANNOT BE MORE.** Additionally, the vendor must comply with the BuyBoard contract’s general terms and conditions, and any additional terms and conditions that apply to the specific BuyBoard contract, as set out in the proposal invitation.

How does a BuyBoard member make purchases through the BuyBoard contract? You utilize the awarded BuyBoard contract by issuing a signed purchase order through the BuyBoard online application to procure the selected goods or services. Although BuyBoard must receive a copy of the signed purchase order, BuyBoard does not review or approve the purchase order or other supplemental agreement that you obtain – this is a matter between you and the vendor. If construction-related services are procured through the BuyBoard, additional contracts with professionals and the contractor may be required, depending on the nature and scope of the services. As stated above, you should consult your procurement officer and/or legal advisor for specific advice.

How do I know that my entity has made a purchase through the BuyBoard?

BuyBoard must have a copy of the purchase order in order for the purchase to be considered a BuyBoard procurement. To ensure that your entity has satisfied state law requirements for competitive procurement, make sure that the BuyBoard has your purchase order. Do not rely on the vendor to submit the purchase order on your behalf; it is your responsibility to make sure that the BuyBoard has the signed purchase order. You may log in to www.buyboard.com using your member I.D. and password to view the Purchase Order Status Report to confirm that the purchase order is in the BuyBoard system.

What should BuyBoard members consider when using BuyBoard for construction-related purchases? While purchasing goods and services through BuyBoard satisfies your legal requirement to competitively procure a good or service, as a general matter you must keep in mind other legal requirements that may relate to the purchase, especially when using BuyBoard for construction-related procurement.



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When making construction-related purchases through a BuyBoard contract, BuyBoard members must consider the following:

- **Best value determination.** In compliance with Texas law and any local policy, your entity must first determine that purchasing through an interlocal contract or purchasing cooperative is the procurement method that will provide best value.ⁱⁱ This is done by the governing body (e.g., board of trustees, council, commissioners' court, etc.) or may be delegated by the governing body to an individual or committee, with written notice.
- **Products or services not covered by the BuyBoard contract.** The BuyBoard contract covers only the specific goods and services awarded by the BuyBoard. If you want to purchase from a BuyBoard vendor goods or services from a BuyBoard vendor that are not covered by the vendor's BuyBoard contract, such as architectural, design, or engineering services, you must procure them separately in accordance with state law and local policy.
- **Architectural or Engineering and Independent Testing services.** If your procurement includes a construction component that requires architectural or engineering services, you must procure those services separately. **YOU MAY NOT PROCURE ARCHITECTURAL OR ENGINEERING SERVICES THROUGH A BUYBOARD CONTRACT.** Texas law requires architectural and engineering services to be obtained in accordance with the Professional Services Procurement Act (Chapter 2254 of the Texas Government Code) and prohibits them from being procured through a purchasing cooperative.ⁱⁱⁱ
 - **Architecture.** A new building owned by a political subdivision having construction costs exceeding \$100,000 or an alteration or addition to an existing building having construction costs exceeding \$50,000 must have architectural plans and specifications prepared by an architect.^{iv} (An "alteration" or "addition" for purposes of this requirement requires the removal, relocation, or addition of a wall or partition or the alteration or addition of an exit.)
 - **Engineering.** If the goods or services procured through the BuyBoard will involve engineering in which the public health, welfare, or safety is involved, the plans for structural, mechanical, electrical, electronic, fire suppression, geotechnical systems, foundation design, surface water drainage, plumbing and certain roof modifications and associated estimates must be prepared by an engineer, and the engineering construction must be performed under the direct supervision of an engineer.^v The Engineering Practice Act provides two exceptions to this rule – no engineer is required if (1) the project involves mechanical or electrical engineering and will cost \$8,000 or less, or (2) the project does not require mechanical or electrical engineering and will cost \$20,000 or less.^{vi}
 - **Independent Testing.** If acceptance of a facility by a public entity involves independent testing of construction materials engineering and/or verification testing services, the testing services should be procured under the Professional Services Procurement Act, and may not be procured under a BuyBoard contract.
 - **Written Certification.** Effective 09/01/2013, a local governmental entity purchasing construction-related goods and services through a cooperative in an amount that exceeds \$50,000 must designate a person to certify in writing that the project does not require the preparation of plans or specifications by an architect or engineer OR that an architect or engineer has prepared the plans or specifications.^{vii}



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- **Bonds.** You must also consider whether the vendor is required to provide a payment or performance bond. A payment bond is required for contracts that exceed \$25,000 to protect subcontractors who supply labor or materials for the project. A performance bond is required for a contract that exceeds \$100,000, to protect the local government if a contractor fails to complete the project.^{viii} Without payment and performance bonds, if the contractor fails to pay its subcontractors or to complete the project, the public entity that entered the contract can be held responsible for payment claims or costs to complete.
- **Construction Contract.** Even though the procurement of construction or construction-related services may be through the BuyBoard, your construction contract is between your entity and the contractor. The BuyBoard contract's general terms and conditions, standing alone, are not sufficient to document your entity's specific transaction. THEREFORE, YOU SHOULD USE AN APPROPRIATE FORM OF CONSTRUCTION CONTRACT JUST AS YOU WOULD DO IF YOU PROCURED CONSTRUCTION SERVICES INDEPENDENTLY, USING COMPETITIVE SEALED PROPOSALS. The contract must contain provisions required by state law including: performance and payment bonds, requirements for payment of prevailing wages to all construction workers, workers' compensation coverage for all workers and, on projects where contractor employees may have direct contact with students, criminal history record checks. Other provisions which should be considered in the construction contract are retainage, contingency, liquidated damages and dispute resolution, among others. By supplementing the BuyBoard contract with an appropriate form of construction contract, you ensure that your entity's unique interests are addressed and that your entity can enforce the contract directly.
- **Legal advice.** Because of the variety of laws that relate to construction-related purchasing and the potential risk of high exposure, you are well-advised to consult with your entity's legal counsel before procuring construction-related goods and services under any procurement method, including a purchasing cooperative.

This Advisory is provided for educational purposes only to facilitate a general understanding of the law. This Advisory is neither an exhaustive treatment on the subject nor is it intended to substitute for the advice of an attorney.

For more information about BuyBoard, contact us at 800-695-2919.

-
- i. Tex. Gov't Code §791.025 and Tex. Local Gov't Code §271.102.
 - ii. Tex. Ed. Code §44.031(a) (school districts); Tex. Local Gov't Code §252.043(a)(municipalities) and §262.022(5-a) and §262.027(counties)
 - iii. Tex. Gov't Code §2254.004 and §791.011(h)
 - iv. Tex. Occ. Code §1051.703
 - v. Tex. Occ. Code §1001.0031(c)
 - vi. Tex. Occ. Code §1001.053
 - vii. Tex. Gov't Code §791.011(j), effective September 1, 2013
 - viii. Tex. Gov't Code §2253.021(a)

Issued March 31, 2014



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DEVIATION AND COMPLIANCE SIGNATURE FORM

If your company intends to deviate from the General Terms and Conditions, Item Specifications or other requirements associated with this Proposal Invitation, you must list all such deviations on this form, and provide complete and detailed information regarding the deviations on this form, an attachment to this form, or elsewhere in your Proposal. (If you do not provide the information on or as an attachment to this form, the information must be clearly identified in your Proposal.) The Cooperative will consider any deviations in its contract award decision, and reserves the right to accept or reject a proposal based upon any submitted deviation.

In the absence of any deviation identified and described in accordance with the above, your company must fully comply with the General Terms and Conditions, Item Specifications and all other requirements associated with this Proposal Invitation if awarded a contract under this Proposal Invitation.

- ☒ **No;** Deviations
☐ **Yes;** Deviations

List and fully explain any deviations you are submitting:

PLEASE PROVIDE THE FOLLOWING INFORMATION:

1. Shipping Via: ☐ Common Carrier ☒ Company Truck ☐ Prepaid and Add to Invoice ☐ Other:

2. Payment Terms: ☒ Net 30 days ☐ 1% in 10/Net 30 days ☐ Other:

3. Number of Days for Delivery: 60+ ARO

4. Vendor Reference/Quote Number: Buy Board Trailers

5. State your return policy: No returns

6. Are electronic payments acceptable? ☒ Yes ☐ No

7. Are credit card payments acceptable? ☐ Yes ☒ No

Freightliner of Austin

Company Name


Signature of Authorized Company Official

FORM G

Carlton Hempel

Printed Name

COMM.V.11.18.15



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DEALERSHIP LISTINGS

If you have more than one location that will service a contract awarded under this Proposal Invitation, please list each location below. If additional sheets are required, please duplicate this form as necessary.

Freightliner of Austin

Company Name

1701 Smith Rd.

Address

Austin

TX

78721

City

State

Zip

512-389-0000

512-389-2663

Phone Number

Fax Number

Carlton Hempel

Contact Person

Company Name

Address

City

State

Zip

Phone Number

Fax Number

Contact Person



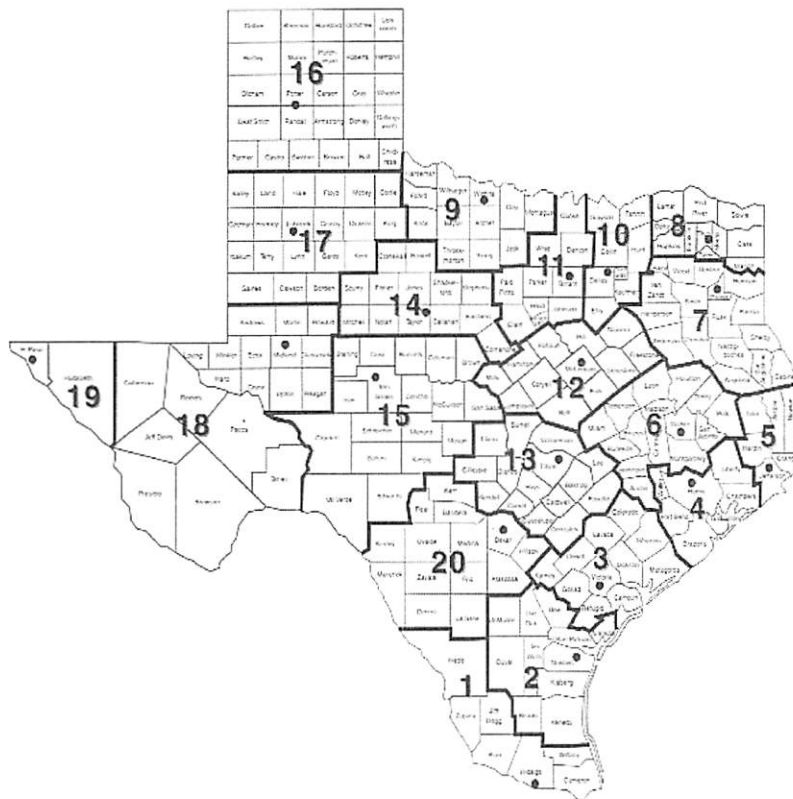
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TEXAS REGIONAL SERVICE DESIGNATION

Unless you designate otherwise on this form, you agree to service members of The Local Government Purchasing Cooperative statewide!

The Cooperative (referred to as "Texas Cooperative" in this form and in the State Service Designation form) offers vendors the opportunity to service its members throughout the entire State of Texas. If you do not plan to service all Texas Cooperative members statewide, you **must** indicate the specific regions you will service on this form. Additionally, if you do not plan to service Texas Cooperative members (i.e., if you will service only states other than Texas), you must so indicate on this form.

Regional Education Service Centers



- ☒ I will service Texas Cooperative members statewide.
- ☐ I will not service Texas Cooperative members statewide. I will only service members in the regions checked below:

Region	Headquarters
☐ 1	Edinburg
☐ 2	Corpus Christi
☐ 3	Victoria
☐ 4	Houston
☐ 5	Beaumont
☐ 6	Huntsville
☐ 7	Kilgore
☐ 8	Mount Pleasant
☐ 9	Wichita Falls
☐ 10	Richardson
☐ 11	Fort Worth
☐ 12	Waco
☐ 13	Austin
☐ 14	Abilene
☐ 15	San Angelo
☐ 16	Amarillo
☐ 17	Lubbock
☐ 18	Midland
☐ 19	El Paso
☐ 20	San Antonio

Freightliner of Austin

Company Name

Signature of Authorized Company Official

Carlton Hempel

Printed Name

- ☐ I will not service members of the Texas Cooperative.



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STATE SERVICE DESIGNATION

The Cooperative offers vendors the opportunity to service other governmental entities in the United States, including intergovernmental purchasing cooperatives such as the National Purchasing Cooperative BuyBoard. You must complete this form if you plan to service the entire United States, or will service only the specific states indicated. *(Note: If you plan to service Texas Cooperative members, be sure that you complete the Texas Regional Service Designation form.)*

☒ I will service all states in the United States.

☐ I will not service all states in the United States. I will service only the states checked below:

- | | |
|--|---|
| ☐ Alabama | ☐ Nebraska |
| ☐ Alaska | ☐ Nevada |
| ☐ Arizona | ☐ New Hampshire |
| ☐ Arkansas | ☐ New Jersey |
| ☐ California (Public Contract Code 20118 & 20652) | ☐ New Mexico |
| ☐ Colorado | ☐ New York |
| ☐ Connecticut | ☐ North Carolina |
| ☐ Delaware | ☐ North Dakota |
| ☐ District of Columbia | ☐ Ohio |
| ☐ Florida | ☐ Oklahoma |
| ☐ Georgia | ☐ Oregon |
| ☐ Hawaii | ☐ Pennsylvania |
| ☐ Idaho | ☐ Rhode Island |
| ☐ Illinois | ☐ South Carolina |
| ☐ Indiana | ☐ South Dakota |
| ☐ Iowa | ☐ Tennessee |
| ☐ Kansas | ☐ Texas |
| ☐ Kentucky | ☐ Utah |
| ☐ Louisiana | ☐ Vermont |
| ☐ Maine | ☐ Virginia |
| ☐ Maryland | ☐ Washington |
| ☐ Massachusetts | ☐ West Virginia |
| ☐ Michigan | ☐ Wisconsin |
| ☐ Minnesota | ☐ Wyoming |
| ☐ Mississippi | |
| ☐ Missouri | |
| ☐ Montana | |

This form will be used to ensure that you can service other governmental entities throughout the United States as indicated. Your signature below confirms that you understand your service commitments during the term of a contract awarded under this proposal.

Freightliner of Austin

Company Name


Signature of Authorized Company Official

Carlton Hempel

Printed Name



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NATIONAL PURCHASING COOPERATIVE VENDOR AWARD AGREEMENT

In accordance with the Terms and Conditions associated with this Proposal Invitation, a contract awarded under this Proposal Invitation may be "piggy-backed" by another governmental entity. The National Purchasing Cooperative is an intergovernmental purchasing cooperative formed by certain school districts outside of Texas to serve its members throughout the United States. If you agree to be considered for a piggy-back award by the National Purchasing Cooperative, you agree to the following terms and agree to serve National Purchasing Cooperative members in the states you have indicated on the State Service Designation form, in your Proposal.

By signing this form, Proposer (referred to in this Agreement as "Vendor") agrees as follows:

1. Vendor acknowledges that if The Local Government Purchasing Cooperative ("Texas Cooperative") awards Vendor a contract under this Proposal Invitation ("Underlying Award"), the National Purchasing Cooperative ("National Cooperative") may - but is not required to - "piggy-back" on or re-award all or a portion of that Underlying Award ("Piggy-Back Award"). By signing this National Cooperative Vendor Award Agreement ("Agreement"), Vendor accepts and agrees to be bound by any such Piggy-Back Award as provided for herein.
2. In the event National Cooperative awards Vendor a Piggy-Back Award, the National Cooperative Administrator ("BuyBoard Administrator") will notify Vendor in writing of such Piggy-Back Award, which award shall commence on the effective date stated in the Notice and end on the expiration date of the Underlying Award, subject to annual renewals as authorized in writing by the BuyBoard Administrator. Vendor agrees that no further signature or other action is required of Vendor in order for the Piggy-Back Award and this Agreement to be binding upon Vendor. Vendor further agrees that no interlineations or changes to this Agreement by Vendor will be binding on National Cooperative, unless such changes are agreed to by its BuyBoard Administrator in writing.
3. Vendor agrees that it shall offer its goods and services to National Cooperative members at the same unit pricing and same general terms and conditions, subject to applicable state laws in the state of purchase, as required by the Underlying Award. However, nothing in this Agreement prevents Vendor from offering National Cooperative members better (i.e., lower) competitive pricing and more favorable terms and conditions than those in the Underlying Award.
4. Vendor hereby agrees and confirms that it will serve those states it has designated on the State Service Designation Form of this Proposal Invitation. Any changes to the states designated on the State Service Designation Form must be approved in writing by the BuyBoard Administrator.
5. Vendor agrees to pay National Cooperative the service fee provided for in the Underlying Award based on the amount of purchases generated from National Cooperative members through the Piggy-Back Award. Vendor shall remit payment to National Cooperative on such schedule as it specifies (which shall not be more often than monthly). Further, upon request, Vendor shall provide National Cooperative with copies of all purchase orders generated from National Cooperative members for purposes of reviewing and verifying purchase activity. Vendor further agrees that National Cooperative shall have the right, upon reasonable written notice, to review Vendor's records pertaining to purchases made by National Cooperative members in order to verify the accuracy of service fees.



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6. Vendor agrees that the Underlying Award, including its General Terms and Conditions, are adopted by reference to the fullest extent such provisions can reasonably apply to the post-proposal/contract award phase. The rights and responsibilities that would ordinarily inure to the Texas Cooperative pursuant to the Underlying Award shall inure to National Cooperative; and, conversely, the rights and responsibilities that would ordinarily inure to Vendor in the Underlying Award shall inure to Vendor in this Agreement. Vendor recognizes and agrees that Vendor and National Cooperative are the only parties to this Agreement, and that nothing in this Agreement has application to other third parties, including the Texas Cooperative. In the event of conflict between this Agreement and the terms of the Underlying Award, the terms of this Agreement shall control, and then only to the extent necessary to reconcile the conflict.

7. This Agreement shall be governed and construed in accordance with the laws of the State of Rhode Island and venue for any dispute shall lie in the federal district court of Alexandria, Virginia.

8. Vendor acknowledges and agrees that the award of a Piggy-Back Award is within the sole discretion of National Cooperative, and that this Agreement does not take effect unless and until National Cooperative awards Vendor a Piggy-Back Award and the BuyBoard Administrator notifies Vendor in writing of such Piggy-Back Award as provided for herein.

WHEREFORE, by signing below Vendor agrees to the foregoing and warrants that it has the authority to enter into this Agreement.

Freightliner of Austin

Name of Vendor

A handwritten signature in blue ink, appearing to read "Carlton Hempel", written over a horizontal line.

Signature of Authorized Company Official

516-16

Proposal Invitation Number

Carlton Hempel

Printed Name of Authorized Company Official

4-19-16

Date



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FEDERAL AND STATE/PURCHASING COOPERATIVE DISCOUNT COMPARISON FORM

The Cooperative strives to provide its members with the best services and products at the best prices available. The Cooperative determines whether prices/discounts are fair and reasonable by comparing prices/discounts stated in your Proposal with prices/discounts you offer federal and state entities and other interlocal purchasing cooperatives (collectively referred to as "purchasing cooperative" in this form). Please respond to the following questions.

1. Provide the dollar value of sales to or through purchasing cooperatives at or based on an established catalog or market price during the previous 12-month period or the last fiscal year: \$ 286,101 (The period of the 12 month period is 1/01/15 / 12/31/15). In the event that a dollar value is not an appropriate measure of the sales, provide and describe your own measure of the sales of the item(s).

2. Based on your written discounting policies are the discounts you offer the Cooperative equal to or better than the best price you offer other purchasing cooperatives acquiring the same items regardless of quantity or terms and conditions?

YES ☒ NO ☐

3. Based on your written discounting policies, provide the information requested below for other purchasing cooperatives, either in the chart below or in an equivalent format. Rows should be added to accommodate as many purchasing cooperatives as required.

PURCHASING GROUP	DISCOUNT (%)	QUANTITY/VOLUME	FOB TERM
1. Federal General Services Adm.			
2. T-PASS			
3. U.S. Communities Purchasing Alliance			
4. The Cooperative Purchasing Network			
5. Houston-Galveston Area Council			
6. Other			

☒ **MY COMPANY DOES NOT CURRENTLY HAVE ANY OF THE ABOVE OR SIMILAR TYPE CONTRACTS.**

CURRENT BUYBOARD VENDORS

If you are a current BuyBoard vendor, indicate the discount for your current BuyBoard contract and the proposed discount in this Proposal. Explain any difference between your current and proposed discounts.

Current Discount (%): 0 Proposed Discount (%): 0

Explanation: _____

By signature below, I certify that the above is true, complete and accurate and that I am authorized by my company to make this certification.

Freightliner of Austin

Company Name

Carlton Hempel

Printed Name

Signature of Authorized Company Official

FORM L

COMM.V.11.18.15



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GOVERNMENTAL REFERENCES AND PRICE/DISCOUNT INFORMATION

For your Proposal to be considered, you must supply a minimum of five (5) individual governmental entity references. Provide the information requested below, including the existing price/discounts you offer each customer. The Cooperative determines whether prices/discounts are fair and reasonable by comparing prices/discounts stated in your Proposal with the prices/discounts you offer other governmental customers. Attach additional pages if necessary.

Entity Name	Contact	Phone#	Discount	Quantity/ Volume	FOB Term
1. LCRA	Troy Fulmar	512-482-6247	0%	1	Net 30
2. Travis Co.	Mike Joyce	512-854-4658	0%	3	Net 30
3. Bastrop Co.	Melissa Jackson	512-332-7210	0%	1	Net 30
4. City of Austin Will O'Connor		512-927-3297	0%	1	Net 30
5. Williamson Co.	Randy Rogers	512-943-3362	0%	1	Net 30

Do you ever modify your written policies or standard governmental sales practices as identified in the above chart to give better discounts (lower prices) than indicated? YES ☐ NO ☒ If YES, please explain:

By signature below, I certify that the above is true and correct and that I am authorized by my company to make this certification.

Freightliner of Austin
Company Name


Signature of Authorized Company Official

Carlton Hempel
Printed Name



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MARKETING STRATEGY

For your Proposal to be considered, you must submit the Marketing Strategy you will use if the Cooperative accepts all or part of your Proposal. *(Example: How your company will initially inform Cooperative members of your BuyBoard contract, and how you will continue to support the BuyBoard for the duration of the contract period.)*

Attach additional pages if necessary.

Freightliner of Austin will continue to market the BuyBoard in a manner consistent with what we have done on previous contracts. We will continue to market our services to existing BuyBoard members through follow ups and product demonstrations. We will market the BuyBoard to new members through our participation in trade associations and municipal associations.

Freightliner of Austin

Company Name

A handwritten signature in blue ink, appearing to read "Carlton Hempel".

Signature of Authorized Company Official

Carlton Hempel

Printed Name



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CONFIDENTIAL/PROPRIETARY INFORMATION FORM

A. Public Disclosure Laws

All Proposals, forms, documentation, or other materials submitted by Vendor to the Cooperative in response to this Proposal Invitation may be subject to the disclosure requirements of the Texas Public Information Act (Texas Government Code chapter 552.001, *et. seq.*) or similar disclosure law. Proposer must clearly identify on this form any information in its Proposal (including forms, documentation, or other materials submitted with the Proposal) that Proposer considers proprietary or confidential. If Proposer fails to properly identify the information, the Cooperative shall have no obligation to seek protection of such information from public disclosure should a member of the public or other third party request access to the information under the Texas Public Information Act or similar disclosure law. Proposer will be notified of any third party request for information in a Proposal that Proposer has identified in this form as proprietary or confidential.

Does your Proposal (including forms, documentation, or other materials submitted with the Proposal) contain information which Vendor considers proprietary or confidential?

Please check (✓) one of the following:



NO, I certify that none of the information included with this Proposal is considered confidential or proprietary.



YES, I certify that this Proposal contains information considered confidential or proprietary and all such information is specifically identified on this form.

If you responded "YES", you must identify below the specific information you consider confidential or proprietary. List each page number, form number, or other information sufficient to make the information readily identifiable. The Cooperative and its Administrator will not be responsible for a Proposer's failure to clearly identify information considered confidential or proprietary. Further, by submitting a Proposal, Proposer acknowledges that the Cooperative and its Administrator will disclose information when required by law, even if such information has been identified herein as information the vendor considers confidential or proprietary.

Confidential / Proprietary Information:

(Attach additional sheets if needed.)



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B. Copyright Information

Does your Proposal (including forms, documentation, or other materials submitted with the Proposal) contain copyright information?

Please check (✓) one of the following:

☒ **NO**, Proposal (including forms, documentation, or other materials submitted with the Proposal) does not contain copyright information.

☐ **YES**, Proposal (including forms, documentation, or other materials submitted with the Proposal) does contain copyright information.

If you responded "YES", identify below the specific documents or pages containing copyright information.

Copyright Information: _____

(Attach additional sheets if needed.)

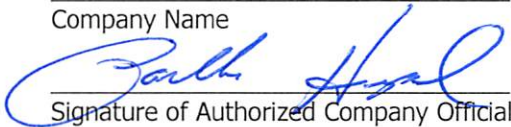
C. Consent to Release Confidential/Proprietary/Copyright Information to BuyBoard Members

BuyBoard members (Cooperative and nonprofit members) seeking to make purchases through the BuyBoard may wish to view information included in the Proposals of awarded Vendors. If you identified information on this form as confidential, proprietary, or subject to copyright, and you are awarded a BuyBoard contract, your acceptance of the BuyBoard contract award constitutes your consent to the disclosure of such information to BuyBoard members, including posting of such information on the secure BuyBoard website for members. Note: Neither the Cooperative nor its Administrator will be responsible for the use or distribution of information by BuyBoard members or any other party.

By signature below, I certify that the information in this form is true, complete, and accurate and that I am authorized by my company to make this certification and all consents and agreements contained herein.

Freightliner of Austin

Company Name



Signature of Authorized Company Official

Carlton Hempel

Printed Name

4-19-16

Date



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VENDOR BUSINESS NAME FORM

By submitting a Proposal, Proposer is seeking to enter into a legal contract with the Cooperative. As such, a Proposer must be an individual or legal business entity capable of entering into a binding contract. Proposers, must completely and accurately provide the information requested below or your Proposal may be deemed non-responsive.

Name of Proposing Company:

*Austin Truck + Equipment CTA dba
Freightliner of Austin*

(List the legal name of the company seeking to contract with the Cooperative. Do NOT list an assumed name, dba, aka, etc. here. Such information may be provided below. If you are submitting a joint proposal with another entity to provide the same proposed goods or services, each submitting entity should complete a separate vendor information form. Separately operating legal business entities, even if affiliated entities, which propose to provide goods or services separately must submit their own Proposals.)

Please check (✓) one of the following:

Type of Business:

Individual/Sole Proprietor _____
Corporation _____
Limited Liability Company _____
Partnership ☒ _____
Other _____

If other, identify _____

State of Incorporation (if applicable): _____

Federal Employer Identification Number: _____

(Vendor must include a completed IRS W-9 form with their proposal)

List the Name(s) by which Vendor, if awarded, wishes to be identified on the BuyBoard: *(Note: If different than the Name of Proposing Company listed above, only valid trade names (dba, aka, etc.) of the Proposing Company may be used and a copy of your Assumed Name Certificate(s), if applicable, must be attached.)*

Freightliner of Austin

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return) AUSTIN TRUCK & EQUIPMENT, LTD.	
	Business name/disregarded entity name, if different from above FREIGHTLINER OF AUSTIN	
	Check appropriate box for federal tax classification: ☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate ☒ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ P ☐ Other (see instructions) ▶	
	Exemptions (see instructions): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____	
	Address (number, street, and apt. or suite no.) 1701 SMITH RD. City, state, and ZIP code AUSTIN, TX 78721 List account number(s) here (optional)	
Requester's name and address (optional)		

Part I Taxpayer Identification Number (TIN) Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3. Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.	Social security number <table border="1"><tr><td></td><td></td><td></td><td>-</td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td></tr></table> Employer identification number <table border="1"><tr><td>2</td><td>6</td><td>-</td><td>1</td><td>5</td><td>6</td><td>4</td><td>2</td><td>1</td><td>9</td></tr></table>				-			-					2	6	-	1	5	6	4	2	1	9
			-			-																
2	6	-	1	5	6	4	2	1	9													

Part II Certification Under penalties of perjury, I certify that: 1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3. I am a U.S. citizen or other U.S. person (defined below), and 4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct. Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.	Sign Here Signature of U.S. person ▶ <i>Lisa Arila</i> Date ▶ <i>4-14-16</i>
--	---

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at www.irs.gov/w9. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the

withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.



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EDGAR VENDOR CERTIFICATION FORM **(2 CFR Part 200 and Appendix II)**

When a Cooperative member seeks to procure goods and services using funds under a federal grant or contract, specific federal laws, regulations, and requirements may apply in addition to those under state law. This includes, but is not limited to, the procurement standards of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200 (sometimes referred to as the "Uniform Guidance" or new "EDGAR"). All Vendors submitting proposals must complete this EDGAR Certification Form regarding Vendor's willingness and ability to comply with certain requirements which *may* be applicable to specific Cooperative member purchases using federal grant funds. This completed form will be made available to Cooperative members for their use while considering their purchasing options when using federal grant funds. Cooperative members may also require Vendors to enter into ancillary agreements, in addition to the BuyBoard contract's general terms and conditions, to address the member's specific contractual needs, including contract requirements for a procurement using federal grants or contracts.

For each of the items below, Vendor should certify Vendor's agreement and ability to comply, where applicable, by having Vendor's authorized representative check and initial the applicable boxes and sign the acknowledgment at the end of this form. If you fail to complete any item in this form, the Cooperative will consider and may list the Vendor's response on the BuyBoard as "NO," the Vendor is unable or unwilling to comply. A "NO" response to any of the items may, if applicable, impact the ability of a Cooperative member to purchase from the Vendor using federal funds.

1. Vendor Violation or Breach of Contract Terms:

Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 USC 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

Provisions regarding Vendor default are included in the BuyBoard General Terms and Conditions, including Section E.18, Remedies for Default and Termination of Contract. Any Contract award will be subject to such BuyBoard General Terms and Conditions, as well as any additional terms and conditions in any Purchase Order, Cooperative member ancillary contract, or Member Construction Contract agreed upon by Vendor and the Cooperative member which must be consistent with and protect the Cooperative member at least to the same extent as the BuyBoard Terms and Conditions.

The remedies under the Contract are in addition to any other remedies that may be available under law or in equity.

By submitting a Proposal, you agree to these Vendor violation and breach of contract terms.

Vendor Certification, Item 1 (Vendor Violation or Breach of Contract Terms)

☒ **YES, I agree to the above.** (Initial: CA)

☐ **NO, I do NOT agree to the above.** (Initial: _____)



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2. Termination for Cause or Convenience:

For any Cooperative member purchase or contract in excess of \$10,000 made using federal funds, you agree that the following term and condition shall apply:

The Cooperative member may terminate or cancel any purchase order under this Contract at any time, with or without cause, by providing seven (7) business days advance written notice to the Vendor. If this Agreement is terminated in accordance with this Paragraph, the Cooperative member shall only be required to pay Vendor for goods or services delivered to the Cooperative member prior to the termination and not otherwise returned in accordance with Vendor's return policy. If the Cooperative member has paid Vendor for goods or services not yet provided as of the date of termination, Vendor shall immediately refund such payment(s).

If an alternate provision for termination of a Cooperative member purchase for cause and convenience, including the manner by which it will be effected and the basis for settlement, is included in the Cooperative member's purchase order, ancillary agreement, or Member Construction Contract agreed to by the Vendor, the Cooperative member's provision shall control.

Vendor Certification, Item 2 (Termination for Cause or Convenience):

- ☒ **YES, I agree to the above.** (Initial: CH)
☐ **NO, I do NOT agree to the above.** (Initial: _____)
-

3. Equal Employment Opportunity:

Except as otherwise provided under 41 CFR Part 60, all Cooperative member purchases or contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 shall be deemed to include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

The equal opportunity clause provided under 41 CFR 60-1.4(b) is hereby incorporated by reference. Vendor agrees that such provision applies to any Cooperative member purchase or contract that meets the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 and Vendor agrees that it shall comply with such provision.

Vendor Certification, Item 3 (Equal Employment Opportunity):

- ☒ **YES, I agree to the above.** (Initial: CH)
☐ **NO, I do NOT agree to the above.** (Initial: _____)
-



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4. Davis-Bacon Act:

When required by Federal program legislation, Vendor agrees that, for all Cooperative member prime construction contracts/purchases in excess of \$2,000, Vendor shall comply with the Davis-Bacon Act (40 USC 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, Vendor is required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determinate made by the Secretary of Labor. In addition, Vendor shall pay wages not less than once a week.

Current prevailing wage determinations issued by the Department of Labor are available at www.wdol.gov. Vendor agrees that, for any purchase to which this requirement applies, the award of the purchase to the Vendor is conditioned upon Vendor's acceptance of the wage determination.

Vendor further agrees that it shall also comply with the Copeland "Anti-Kickback" Act (40 USC 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

Vendor Certification, Item 4 (Davis-Bacon Act):

- ☒ YES, I agree to the above. (Initial: CH)
- ☐ NO, I do NOT agree to the above. (Initial: _____)
-

5. Contract Work Hours and Safety Standards Act:

Where applicable, for all Cooperative member contracts or purchases in excess of \$100,000 that involve the employment of mechanics or laborers, Vendor agrees to comply with 40 USC 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 USC 3702 of the Act, Vendor is required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 USC 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

Vendor Certification, Item 5 (Contract Work Hours and Safety Standards Act):

- ☒ YES, I agree to the above. (Initial: CH)
- ☐ NO, I do NOT agree to the above. (Initial: _____)
-



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6. Right to Inventions Made Under a Contract or Agreement:

If the Cooperative member's Federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance or experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

Vendor agrees to comply with the above requirements when applicable.

Vendor Certification, Item 6 (Right to Inventions Made Under a Contract or Agreement):

- ☒ **YES, I agree to the above.** (Initial: CSH)
☐ **NO, I do NOT agree to the above.** (Initial: _____)
-

7. Clean Air Act and Federal Water Pollution Control Act:

Clean Air Act (42 USC 7401-7671q.) and the Federal Water Pollution Control Act (33 USC 1251-1387), as amended – Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 USC 7401-7671q.) and the Federal Water Pollution Control Act, as amended (33 USC 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

When required, Vendor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

Vendor Certification, Item 7 (Clean Air Act and Federal Water Pollution Control Act):

- ☒ **YES, I agree to the above.** (Initial: CSH)
☐ **NO, I do NOT agree to the above.** (Initial: _____)
-

8. Debarment and Suspension:

Debarment and Suspension (Executive Orders 12549 and 12689) – A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1966 Comp. p. 189) and 12689 (3 CFR Part 1989 Comp. p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.



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Vendor certifies that Vendor is not currently listed on the government-wide exclusions in SAM, is not debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549. Vendor further agrees to immediately notify the Cooperative and all Cooperative members with pending purchases or seeking to purchase from Vendor if Vendor is later listed on the government-wide exclusions in SAM, or is debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Vendor Certification, Item 8 (Debarment and Suspension):

- ☒ **YES, I agree / certify to the above.** (Initial: CSH)
☐ **NO, I do NOT agree / certify to the above.** (Initial: _____)
-

9. Byrd Anti-Lobbying Amendment:

Byrd Anti-Lobbying Amendment (31 USC 1352) -- Vendors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 USC 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

As applicable, Vendor agrees to file all certifications and disclosures required by, and otherwise comply with, the Byrd Anti-Lobbying Amendment (31 USC 1352).

Vendor Certification, Item 9 (Byrd Anti-Lobbying Amendment):

- ☒ **YES, I agree to the above.** (Initial: CSH)
☐ **NO, I do NOT agree to the above.** (Initial: _____)
-

10. Procurement of Recovered Materials:

For Cooperative member purchases utilizing Federal funds, Vendor agrees to comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act where applicable and provide such information and certifications as a Cooperative member may require to confirm estimates and otherwise comply. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery, and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.



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Vendor Certification, Item 10 (Procurement of Recovered Materials):

- ☒ **YES, I agree to the above.** (Initial: CH)
☐ **NO, I do NOT agree to the above.** (Initial: _____)
-

11. Profit as a Separate Element of Price

For purchases using federal funds in excess of \$150,000, a Cooperative member may be required to negotiate profit as a separate element of the price. See, 2 CFR 200.323(b). When required by a Cooperative member, Vendor agrees to provide information and negotiate with the Cooperative member regarding profit as a separate element of the price for a particular purchase. However, Vendor agrees that the total price, including profit, charged by Vendor to the Cooperative member shall not exceed the awarded pricing, including any applicable discount, under Vendor's Cooperative Contract.

Vendor Certification, Item 11 (Profit as Separate Element of Price):

- ☒ **YES, I agree to the above.** (Initial: CH)
☐ **NO, I do NOT agree to the above.** (Initial: _____)
-

12. General Compliance and Cooperation with Cooperative Members

In addition to the foregoing specific requirements, Vendor agrees, in accepting any Purchase Order from a Cooperative member, it shall make a good faith effort to work with Cooperative members to provide such information and to satisfy such requirements as may apply to a particular Cooperative member purchase or purchases including, but not limited to, applicable recordkeeping and record retention requirements.

Vendor Certification, Item 12 (General Compliance and Cooperation with Cooperative Members):

- ☒ **YES, I agree to the above.** (Initial: CH)
☐ **NO, I do NOT agree to the above.** (Initial: _____)
-

By signature below, I certify that the information in this form is true, complete, and accurate and that I am authorized by my company to make this certification and all consents and agreements contained herein.

Freightliner of Austin
Company Name


Signature of Authorized Company Official

Carlton Hempel
Printed Name



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REQUIRED FORMS CHECKLIST

(Please check (✓) the following)

- ☒ Completed: **Proposer's Agreement and Signature** (Form A)
- ☒ Completed: **Vendor Purchase Order, Request for Quotes, and Invoice Receipt Options** (Form B)
- ☒ Completed: **Felony Conviction Disclosure and Debarment Certification** (Form C)
- ☒ Completed: **Resident/Nonresident Certification** (Form D)
- ☒ Completed: **Historically Underutilized Business (HUB) Certification** (Form E)
- ☒ Completed: **Affirmation Regarding Construction Related Goods and Services** (Form F)
- ☒ Completed: **Deviation/Compliance Signature Form** (Form G)
- ☒ Completed: **Dealership Listings** (Form H)
- ☒ Completed: **Texas Regional Service Designation** (Form I)
- ☒ Completed: **State Service Designation** (Form J)
- ☒ Completed: **National Purchasing Cooperative Vendor Award Agreement** (Form K)
- ☒ Completed: **Federal and State/Purchasing Cooperative Discount Comparison Form** (Form L)
- ☒ Completed: **Governmental References and Price/Discount Information** (Form M)
- ☒ Completed: **Marketing Strategy** (Form N)
- ☒ Completed: **Confidential/Proprietary Information Form** (Form O)
- ☒ Completed: **Vendor Business Name Form with IRS Form W-9** (Form P)
- ☒ Completed: **EDGAR Vendor Certification Form** (Form Q)
- ☒ Completed: **Forms Checklist** (Form R)
- ☒ Completed: **Proposal Specification Form with Catalogs/Pricelists and Manufacturer Letters** (Form S)

**Catalogs/Pricelists must be submitted with proposal response or response will not be considered.*



Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
NOTE 1: Vendors proposing various manufacturer product lines per line item on the Proposal Specification Form must submit the information as follows or proposal may not be considered: • Manufacturers shall be listed in alphabetical order • Vendor's must list one specific percentage discount for each Manufacturer listed. If a vendor's response to Proposal Specification Form states "please see attachment sheet," all manufacturers listed on the attachment sheet must indicate per manufacturer the line item that correlates to the Proposal Specification Form or Vendor's proposal may not be considered. NOTE 2: An awarded Vendor must be approved by the manufacturer to sell, install, and service the brand of equipment submitted. Proposer's responding to this Proposal Invitation should submit an approval letter from each manufacturer. Manufacturer authorization letters must include the regions in which equipment may be sold. NOTE 3: The majority of the optional equipment and upgrade options will be selected at time of Cooperative member order. Optional equipment and upgrade options will be selected at time of order. A DETAILED AND COMPLETE LIST OF ALL OPTIONAL EQUIPMENT AND UPGRADE OPTIONS MUST BE SUBMITTED WITH PROPOSAL FOR PROPOSAL TO BE CONSIDERED!!					
Section I: Refuse Bodies, Containers, and Recyclers					
1	Discount (%) Off Catalog/Pricelist for Front Load Container	Discount (%) Off Catalog/Pricelist for Base Model Front Load Container (2 to 8 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
2	Discount (%) Off Catalog/Pricelist for Side Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Side Load Refuse Container (4 to 38 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
3	Discount (%) Off Catalog/Pricelist for Rear Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Rear Load Refuse Container (6 to 25 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
4	Discount (%) Off Catalog/Pricelist for Automated Side Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Automated Side Load Refuse Container (16 to 32 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal.



Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
5	Discount (%) Off Catalog/Pricelist for Residential Rear Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Residential Rear Load Refuse Container (18 to 32 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
6	Discount (%) Off Catalog/Pricelist for Commercial Rear Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Commercial Rear Load Refuse Container (20 to 32 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
7	Discount (%) Off Catalog/Pricelist for Fully Automated Side Load Container	Discount (%) Off Catalog/Pricelist for Base Model Fully Automated Side Load Container (20 to 31 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
8	Discount (%) Off Catalog/Pricelist for Drop Frame Automated Side Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Drop Frame Automated Side Load Refuse Container (22 to 33 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
9	Discount (%) Off Catalog/Pricelist for Dump Front Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Dump Front Load Refuse Container (23 to 28 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
10	Discount (%) Off Catalog/Pricelist for Commercial Side Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Commercial Side Load Refuse Container (26 to 33 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal.



Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
11	Discount (%) Off Catalog/Pricelist for Commercial Rear Load Container	Discount (%) Off Catalog/Pricelist for Base Model Commercial Rear Load Container (27 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
12	Discount (%) Off Catalog/Pricelist for Residential Rear Load Container	Discount (%) Off Catalog/Pricelist for Base Model Residential Rear Load Container (27 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
13	Discount (%) Off Catalog/Pricelist for Eject Front Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Eject Front Load Refuse Container (28 to 32 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
14	Discount (%) Off Catalog/Pricelist for Commercial Front Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Commercial Front Load Refuse Container (32 to 45 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
15	Discount (%) Off Catalog/Pricelist for Residential Front Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Residential Front Load Refuse Container (40 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
16	Discount (%) Off Catalog/Pricelist for Dual Trough Recycler	Discount (%) Off Catalog/Pricelist for Base Model Dual Trough Recycler (33 to 38 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal.



Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
17	Discount (%) Off Catalog/Pricelist for Trailer Body Only	Discount (%) Off Catalog/Pricelist for Base Model Trailer Body Only (33 to 40 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
18	Discount (%) Off Catalog/Pricelist for Recycling Container	Discount (%) Off Catalog/Pricelist for Base Model Recycling Container (35 to 42 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
19	Discount (%) Off Catalog/Pricelist for Brush or Trash Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Brush or Trash Load Refuse Container (22' boom, seat to swing, hydraulic pump, reservoir, 18 to 20 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
20	Discount (%) Off Catalog/Pricelist for Chassis Mount Side Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Chassis Mount Side Load Refuse Container (various cubic sizes). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
21	Discount (%) Off Catalog/Pricelist for High Capacity Recycler	Discount (%) Off Catalog/Pricelist for Base Model High Capacity Recycler (various cubic sizes). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
22	Discount (%) Off Catalog/Pricelist for Roll Off Container	Discount (%) Off Catalog/Pricelist for Base Model Roll Off Container (20 to 40 cubic yard with rectangular or bathtub design, 1/4" floor, 2 rollers on rear, 3/4" hook plate or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		

PROPOSAL NOTE

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Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
23	Discount (%) Off Catalog/Pricelist for Roll Off Hoist	Discount (%) Off Catalog/Pricelist for Base Model Roll Off Hoist (60,000 lb. Capacity, for 22' containers, air shift PTO/Pump, inside & outside controls, ICC bumper, toolbox and fenders, various cubic sizes. Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
24	Discount (%) Off Catalog/Pricelist for Palift Hook Load Roll Off Hoist	Discount (%) Off Catalog/Pricelist for Base Model Palift Hook Load Roll Off Hoist (9,000 to 68,000 lb. lift capacities 14,500 to 86,000 lb. GVW ratings). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
25	Discount (%) Off Catalog/Pricelist for Semi Trailer	Discount (%) Off Catalog/Pricelist for Base Model Semi Trailer (33 to 37 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
26	Discount (%) Off Catalog/Pricelist for Trailer Mount Side Load Refuse Container	Discount (%) Off Catalog/Pricelist for Base Model Trailer Mount Side Load Refuse Container (various cubic sizes). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
27	Discount (%) Off Catalog/Pricelist for Transfer Trailer	Discount (%) Off Catalog/Pricelist for Base Model Transfer Trailer (75 to 115 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
28	Discount (%) Off Catalog/Pricelist for All Other Base Model Refuse Bodies, Containers, Recyclers, and Hoists	Discount (%) Off Catalog/Pricelist for All Other Base Model Refuse Bodies, Containers, Recyclers, and Hoists. Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal.



Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
NOTE: The majority of the optional equipment and upgrade options will be selected at time of Cooperative member order. A COMPLETE LIST OF ALL OPTIONAL EQUIPMENT AND UPGRADE OPTIONS MUST BE SUBMITTED WITH PROPOSAL FOR PROPOSAL TO BE CONSIDERED!!					
29	Discount (%) Off Catalog/Pricelist for Refuse Bodies, Containers, Recyclers, and Hoists Optional Equipment and Upgrade Options	Discount (%) Off Catalog/Pricelist for Refuse Bodies, Containers, Recyclers, and Hoists, Optional Equipment and Upgrade Options. Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
Section II: Dump Bodies, Concrete Mixers, and Related Items					
30	Discount (%) Off Catalog/Pricelist for Dump Body	Discount (%) Off Catalog/Pricelist for Base Model Dump Body (2 to 18 cubic yard or other similar related containers). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
31	Discount (%) Off Catalog/Pricelist for Concrete Mixer	Discount (%) Off Catalog/Pricelist for Base Model Concrete Mixer (8 to 13 cubic yard or other similar related containers, Truck Mounted). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
32	Discount (%) Off Catalog/Pricelist for Hydraulic Card Board Balers, Drum Crushers and Trash Compactors	Discount (%) Off Catalog/Pricelist for Hydraulic Card Board Balers, Drum Crushers and Trash Compactors. Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
33	Discount (%) Off Catalog/Pricelist for Live Bottom Trailers, Accessories and Attachments	Discount (%) Off Catalog/Pricelist for Base Model Live Bottom Trailers, Accessories and Attachments (various cubic yard sizes, DOT approved lights and standard manufacturer's equipment). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal.



Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
34	Discount (%) Off Catalog/Pricelist for Live Bottom Truck Bodies, Accessories and Attachments	Discount (%) Off Catalog/Pricelist for Base Model Live Bottom Truck Bodies, Accessories and Attachments (various cubic yard sizes, DOT approved lights and standard manufacturer's equipment). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
35	Discount (%) Off Catalog/Pricelist for All Other Dump Bodies, Concrete Mixers, and Related Items	Discount (%) Off Catalog/Pricelist for All Other Dump Bodies Concrete Mixers, and Related Items. Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
NOTE: The majority of the optional equipment and upgrade options will be selected at time of Cooperative member order. A COMPLETE LIST OF ALL OPTIONAL EQUIPMENT AND UPGRADE OPTIONS MUST BE SUBMITTED WITH PROPOSAL FOR PROPOSAL TO BE CONSIDERED!!					
36	Discount (%) Off Catalog/Pricelist for Dump Bodies, Concrete Mixers, and Related Items, Optional Equipment	Discount (%) Off Catalog/Pricelist for Dump Bodies, Concrete Mixers, and Related Items, Optional Equipment. Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
Section III: Trailers					
37	Discount (%) Off Catalog/Pricelist for Utility Trailer	Discount (%) Off Catalog/Pricelist for All Types of Utility Trailers (Min. 2,000 lb. load capacity rated at 60 MPH, DOT approved lights and standard manufacturer's equipment.) Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		

PROPOSAL NOTE

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Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
Section III: Trailers					
38	Discount (%) Off Catalog/Pricelist for Tag Trailer	Discount (%) Off Catalog/Pricelist for Base Model Tag Trailer (18,000 to 40,000 lb. Load capacity rated at 60 MPH, DOT approved lights and standard manufacturer's equipment.) Catalog/Pricelist MUST be included or proposal will not be considered.	<u>0</u> %	Freightliner of Austin Easce Beavce	none
39	Discount (%) Off Catalog/Pricelist for Rigid Gooseneck Trailer	Discount (%) Off Catalog/Pricelist for Base Model Rigid Gooseneck Trailer (70,000 to 100,000 lb. Load capacity rated at 60 MPH, DOT approved lights and standard manufacturer's equipment.) Catalog/Pricelist MUST be included or proposal will not be considered.	<u>0</u> %	Freightliner of Austin Easce Beavce	none
40	Discount (%) Off Catalog/Pricelist for Hydraulic Detachable Gooseneck Trailer	Discount (%) Off Catalog/Pricelist for Base Model Hydraulic Detachable Gooseneck Trailer (70,000 to 100,000 lb. load capacity concentrated in any 16' rated at 60 MPH, DOT approved lights and standard manufacturer's equipment.) Catalog/Pricelist MUST be included or proposal will not be considered.	<u>0</u> %	Freightliner of Austin Easce Beavce	none
41	Discount (%) Off Catalog/Pricelist for Belly Dump Trailer	Discount (%) Off Catalog/Pricelist for Base Model Belly Dump Trailer (various cubic yard sizes, DOT approved lights and standard manufacturer's equipment, SEI, slide and go tarper). Catalog/Pricelist MUST be included or proposal will not be considered.	<u>0</u> %	Freightliner of Austin Construction Trailer specialist	none
42	Discount (%) Off Catalog/Pricelist for Dump Pup Trailer	Discount (%) Off Catalog/Pricelist for Base Model Dump Pup Trailer (various cubic yard sizes, DOT approved lights and standard manufacturer's equipment, ABS brakes, short or long tongue, steel disc wheels). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
43	Discount (%) Off Catalog/Pricelist for End Dump Trailer	Discount (%) Off Catalog/Pricelist for Base Model End Dump Trailer (various cubic yard sizes, DOT approved lights and standard manufacturer's equipment, min. 10 gauge floor, min. 12 gauge sides). Catalog/Pricelist MUST be included or proposal will not be considered.	<u>0</u> %	Freightliner of Austin Construction Trailer specialist	none

PROPOSAL NOTE

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Proposal Invitation No. 516-16-Refuse Bodies, Trailers and Other Bodies

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered¹.)

Item No.	Short Description	Full Description	State Discount Percent (%) off Catalog/Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount Percent (%)
44	Discount (%) Off Catalog/Pricelist for Stock/Ag Trailer	Discount (%) Off Catalog/Pricelist for Base Model Livestock/Agriculture Trailer (various cubic yard sizes, DOT approved lights and standard manufacturer's equipment). Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
45	Discount (%) Off Catalog/Pricelist for All Other Trailers	Discount (%) Off Catalog/Pricelist for All Other Types of Trailers. Catalog/Pricelist MUST be included or proposal will not be considered.	_____ %		
NOTE: The majority of the optional equipment and upgrade options will be selected at time of Cooperative member order. A COMPLETE LIST OF ALL OPTIONAL EQUIPMENT AND UPGRADE OPTIONS MUST BE SUBMITTED WITH PROPOSAL FOR PROPOSAL TO BE CONSIDERED!!					
46	Discount (%) Off Catalog/Pricelist for Trailers - Optional Equipment and Upgrade Options	Discount (%) Off Catalog/Pricelist for Trailers - Optional Equipment and Upgrade Options. Catalog/Pricelist MUST be included or proposal will not be considered.	<u>15.9</u> %		
Section IV: Repair Parts and Supplies					
47	Discount (%) Off Catalog/Pricelist for Repair Parts and Supplies	Discount (%) Off Catalog/Pricelist for Repair Parts and Supplies for all Refuse Bodies, Dump Bodies, Mixers or Trailers. Catalog/Pricelist MUST be included or proposal will not be considered.	<u>15.9 off of list</u> %		
Section V: Installation and Repair Service			Not to Exceed Hourly Labor Rate	Detailed Information on Hourly Labor Rate	Exceptions to Hourly Labor Rate
48	Not to Exceed Hourly Labor Rate for Installation/Repair Service of all Refuse Bodies, Trailers and Other Bodies Equipment	Hourly Labor Rate for Installation/Repair Service of all Refuse Bodies, Trailers and Other Bodies Equipment -- State the Not to Exceed hourly labor rate for Installation/Repair Service of Equipment and Products.	\$ <u>108.00</u> /Hour		

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal.

Construction Trailer Specialists, Inc.

2535 Rose Parkway, Sikeston, MO 63801

Local Phone: 573-481-0941, Toll Free: 888-669-0003, Email: sales@trailerbuilders.com

CONSTRUCTION
TRAILER
SPECIALISTS © ©

Jimmy D. Thomas

In-House Sales Manager

2535 Rose Parkway

Sikeston, MO 63801

573-481-0941

jthomas@trailerbuilders.com

Mr. Carlton Hempel

1701 Smith Road

800-395-2005

carlton@ftl1.com

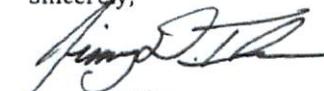
April 18, 2016

Dear, Mr. Hempel

This letter is to inform you that Freightliner of Austin is authorized to sell Construction Trailer Specialist, Inc. trailers at their dealership in Austin, TX.

If you need any additional information, you can contact me at the number above.

Sincerely,



Jimmy D. Thomas

April 12, 2016

Freightliner of Austin
1701 Smith Road
Austin TX 78721

Subject: FRANCHISE DEALER AGREEMENT

This letter serves as manufacturer's confirmation that Freightliner of Austin in Austin TX has been granted dealership rights and privileges by Eager Beaver Trailers, to sell and service the Eager Beaver line of commercial trailers within the state of Texas.

Sincerely,

Dale Taubee
Sales Manager

FREIGHTLINER of AUSTIN



April 19, 2016

Parts pricing and availability is Vehicle Identification Number specific. When we order parts from a manufacturer that we represent the VIN# of the existing trailer is the basis for what the part number is and what the price is for the specific component. There is no catalog format since it is VIN# specific.

Freightliner of Austin will discount the price of repair parts 15% off of the list price for our BuyBoard customers.

Sincerely;

A handwritten signature in blue ink, appearing to read "Carlton Hempel".

Carlton Hempel
Vice President
Freightliner of Austin
512 389 0000



City of Galveston

FLEET FACILITIES STAFF REPORT

August 14, 2018

Brian Maxwell, City Manager
Honorable Mayor and City Council Members

Subject: Consider for the approval allowing the Fleet Facility to purchase the listed service vehicles and associated equipment (mowers) from Deere & Company through Buy Board, for a total price of \$30,123.46 which will be funded from the IDC Fund, and authorize the City Manager to execute the contract upon final approval by the City Attorney.

I. Background

- A. Funding for new equipment has been earmarked for the Parks Department. These mowers will be utilized at the new Fort Crockett complex.
- B. Buy Board and HGAC Buy are cooperative purchasing organizations that the city is a member of that performs bidding packages for local governments. The Fleet Facility has performed competitive bidding packages on current equipment purchases to assure that these purchases are the better option.
- C. Vehicle descriptions are listed on the attached sheet.
- D. The extended purchase price for this package is \$30,123.46.
- E. John Deere (Brookside) is located in League City. This mower will be delivered through Brookside Equipment Sales.
- F. Delivery should be within 30 days from the date of the purchase order issue.

II. Current Situation

The City Council will have to approve allowing the Fleet Facility to purchase the listed service vehicles and associated equipment (mowers) from Deere & Company through Buy Board, for a total price of \$30,123.46 which will be funded from the IDC Fund, and authorize the City Manager to execute the contract upon final approval by the City Attorney.





City of Galveston

FLEET FACILITIES STAFF REPORT

III. Alternatives in order of priority

A. City Council approves the purchase of the listed vehicles.

1. Cost - \$30,123.46
2. Timing - Delivery should be within 30 days.
3. Divisional Improvements - Will provide the city with needed equipment to perform duties. Newer equipment will reduce fleet operational costs and will improve operations.

B. City Council does not approve the purchase of the listed vehicles.

1. Cost - No additional cost at this time.
2. Timing - N/A
3. Divisional Improvements - City staff will not be able to function without needed equipment. Older equipment will take on a heavier load, which will increase operational costs. Operations will slow.

IV. Recommendation

Concur in Alternative A and approve allowing the Fleet Facility purchase the listed service vehicles and associated equipment (mowers) from Deere & Company through Buy Board, for a total price of \$30,123.46 which will be funded from the IDC Fund, and authorize the City Manager to execute the contract upon final approval by the City Attorney.

V. Fiscal Impact Report

Requested by	David Smith Executive Director
Funding Source	IDC
Cost	\$30,123.46
Savings Estimation	Will help reduce unit repair costs on the older fleet vehicles and will assist with improving services.





City of Galveston

FLEET FACILITIES STAFF REPORT

VI. Environmental Impact

All listed vehicles are produced under current EPA standards.

Respectfully Submitted

David Smith
Executive Director



Fund	Job Site	Vehicle	Cost
IDC	53rd Ball Fields	John Deere Field Rake	\$ 12,942.54
IDC	53rd Ball Fields	John Deere Mower Z920M/54	\$ 7,938.71
IDC	53rd Ball Fields	John Deere Mower Z950M/72	\$ 9,242.21
			\$ 30,123.46



ALL PURCHASE ORDERS MUST BE MADE OUT TO (VENDOR):

Deere & Company
2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580; DUNS#: 60-7690989

ALL PURCHASE ORDERS MUST BE SENT TO DELIVERING DEALER:

Brookside Equipment Sales
2135 Gulf Freeway South
League City, TX 77573
281-338-1300
0442@brooksideusa.com

Quote Summary

Prepared For:

City Of Galveston Purchasing Division
Po Box 779
Galveston, TX 77553
Business: 409-797-3574

Delivering Dealer:

Brookside Equipment Sales
Doug Moore
2135 Gulf Freeway South
League City, TX 77573
Phone: 281-338-1300
moore.doug@brooksideusa.com

Buyboard pricing valid for 30 days from date of quotation

Quote ID: 17841998
Created On: 19 July 2018
Last Modified On: 23 July 2018
Expiration Date: 23 August 2018

Equipment Summary

JOHN DEERE MY17 1200A Bunker
and Field Rake

Selling Price

\$ 12,942.54 X

Qty

1 =

Extended

\$ 12,942.54

Contract: TX BuyBoard Grounds Mtnc Equip, Irrigation 529-17 (PG 67 CG 70)

Price Effective Date: July 19, 2018

Equipment Total

\$ 12,942.54

* Includes Fees and Non-contract items

Quote Summary

Equipment Total \$ 12,942.54

Trade In

SubTotal **\$ 12,942.54**

Est. Service \$ 0.00

Agreement Tax

Total \$ 12,942.54

Down Payment (0.00)

Rental Applied (0.00)

Balance Due \$ 12,942.54

Salesperson : X _____

Accepted By : X _____

Confidential



Selling Equipment

Quote Id: 17841998

Customer Name: CITY OF GALVESTON PURCHASING DIVISION

ALL PURCHASE ORDERS MUST BE MADE OUT TO (VENDOR):

Deere & Company
2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580; DUNS#: 60-7690989

ALL PURCHASE ORDERS MUST BE SENT TO DELIVERING DEALER:

Brookside Equipment Sales
2135 Gulf Freeway South
League City, TX 77573
281-338-1300
0442@brooksideusa.com

JOHN DEERE MY17 1200A Bunker and Field Rake

Hours:

Stock Number:

Contract: TX BuyBoard Grounds Mtnc Equip, Irrigation
529-17 (PG 67 CG 70)

Selling Price *
\$ 12,942.54

Price Effective Date: July 19, 2018

* Price per item - includes Fees and Non-contract items

Code	Description	Qty	List Price	Discount%	Discount Amount	Contract Price	Extended Contract Price
430AM	MY16 1200A Bunker and Field Rake	1	\$ 14,879.00	22.00	\$ 3,273.38	\$ 11,605.62	\$ 11,605.62
Standard Options - Per Unit							
001A	US/Canada	1	\$ 0.00	22.00	\$ 0.00	\$ 0.00	\$ 0.00
0443	OM Non CE English/ Spanish	1	\$ 0.00	22.00	\$ 0.00	\$ 0.00	\$ 0.00
1001	Rear Frame	1	\$ 0.00	22.00	\$ 0.00	\$ 0.00	\$ 0.00
2002	Rear Mounted 60 In. Field Finisher	1	\$ -18.00	22.00	\$ -3.96	\$ -14.04	\$ -14.04
3000	(3) Knobby Hi-Flotation Tires and Wheels	1	\$ 0.00	22.00	\$ 0.00	\$ 0.00	\$ 0.00
9011	Mid-Mount Base	1	\$ 510.00	22.00	\$ 112.20	\$ 397.80	\$ 397.80
9013	Narrow Scarifier (Interval) Tines	1	\$ 617.00	22.00	\$ 135.74	\$ 481.26	\$ 481.26
9020	40 In. Front Blade	1	\$ 605.00	22.00	\$ 133.10	\$ 471.90	\$ 471.90
Standard Options Total			\$ 1,714.00		\$ 377.08	\$ 1,336.92	\$ 1,336.92
Value Added Services Total							
			\$ 0.00			\$ 0.00	\$ 0.00
Suggested Price							\$ 12,942.54
Total Selling Price			\$ 16,593.00		\$ 3,650.46	\$ 12,942.54	\$ 12,942.54



ALL PURCHASE ORDERS MUST BE MADE OUT TO (VENDOR):

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2000 John Deere Run
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FED ID: 36-2382580; DUNS#: 60-7690989

ALL PURCHASE ORDERS MUST BE SENT TO DELIVERING DEALER:

Brookside Equipment Sales
2135 Gulf Freeway South
League City, TX 77573
281-338-1300
0442@brooksideusa.com

Quote Summary

Prepared For:

City Of Galveston Purchasing Division
Po Box 779
Galveston, TX 77553
Business: 409-797-3574

Delivering Dealer:

Brookside Equipment Sales
Doug Moore
2135 Gulf Freeway South
League City, TX 77573
Phone: 281-338-1300
moore.doug@brooksideusa.com

Buyboard pricing valid for 30 days from date of quotation

Quote ID: 17841998
Created On: 19 July 2018
Last Modified On: 23 July 2018
Expiration Date: 23 August 2018

Equipment Summary	Selling Price	Qty	Extended
JOHN DEERE Z920M/54 ZTrak	\$ 7,938.71 X	1 =	\$ 7,938.71
Contract: TX BuyBoard Grounds Mtnc Equip, Irrigation 529-17 (PG 67 CG 70)			
Price Effective Date: July 19, 2018			
Equipment Total			\$ 7,938.71

* Includes Fees and Non-contract items

Quote Summary

Equipment Total	\$ 7,938.71
Trade In	
SubTotal	\$ 7,938.71
Est. Service Agreement Tax	\$ 0.00
Total	\$ 7,938.71
Down Payment	(0.00)
Rental Applied	(0.00)
Balance Due	\$ 7,938.71

Salesperson : X _____

Accepted By : X _____

Confidential

Selling Equipment

Quote Id: 17841998

Customer Name: CITY OF GALVESTON PURCHASING DIVISION

ALL PURCHASE ORDERS MUST BE MADE OUT TO (VENDOR):

Deere & Company
2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580; DUNS#: 60-7690989

ALL PURCHASE ORDERS MUST BE SENT TO DELIVERING DEALER:

Brookside Equipment Sales
2135 Gulf Freeway South
League City, TX 77573
281-338-1300
0442@brooksideusa.com

JOHN DEERE Z920M/54 ZTrak

Hours:
Stock Number:
Contract: TX BuyBoard Grounds Mtnc Equip, Irrigation
529-17 (PG 67 CG 70)

Selling Price *
\$ 7,938.71

Price Effective Date: July 19, 2018

* Price per item - includes Fees and Non-contract items

Code	Description	Qty	List Price	Discount%	Discount Amount	Contract Price	Extended Contract Price
2145TC	Z920M ZTrak	1	\$ 9,779.00	21.00	\$ 2,053.59	\$ 7,725.41	\$ 7,725.41
Standard Options - Per Unit							
001A	United States/Canada	1	\$ 0.00	21.00	\$ 0.00	\$ 0.00	\$ 0.00
1036	24x12x12 Pneumatic Turf Tire for 54 In. and 60 In. Decks	1	\$ 0.00	21.00	\$ 0.00	\$ 0.00	\$ 0.00
1502	54 In. Side Discharge Mower Deck	1	\$ 270.00	21.00	\$ 56.70	\$ 213.30	\$ 213.30
2000	Deluxe Comfort Seat with Armrests	1	\$ 0.00	21.00	\$ 0.00	\$ 0.00	\$ 0.00
Standard Options Total			\$ 270.00		\$ 56.70	\$ 213.30	\$ 213.30
Value Added Services Total			\$ 0.00			\$ 0.00	\$ 0.00
Suggested Price							\$ 7,938.71
Total Selling Price			\$ 10,049.00		\$ 2,110.29	\$ 7,938.71	\$ 7,938.71



ALL PURCHASE ORDERS MUST BE MADE OUT TO (VENDOR):

Deere & Company
2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580; DUNS#: 60-7690989

ALL PURCHASE ORDERS MUST BE SENT TO DELIVERING DEALER:

Brookside Equipment Sales
2135 Gulf Freeway South
League City, TX 77573
281-338-1300
0442@brooksideusa.com

Quote Summary

Prepared For:

City Of Galveston Purchasing Division
Po Box 779
Galveston, TX 77553
Business: 409-797-3574

Delivering Dealer:**Brookside Equipment Sales**

Doug Moore
2135 Gulf Freeway South
League City, TX 77573
Phone: 281-338-1300
moore.doug@brooksideusa.com

Buyboard pricing valid for 30 days from date of quotation

Quote ID: 17841998
Created On: 19 July 2018
Last Modified On: 23 July 2018
Expiration Date: 23 August 2018

Equipment Summary	Selling Price	Qty	Extended
JOHN DEERE Z950M/72 Ztrak	\$ 9,242.21 X	1 =	\$ 9,242.21
Contract: TX BuyBoard Grounds Mtn Equip, Irrigation 529-17 (PG 67 CG 70)			
Price Effective Date: July 19, 2018			
Equipment Total			\$ 9,242.21

* Includes Fees and Non-contract items

Quote Summary

Equipment Total	\$ 9,242.21
Trade In	
SubTotal	\$ 9,242.21
Est. Service	\$ 0.00
Agreement Tax	
Total	\$ 9,242.21
Down Payment	(0.00)
Rental Applied	(0.00)
Balance Due	\$ 9,242.21

Salesperson : X _____

Accepted By : X _____

Confidential



Selling Equipment

Quote Id: 17841998

Customer Name: CITY OF GALVESTON PURCHASING DIVISION

ALL PURCHASE ORDERS MUST BE MADE OUT TO (VENDOR):

Deere & Company
2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580; DUNS#: 60-7690989

ALL PURCHASE ORDERS MUST BE SENT TO DELIVERING DEALER:

Brookside Equipment Sales
2135 Gulf Freeway South
League City, TX 77573
281-338-1300
0442@brooksideusa.com

JOHN DEERE Z950M/72 Ztrak

Hours:

Stock Number:

Contract: TX BuyBoard Grounds Mtnc Equip, Irrigation
529-17 (PG 67 CG 70)

Selling Price *
\$ 9,242.21

Price Effective Date: July 19, 2018

* Price per item - includes Fees and Non-contract items

Code	Description	Qty	List Price	Discount%	Discount Amount	Contract Price	Extended Contract Price
0692TC	Z950M Ztrak	1	\$ 11,159.00	21.00	\$ 2,343.39	\$ 8,815.61	\$ 8,815.61
Standard Options - Per Unit							
001A	United States/Canada	1	\$ 0.00	21.00	\$ 0.00	\$ 0.00	\$ 0.00
1037	24x12x12 Pneumatic Turf Tire for 72" Decks	1	\$ 0.00	21.00	\$ 0.00	\$ 0.00	\$ 0.00
1506	72 In. Side Discharge Mower Deck	1	\$ 540.00	21.00	\$ 113.40	\$ 426.60	\$ 426.60
2000	Deluxe Comfort Seat with Armrests	1	\$ 0.00	21.00	\$ 0.00	\$ 0.00	\$ 0.00
Standard Options Total			\$ 540.00		\$ 113.40	\$ 426.60	\$ 426.60
Value Added Services Total			\$ 0.00			\$ 0.00	\$ 0.00
Suggested Price							\$ 9,242.21
Total Selling Price			\$ 11,699.00		\$ 2,456.79	\$ 9,242.21	\$ 9,242.21



P.O. Box 400
Austin, TX 78767-0400
800.695.2919 | 512.467.0222 | Fax: 800.211.5454
buyboard.com

April 26, 2017

Sent Via E-mail: houstoncentral@brooksideusa.com

Tom Bielowicz
Brookside Equipment Sales, Inc.
7707 Mosley
Houston, TX 77017

Re: Notice of The Local Government Purchasing Cooperative Award

Proposal Name and Number: Grounds Maintenance Equipment, Irrigation Parts, Supplies and Installation, Proposal No. 529-17

Congratulations, The Local Government Purchasing Cooperative (Cooperative) has awarded your company a BuyBoard® contract based on the above-referenced Proposal. The contract is effective 6/1/2017 through 5/31/2018, with two possible one-year renewals. The contract documents are those identified in Section 3 of the General Terms and Conditions of the specifications.

To view the items your company has been awarded, please review the proposal tabulation No. 529-17 on the following website: www.buyboard.com/vendor. Only items marked as awarded to your company can be sold through the BuyBoard contract. In addition, on this website you will find the membership list which will provide you with the names of all entities with membership in our purchasing cooperative.

Enclosed with this letter you will find the following documents:

▪ Vendor Quick Reference Sheet ▪ Electronic Catalog Format Instructions ▪ Vendor Billing Procedures

You are advised that receipt of a purchase order directly from a Cooperative member is not within the guidelines of the Cooperative. Accepting purchase orders directly from Cooperative members may result in a violation of the State of Texas competitive bid statute and termination of this Cooperative BuyBoard contract. **Therefore, all purchase orders must be processed through the BuyBoard in order to comply.** Please forward by fax (1-800-211-5454) any order received directly from a Cooperative member. If you inadvertently process a purchase order sent directly to you by a Cooperative member, please fax the order to the above number and note it as **RECORD ONLY** to prevent duplication.

Per proposal specifications, awarded vendors will have 30 days or sooner to submit their electronic catalog including pricing. If the electronic data is not provided within 30 days or sooner of notice of award, we reserve the right to inactivate any company's award information from the BuyBoard until such time the electronic data is received.

Finally, your proposal was awarded based on a number of factors, one was the marketing strategy you outlined in your response. The BuyBoard does provide some co-branding resources to assist in your marketing efforts if interested.

On behalf of the Texas Association of School Boards, we appreciate your interest in the Cooperative and we are looking forward to your participation in the program. If you have any questions, please contact **BuyBoard Procurement Staff** at 800-695-2919.

Sincerely,

Arturo Salinas
Director of Cooperative Procurement
v.3.17



The Local Government Purchasing Cooperative is endorsed by the Texas Association of School Boards, Texas Municipal League, Texas Association of Counties, and the Texas Association of School Administrators.



16?

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PROPOSER'S AGREEMENT AND SIGNATURE

Proposal Name: Grounds Maintenance
Equipment, Irrigation Parts, Supplies and
Installation

Proposal Opening Date and Time:
October 20, 2016 at 2:00 PM

Proposal Number: 529-17

Location of Proposal Opening:
Texas Association of School Boards, Inc.
BuyBoard Department
12007 Research Blvd.
Austin, TX 78759

Contract Time Period: June 1, 2017 through May
31, 2018 with two (2) possible one-year renewals.

Anticipated Cooperative Board Meeting Date:
April 2017

Brookside Equipment Sales Inc.

Name of Proposing Company

7707 Mosley

Street Address

Houston, TX 77017

City, State, Zip

713-943-7100

Telephone Number of Authorized Company Official

713-943-9102

Fax Number of Authorized Company Official

Oct. 19, 2016

Date

(s) C. Bielamowicz

Signature of Authorized Company Official

C. Bielamowicz (Tom)

Printed Name of Authorized Company Official

General Manager

Position or Title of Authorized Company Official

741780794

Federal ID Number

The proposing company ["you" or "your"] hereby acknowledges and agrees as follows:

1. You have carefully examined and understand all Cooperative information and documentation associated with this Proposal Invitation, including the Instructions, General Terms and Conditions, Attachments/Forms, Item Specifications, and Line Items (collectively "Requirements");
2. By your response ("Proposal") to this Proposal Invitation, you propose to supply the products or services submitted at the prices quoted in your Proposal and in strict compliance with the Requirements, unless specific deviations or exceptions are noted in the Proposal;
3. Any and all deviations and exceptions to the Requirements have been noted in your Proposal and no others will be claimed;



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4. If the Cooperative accepts any part of your Proposal and awards you a contract, you will furnish all awarded products or services at the prices quoted and in strict compliance with the Requirements (unless specific exceptions are noted in the Proposal), including without limitation the Requirements related to:
 - a. conducting business with Cooperative members, including offering pricing to members that is the best you offer compared to similar customers;
 - b. payment of a service fee in the amount specified and as provided for in this Proposal Invitation;
 - c. the **possible** award of a piggy-back contract by another governmental entity, in which event you will offer the awarded goods and services in accordance with the Requirements; and
 - d. submitting price sheets or catalogs in the proper format for posting on the BuyBoard as a prerequisite to activation of your contract;
5. You have clearly identified any information in your Proposal that you believe to be confidential or proprietary or that you do not consider to be public information subject to public disclosure under a Texas Public Information Act request or similar public information law;
6. The individual signing this Agreement is duly authorized to enter into the contractual relationship represented by this Proposal Invitation on your behalf and bind you to the Requirements, and such individual (and any individual signing a Form) is authorized and has the requisite knowledge to provide the information and make the representations and certifications required in the Requirements;
7. You have carefully reviewed your Proposal, and certify that all information provided is true, complete and accurate, and you authorize the Cooperative to take such action as it deems appropriate to verify such information; and
8. Any misstatement, falsification, or omission in your Proposal, whenever or however discovered, may disqualify you from consideration for a contract award under this Proposal Invitation or result in termination of an award or any other remedy or action provided for in the General Terms and Conditions or bylaw.



Cooperative Purchasing

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VENDOR PURCHASE ORDER, REQUEST FOR QUOTES 1 AND INVOICE RECEIPT OPTIONS

Company: Brookside Equipment Sales Inc. General Contact Name: Tom Bielasiewicz

Purchase Orders: Purchase orders from Cooperative members will be available through the Internet or by facsimile.

Option 1: Internet. Vendors need Internet access and at least one e-mail address so that notification of new orders can be sent to the Internet contact when a new purchase order arrives. An Information guide will be provided to vendors that choose this option to assist them with retrieving their orders.

Option 2: Fax. Vendors need a designated fax line available at all times to receive purchase orders.

Please choose **only one {1}** of the following options for receipt of purchase orders and provide the requested information:

O I will use the **INTERNET** to receive purchase orders.

E-mail Address: houstoncentral@brooksideusa.com

Internet Contact: Tom Bielasiewicz Phone: 713-943-7100

Alternate E-mail Address: adamb@brooksideusa.com

Alternate Internet Contact: Adam Bielasiewicz Phone: 713-943-7100

D I will receive purchase orders via **FAX**.

Fax Number: _____

Fax Contact: _____ Phone: _____

Request for Quotes ("RFQ"): Cooperative members will send RFQs to you by e-mail. Please provide e-mail addresses for the receipt of RFQs:

E-mail Address: houstoncentral@brooksideusa.com

Alternate E-mail Address: tom@brooksideusa.com

Invoices: Your company will be billed monthly for the service fee due under a contract awarded under this Proposal Invitation. **All invoices are available on the BuyBoard website and e-mail notifications will be sent when they are ready to be received.** Please provide the following address, contact and e-mail information for receipt of service fee invoices and related communications:

Mailing address: P.O. Box 262324

Department: A c c o u n t i n g

City: Houston

State: TX

Zip Code: 7 7 2 0 7

Contact Name: Yvonne Vickers

Phone: 713-943-7100

Fax: 713-943-9102 E-mail Address: vickers.yvonne@brooksideusa.com

Alternative E-mail Address: dorisb@brooksideusa.com



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FELONY CONVICTION DISCLOSURE AND DEBARMENT CERTIFICATION

FELONY CONVICTION DISCLOSURE

Subsection (a) of Section 44.034 of the Texas Education Code (Notification of Criminal History of Contractor) states: "A person or business entity that enters into a contract with a school district must give advance notice to the district if the person or an owner or operator has been convicted of a felony. The notice must include a general description of the conduct resulting in the conviction of a felony."

Section 44.034 further states in Subsection (b) : " A school district may terminate a contract with a person or business entity if the district determines that the person or business entity failed to give notice as required by Subsection (a) or misrepresented the conduct resulting in the conviction. The district must compensate the person or business entity for services performed before the termination of the contract."

Please check (v') one of the following:

- ☐ My company is a publicly-held corporation. (Advance notice requirement does not apply to publicly-held corporation.)
☒ My company is not owned or operated by anyone who has been convicted of a felony.
☐ My company is owned/operated by the following individual(s) who has/have been convicted of a felony:

Name of Felon(s): _____

Details of Conviction(s): _____

By signature below, I certify that the above information is true, complete and accurate and that I am authorized by my company to make this certification.

Brookside Equipment Sales Inc.

Company Name


Signature of Authorized Company Official

C. Bielamowicz (Tom)

Printed Name

DEBARMENT CERTIFICATION

Neither my company nor an owner or principal of my company has been debarred, suspended or otherwise made ineligible for participation in Federal Assistance programs under Executive Order 12549, "Debarment and Suspension," as described in the Federal Register and Rules and Regulations.

By signature below, I certify that the above is true, complete and accurate and that I am authorized by my company to make this certification.

Brookside Equipment Sales Inc.

Company Name


Signature of Authorized Company Official

C. Bielamowicz (Tom)

Printed Name



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RESIDENT/ NONRESIDENT CERTIFICATION

Chapter 2252, Subchapter A, of the Texas Government Code establishes certain requirements applicable to proposers who are not Texas residents. Under the statute, a "resident" proposer is a person whose principal place of business is in Texas, including a person whose ultimate parent company or majority owner has its principal place of business in Texas. A "nonresident" proposer is a person who is not a Texas resident. Please indicate the status of your company as a "resident" proposer or a "nonresident" proposer under these definitions. Please check (v) one of the following.

☐ I] I certify that my company is a **Resident Proposer.**

☐ D I certify that my company is a **Nonresident Proposer.**

If your company is a Nonresident Proposer, you must provide the following information for your resident state (the state in which your company's principal place of business is located):

Company Name Address

City State Zip Code

A. Does your resident state require a proposer whose principal place of business is in Texas to under-price proposers whose resident state is the same as yours by a prescribed amount or percentage to receive a comparable contract?

☐ D Yes ☐ D No

B. What is the prescribed amount or percentage? \$_____ or _____%

VENDOR EMPLOYMENT CERTIFICATION

Section 44.031(b) of the Texas Education Code establishes certain criteria that a school district must consider when determining to whom to award a contract. Among the criteria for certain contracts is whether the vendor or the vendor's ultimate parent or majority owner (i) has its principal place of business in Texas; or (ii) employs at least 500 people in Texas.

If neither your company nor the ultimate parent company or majority owner has its principal place of business in Texas, does your company, ultimate parent company, or majority owner employ at least 500 people in Texas? Please check (v) one of the following.

☐ Yes ☐ No

By signature below, I certify that the information in Sections 1 (*Resident/Nonresident Certification*) and 2 (*Vendor Employment Certification*) above is true, complete and accurate and that I am authorized by my company to make this certification.

Brookside Equipment Sales Inc.

Company Name


Signature of Authorized Company Official

C. Bielamowicz (Tom)

Printed Name



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HISTORICALLY UNDERUTILIZED BUSINESS CERTIFICATION

A proposer that has been certified as a Historically Underutilized Business (also known as a Minority/Women Business Enterprise or "MWBE" and all referred to in this form as a "HUB") is encouraged to indicate its HUB certification status when responding to this Proposal Invitation. The electronic catalogs will indicate HUB certifications for vendors that properly indicate and document their HUB certification on this form.

Please check (v) all that apply

D I certify that my company has been certified as a HUB in the following categories:

D **Minority Owned Business**

D **Women Owned Business**

D **Service-Disabled Veteran Owned Business (veteran defined by 38 U.S.C. §101(2), who has a service-connected disability as defined by U.S.C. § 101(16), and who has a disability rating of 20% or more as determined by the U. S. Department of Veterans Affairs or Department of Defense)**

Certification Number:

Name of Certifying Agency:

My company has **NOT** been certified as a HUB.

By signature below, I certify that the above is true, complete and accurate and that I am authorized by my company to make this certification.

Brookside Equipment Sales Inc.

(! _

C.

Printed Name



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AFFIRMATION REGARDING CONSTRUCTION-RELATED GOODS AND SERVICES

A contract awarded under this Proposal Invitation covers only the specific goods and services awarded by the BuyBoard. As explained in the BuyBoard Construction Related Goods and Services Advisory for Texas Members ("Advisory"), **Texas law prohibits the procurement of architecture or engineering services through a purchasing cooperative. This BuyBoard contract does not include such services. Architecture or engineering services must be procured by a Cooperative member separately, in accordance with the Professional Services Procurement Act (Chapter 2254 of the Texas Government Code) and other applicable law and local policy.**

The Advisory, attached to this Form F, provides an overview of certain legal requirements that are potentially relevant to a Cooperative member's procurement of construction or construction-related goods and services, including those for projects that may involve or require architecture, engineering or independent testing services.

By signature below, the undersigned affirms that Proposer has read and understands the Advisory attached to this Form F and is authorized by Proposer to make this affirmation. If Proposer sells construction-related goods or services to a Cooperative member under a BuyBoard contract awarded under this Proposal Invitation, Proposer will comply with the Advisory and applicable legal requirements, make a good faith effort to make its Cooperative member customers or potential Cooperative member customers aware of such requirements, and provide a Cooperative member with a copy of the Advisory before executing a Member Construction Contract with the member or accepting the member's purchase order for construction-related goods or services, whichever comes first.

Brookside Equipment Sales Inc.

Company Name


Signature of Authorized Company Official

C. Bielowicz (Tom)

Printed Name

Oct. 19, 2016

Date



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BUYBOARD PROCUREMENT AND CONSTRUCTION-RELATED GOODS AND SERVICES ADVISORY FOR TEXAS MEMBERS

Why make purchases using BuyBoard? Purchasing through a cooperative or "interlocal contract" satisfies the requirement of local governments to seek competitive procurement for the purchase of goods or services.¹ Therefore, you may purchase goods and services from a vendor through BuyBoard without having to conduct your own competitive procurement. If, however, you are procuring construction-related services through a BuyBoard Job Order Contract (JOC) or contract for the installation of equipment or materials (e.g., athletic fields and surfaces, kitchen equipment, HVAC, playground equipment, or modular buildings), you may, as explained in this Advisory, need to procure certain aspects of these services using a separate procurement process outside of the BuyBoard and should consult your procurement officer and/or legal advisor for specific advice.

What is BuyBoard's Procurement Process? The BuyBoard uses a competitive procurement process to award contracts to vendors for goods and services that the BuyBoard determines, based on an evaluation of multiple criteria, represents the best value for its members.

How does BuyBoard award a contract to a vendor? As a condition of being awarded a BuyBoard contract, a vendor is bound by and must agree to comply with all the terms of the BuyBoard's proposal invitation (or specifications), the vendor's proposal response, and any additional contract terms negotiated with the BuyBoard member. Among other things, the vendor must honor the pricing submitted in the vendor's proposal. **THE PRICE YOU PAY FOR THE GOODS AND SERVICES COVERED BY THE BUYBOARD CONTRACT MAY BE LESS THAN THE AWARDED PRICING, BUT CANNOT BE MORE.** Additionally, the vendor must comply with the BuyBoard contract's general terms and conditions, and any additional terms and conditions that apply to the specific BuyBoard contract, as set out in the proposal invitation.

How does a BuyBoard member make purchases through the BuyBoard contract? You utilize the awarded BuyBoard contract by issuing a signed purchase order through the BuyBoard online application to procure the selected goods or services. Although BuyBoard must receive a copy of the signed purchase order, BuyBoard does not review or approve the purchase order or other supplemental agreement that you obtain - this is a matter between you and the vendor. If construction-related services are procured through the BuyBoard, additional contracts with professionals and the contractor may be required, depending on the nature and scope of the services. As stated above, you should consult your procurement officer and/or legal advisor for specific advice.

How do I know that my entity has made a purchase through the BuyBoard?

BuyBoard must have a copy of the purchase order in order for the purchase to be considered a BuyBoard procurement. To ensure that your entity has satisfied state law requirements for competitive procurement, make sure that the BuyBoard has your purchase order. Do not rely on the vendor to submit the purchase order on your behalf; it is your responsibility to make sure that the BuyBoard has the signed purchase order. You may log in to www.buyboard.com using your member I.D. and password to view the Purchase Order Status Report to confirm that the purchase order is in the BuyBoard system.

What should BuyBoard members consider when using BuyBoard for construction-related purchases? While purchasing goods and services through BuyBoard satisfies your legal requirement to competitively procure a good or service, as a general matter you must keep in mind other legal requirements that may relate to the purchase, especially when using BuyBoard for construction-related procurement.



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When making construction-related purchases through a BuyBoard contract, BuyBoard members must consider the following:

- ▶ **Best value determination.** In compliance with Texas law and any local policy, your entity must first determine that purchasing through an interlocal contract or purchasing cooperative is the procurement method that will provide best value.^{li} This is done by the governing body (e.g., board of trustees, council, commissioners' court, etc.) or may be delegated by the governing body to an individual or committee, with written notice.
- ▶ **Products or services not covered by the BuyBoard contract.** The BuyBoard contract covers only the specific goods and services awarded by the BuyBoard. If you want to purchase from a BuyBoard vendor goods or services from a BuyBoard vendor that are not covered by the vendor's BuyBoard contract, such as architectural, design, or engineering services, you must procure them separately in accordance with state law and local policy.
- ▶ **Architectural or Engineering and Independent Testing services.** If your procurement includes a construction component that requires architectural or engineering services, you must procure those services separately. YOU MAY NOT PROCURE ARCHITECTURAL OR ENGINEERING SERVICES THROUGH A BUYBOARD CONTRACT. Texas law requires architectural and engineering services to be obtained in accordance with the Professional Services Procurement Act (Chapter 2254 of the Texas Government Code) and prohibits them from being procured through a purchasing cooperative.ⁱⁱⁱ
 - o **Architecture.** A new building owned by a political subdivision having construction costs exceeding \$100,000 or an alteration or addition to an existing building having construction costs exceeding \$50,000 must have architectural plans and specifications prepared by an architect.^{iv} (An "alteration" or "addition" for purposes of this requirement requires the removal, relocation, or addition of a wall or partition or the alteration or addition of an exit.)
 - o **Engineering.** If the goods or services procured through the BuyBoard will involve engineering in which the public health, welfare, or safety is involved, the plans for structural, mechanical, electrical, electronic, fire suppression, geotechnical systems, foundation design, surface water drainage, plumbing and certain roof modifications and associated estimates must be prepared by an engineer, and the engineering construction must be performed under the direct supervision of an engineer.^v The Engineering Practice Act provides two exceptions to this rule - no engineer is required if (1) the project involves mechanical or electrical engineering and will cost \$8,000 or less, or (2) the project does not require mechanical or electrical engineering and will cost \$20,000 or less.^{vi}
 - o **Independent Testing.** If acceptance of a facility by a public entity involves Independent testing of construction materials engineering and/or verification testing services, the testing services should be procured under the Professional Services Procurement Act, and may not be procured under a BuyBoard contract.
 - o **Written Certification.** Effective 09/01/2013, a local governmental entity purchasing construction-related goods and services through a cooperative in an amount that exceeds \$50,000 must designate a person to certify in writing that the project does not require the preparation of plans or specifications by an architect or engineer OR that an architect or engineer has prepared the plans or specifications.^{vu}



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- ▶ **Bonds.** You must also consider whether the vendor is required to provide a payment or performance bond. A payment bond is required for contracts that exceed \$25,000 to protect subcontractors who supply labor or materials for the project. A performance bond is required for a contract that exceeds \$100,000, to protect the local government if a contractor fails to complete the project. Without payment and performance bonds, if the contractor fails to pay its subcontractors or to complete the project, the public entity that entered the contract can be held responsible for payment claims or costs to complete.
- ▶ **Construction Contract.** Even though the procurement of construction or construction-related services may be through the BuyBoard, your construction contract is between your entity and the contractor. The BuyBoard contract's general terms and conditions, standing alone, are not sufficient to document your entity's specific transaction. THEREFORE, YOU SHOULD USE AN APPROPRIATE FORM OF CONSTRUCTION CONTRACT JUST AS YOU WOULD DO IF YOU PROCURED CONSTRUCTION SERVICES INDEPENDENTLY, USING COMPETITIVE SEALED PROPOSALS. The contract must contain provisions required by state law including: performance and payment bonds, requirements for payment of prevailing wages to all construction workers, workers' compensation coverage for all workers and, on projects where contractor employees may have direct contact with students, criminal history record checks. Other provisions which should be considered in the construction contract are retainage, contingency, liquidated damages and dispute resolution, among others. By supplementing the BuyBoard contract with an appropriate form of construction contract, you ensure that your entity's unique interests are addressed and that your entity can enforce the contract directly.
- ▶ **Legal advice.** Because of the variety of laws that relate to construction-related purchasing and the potential risk of high exposure, you are well-advised to consult with your entity's legal counsel before procuring construction-related goods and services under any procurement method, including a purchasing cooperative.

This Advisory is provided for educational purposes only to facilitate a general understanding of the law. This Advisory is neither an exhaustive treatment on the subject nor is it intended to substitute for the advice of an attorney.

For more information about BuyBoard, contact us at 800-695-2919.

-
- i. Tex. Gov't Code §791.025 and Tex. Local Gov't Code §271.102.
 - ii. Tex. Ed. Code §44.031(a) (school districts); Tex. Local Gov't Code §252.043(a) (municipalities) and §262.022(5-a) and §262.027 (counties)
 - iii. Tex. Gov't Code §2254.004 and §791.011(h)
 - iv. Tex. Occ. Code §1051.703
 - v. Tex. Occ. Code §1001.0031(c)
 - vi. Tex. Occ. Code §1001.053
 - vii. Tex. Gov't Code §791.011(j), effective September 1, 2013
 - viii. Tex. Gov't Code §2253.021(a)

Issued March 31, 2014



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DEVIATION AND COMPLIANCE SIGNATURE FORM

If your company intends to deviate from the General Terms and Conditions, Item Specifications or other requirements associated with this Proposal Invitation, you must list all such deviations on this form, and provide complete and detailed information regarding the deviations on this form, an attachment to this form, or elsewhere in your Proposal. (If you do not provide the information on or as an attachment to this form, the information must be clearly identified in your Proposal.) The Cooperative will consider any deviations in its contract award decision, and reserves the right to accept or reject a proposal based upon any submitted deviation.

In the absence of any deviation identified and described in accordance with the above, your company must fully comply with the General Terms and Conditions, Item Specifications and all other requirements associated with this Proposal Invitation if awarded a contract under this Proposal Invitation.

☒ **No**; Deviations

☐ **Yes**; Deviations

List and fully explain any deviations you are submitting:

PLEASE PROVIDE THE FOLLOWING INFORMATION:

1. Shipping Via: ☐ Common Carrier ☐ Company Truck ☒ Prepaid and Add to Invoice ☐ Other:

2. Payment Terms: ☒ Net 30 days ☐ 1% in 10/Net 30 days ☐ Other:

Credit cards are accepted at the time of the sale

3. Number of Days for Delivery: 30 ARO

4. Vendor Reference/Quote Number: _____

5. State your return policy:

Special order parts and electrical items are non-returnable. Unmounted stocked parts - 20% restocking charge.

No parts returns after 15 days. Wholegoods - Manufacturer's warranty.

6. Are electronic payments acceptable? ☐ Yes ☒ No

7. Are credit card payments acceptable? ☒ Yes ☐ No

Brookside Equipment Sales Inc.

Company Name


Signature of Authorized Company Official
FORM G

C. Bielamowicz (Tom)

Printed Name

COMM.V.11.18.15



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DEALERSHIP LISTINGS

If you have more than one location that will service a contract awarded under this Proposal Invitation, please list each location below. If additional sheets are required, please duplicate this form as necessary.

Brookside Equipment Sales Inc.

Company Name

7707 Mosley

Address

Houston

TX

77017

City

State

Zip

713-943-7100

713-943-9102

Phone Number

Fax Number

Tom Bielamowicz

Contact Person

Company Name

Address

City

State

Zip

Phone Number

Fax Number

Contact Person



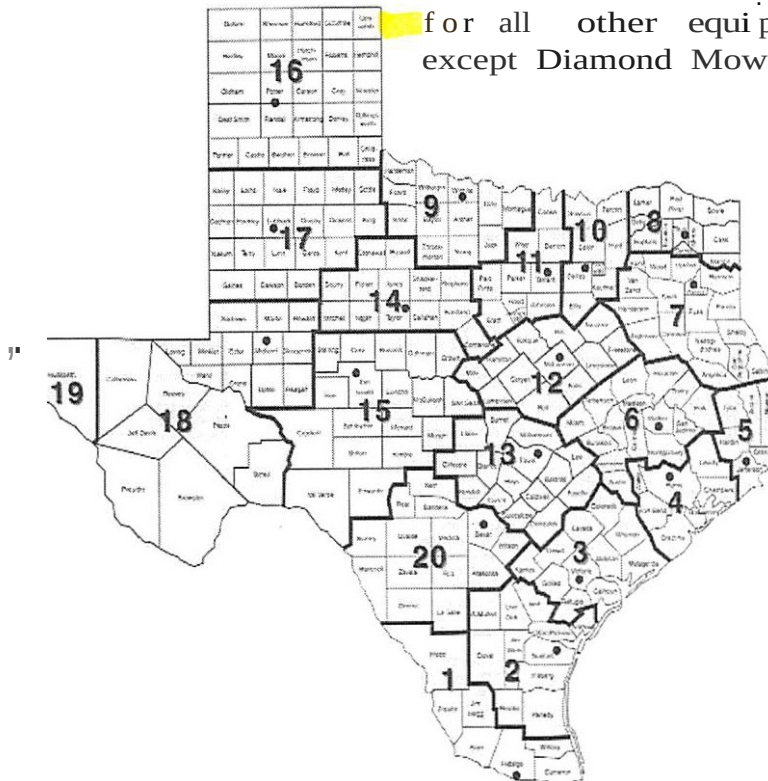
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TEXAS REGIONAL SERVICE DESIGNATION

Unless you designate otherwise on this form, you agree to service members of The Local Government Purchasing Cooperative statewide!

The Cooperative (referred to as "Texas Cooperative" in this form and in the State Service Designation form) offers vendors the opportunity to service its members throughout the entire State of Texas. If you do not plan to service all Texas Cooperative members statewide, you **must** indicate the specific regions you will service on this form. Additionally, if you do not plan to service Texas Cooperative members (i.e., if you will service only states other than Texas), you must so indicate on this form.

Regional Education Service Centers



for all other equipment
except Diamond Mowers

☐ I will service Texas
Cooperative members
statewide.

☐ I will not service Texas
Cooperative members
statewide. I will only
service members in the
regions checked below:

Region Headquarters

- | | | |
|--------------------------|----|----------------|
| ☐ | 1 | Edinburg |
| ☐ | 2 | Corpus Christi |
| ☐ | 3 | Victoria |
| ☐ | 4 | Houston |
| ☐ | 5 | Beaumont |
| ☐ | 6 | Huntsville |
| ☐ | 7 | Kilgore |
| ☐ | 8 | Mount Pleasant |
| ☐ | 9 | Wichita Falls |
| ☐ | 10 | Richardson |
| ☐ | 11 | Fort Worth |
| ☐ | 12 | Waco |
| ☐ | 13 | Austin |
| ☐ | 14 | Abilene |
| ☐ | 15 | San Angelo |
| ☐ | 16 | Amarillo |
| ☐ | 17 | Lubbock |
| ☐ | 18 | Midland |
| ☐ | 19 | El Paso |
| ☐ | 20 | San Antonio |

Brookside Equipment Sales Inc.

Company Name

C. Bielamowicz

Signature of Authorized Company Official

C. (Tom) Bielamowicz

Printed Name

☐ I will not service members
of the Texas Cooperative.



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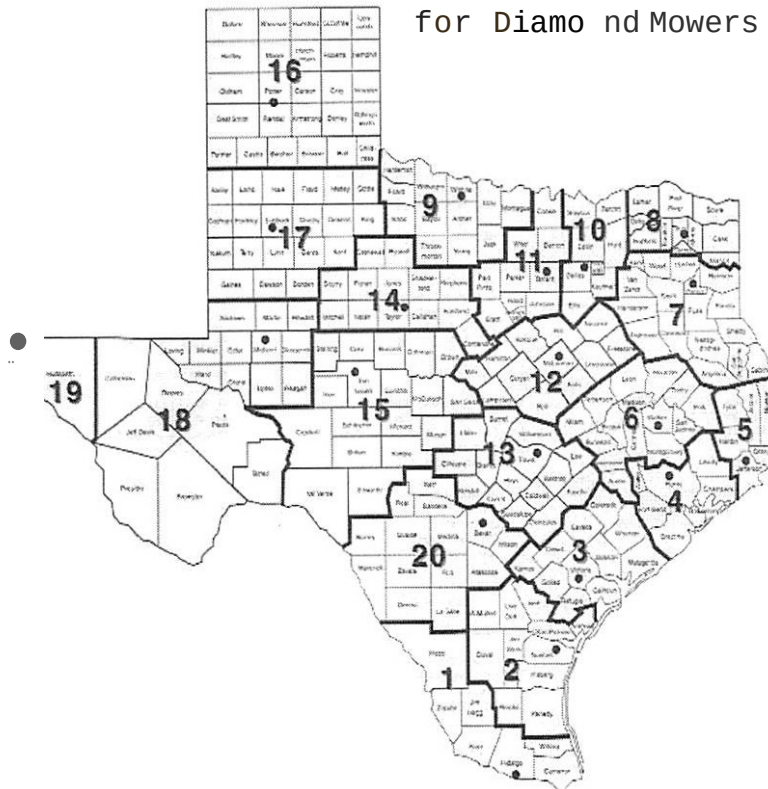
TEXAS REGIONAL SERVICE DESIGNATION

Unless you designate otherwise on this form, you agree to service members of The Local Government Purchasing Cooperative statewide!

The Cooperative (referred to as "Texas Cooperative" in this form and in the State Service Designation form) offers vendors the opportunity to service its members throughout the entire State of Texas. If you do not plan to service all Texas Cooperative members statewide, you **must** indicate the specific regions you will service on this form. Additionally, if you do not plan to service Texas Cooperative members (i.e., if you will service only states other than Texas), you must so indicate on this form.

Regional Education Service Centers

for Diamond Mowers



D I will service Texas Cooperative members statewide.

I will not service Texas Cooperative members statewide. I will only service members in the regions checked below:

Region	Headquarters
☐ 1	Edinburg
☐ 2	Corpus Christi
☒ 3	Victoria
☒ 4	Houston
☒ 5	Beaumont
☒ 6	Huntsville
☐ 7	Kilgore
☐ 8	Mount Pleasant
☐ 9	Wichita Falls
☐ 10	Richardson
☐ 11	Fort Worth
☐ 12	Waco
☒ 13	Austin
☐ 14	Abilene
☐ 15	San Angelo
☐ 16	Amarillo
☐ 17	Lubbock
☐ 18	Midland
☐ 19	El Paso
☐ 20	San Antonio

Brookside Equipment Sales Inc.

Company Name

1.1 Bielamowicz
Signature of Authorized Company Official

C. (Tom) Bielamowicz

Printed Name

D I will not service members of the Texas Cooperative.



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STATE SERVICE DESIGNATION

The Cooperative offers vendors the opportunity to service other governmental entities in the United States, including intergovernmental purchasing cooperatives such as the National Purchasing Cooperative BuyBoard. You must complete this form if you plan to service the entire United States, or will service only the specific states indicated. *(Note: If you plan to service Texas Cooperative members, be sure that you complete the Texas Regional Service Designation form.)*

☒ I will service all states in the United States.

☒ I will not service all states in the United States. I will service only the states checked below:

- | | |
|--|---|
| ☒ Alabama | ☐ Nebraska |
| ☒ Alaska | ☐ Nevada |
| ☐ Arizona | ☐ New Hampshire |
| ☐ Arkansas | ☐ New Jersey |
| ☐ California (Public Contract Code 20118 & 20652) | ☐ New Mexico |
| ☐ Colorado | ☐ New York |
| ☐ Connecticut | ☐ North Carolina |
| ☐ Delaware | ☐ North Dakota |
| ☐ District of Columbia | ☐ Ohio |
| ☐ Florida | ☐ Oklahoma |
| ☐ Georgia | ☐ Oregon |
| ☐ Hawaii | ☐ Pennsylvania |
| ☐ Idaho | ☐ Rhode Island |
| ☐ Illinois | ☐ South Carolina |
| ☐ Indiana | ☐ South Dakota |
| ☒ Iowa | ☐ Tennessee |
| ☐ Kansas | ☒ Texas |
| ☐ Kentucky | ☐ Utah |
| ☐ Louisiana | ☐ Vermont |
| ☐ Maine | ☐ Virginia |
| ☐ Maryland | ☐ Washington |
| ☐ Massachusetts | ☐ West Virginia |
| ☐ Michigan | ☐ Wisconsin |
| ☐ Minnesota | ☐ Wyoming |
| ☒ Mississippi | |
| ☐ Missouri | |
| ☒ Montana | |

This form will be used to ensure that you can service other governmental entities throughout the United States as indicated. Your signature below confirms that you understand your service commitments during the term of a contract awarded under this proposal.

Brookside Equipment Sales Inc

Company Name


Signature of Authorized Company Official

C. Bielamowicz (Tom)

Printed Name



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NATIONAL PURCHASING COOPERATIVE VENDOR AWARD AGREEMENT

In accordance with the Terms and Conditions associated with this Proposal Invitation, a contract awarded under this Proposal Invitation may be "piggy-backed" by another governmental entity. The National Purchasing Cooperative is an intergovernmental purchasing cooperative formed by certain school districts outside of Texas to serve its members throughout the United States. If you agree to be considered for a piggy-back award by the National Purchasing Cooperative, you agree to the following terms and agree to serve National Purchasing Cooperative members in the states you have indicated on the State Service Designation form, in your Proposal.

By signing this form, Proposer (referred to in this Agreement as "Vendor") agrees as follows:

1. Vendor acknowledges that if The Local Government Purchasing Cooperative ("Texas Cooperative") awards Vendor a contract under this Proposal Invitation ("Underlying Award"), the National Purchasing Cooperative ("National Cooperative") may - but is not required to - "piggy-back" on or re-award all or a portion of that Underlying Award ("Piggy-Back Award"). By signing this National Cooperative Vendor Award Agreement ("Agreement"), Vendor accepts and agrees to be bound by any such Piggy-Back Award as provided for herein.
2. In the event National Cooperative awards Vendor a Piggy-Back Award, the National Cooperative Administrator ("BuyBoard Administrator") will notify Vendor in writing of such Piggy-Back Award, which award shall commence on the effective date stated in the Notice and end on the expiration date of the Underlying Award, subject to annual renewals as authorized in writing by the BuyBoard Administrator. Vendor agrees that no further signature or other action is required of Vendor in order for the Piggy-Back Award and this Agreement to be binding upon Vendor. Vendor further agrees that no interlineations or changes to this Agreement by Vendor will be binding on National Cooperative, unless such changes are agreed to by its BuyBoard Administrator in writing.
3. Vendor agrees that it shall offer its goods and services to National Cooperative members at the same unit pricing and same general terms and conditions, subject to applicable state laws in the state of purchase, as required by the Underlying Award. However, nothing in this Agreement prevents Vendor from offering National Cooperative members better (i.e., lower) competitive pricing and more favorable terms and conditions than those in the Underlying Award.
4. Vendor hereby agrees and confirms that it will serve those states it has designated on the State Service Designation Form of this Proposal Invitation. Any changes to the states designated on the State Service Designation Form must be approved in writing by the BuyBoard Administrator.
5. Vendor agrees to pay National Cooperative the service fee provided for in the Underlying Award based on the amount of purchases generated from National Cooperative members through the Piggy-Back Award. Vendor shall remit payment to National Cooperative on such schedule as it specifies (which shall not be more often than monthly). Further, upon request, Vendor shall provide National Cooperative with copies of all purchase orders generated from National Cooperative members for purposes of reviewing and verifying purchase activity. Vendor further agrees that National Cooperative shall have the right, upon reasonable written notice, to review Vendor's records pertaining to purchases made by National Cooperative members in order to verify the accuracy of service fees.



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6. Vendor agrees that the Underlying Award, including its General Terms and Conditions, are adopted by reference to the fullest extent such provisions can reasonably apply to the post-proposal/contract award phase. The rights and responsibilities that would ordinarily inure to the Texas Cooperative pursuant to the Underlying Award shall inure to National Cooperative; and, conversely, the rights and responsibilities that would ordinarily inure to Vendor in the Underlying Award shall inure to Vendor in this Agreement. Vendor recognizes and agrees that Vendor and National Cooperative are the only parties to this Agreement, and that nothing in this Agreement has application to other third parties, including the Texas Cooperative. In the event of conflict between this Agreement and the terms of the Underlying Award, the terms of this Agreement shall control, and then only to the extent necessary to reconcile the conflict.

7. This Agreement shall be governed and construed in accordance with the laws of the State of Rhode Island and venue for any dispute shall lie in the federal district court of Alexandria, Virginia.

8. Vendor acknowledges and agrees that the award of a Piggy-Back Award is within the sole discretion of National Cooperative, and that this Agreement does not take effect unless and until National Cooperative awards Vendor a Piggy-Back Award and the BuyBoard Administrator notifies Vendor in writing of such Piggy-Back Award as provided for herein.

WHEREFORE, by signing below Vendor agrees to the foregoing and warrants that it has the authority to enter into this Agreement.

Brookside Equipment Sales Inc. **529-17**

Name of Vendor

Proposal Invitation Number



Signature of Authorized Company Official (Tom)

C. Bielamowicz

Printed Name of Authorized Company Official

Oct 19, 2016

Date



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FEDERAL AND STATE/PURCHASING COOPERATIVE DISCOUNT COMPARISON FORM

The Cooperative strives to provide its members with the best services and products at the best prices available. The Cooperative determines whether prices/discounts are fair and reasonable by comparing prices/discounts stated in your Proposal with prices/discounts you offer federal and state entities and other interlocal purchasing cooperatives (collectively referred to as "purchasing cooperative" in this form). Please respond to the following questions.

1. Provide the dollar value of sales to or through purchasing cooperatives at or based on an established catalog or market price during the previous 12-month period or the last fiscal year: \$_____ (The period of the 12 month period is _____. In the event that a dollar value is not an appropriate measure of the sales, provide and describe your own measure of the sales of the item(s).
2. Based on your written discounting policies are the discounts you offer the Cooperative equal to or better than the best price you offer other purchasing cooperatives acquiring the same items regardless of quantity or terms and conditions?

YES ☐ NO ☐

3. Based on your written discounting policies, provide the information requested below for other purchasing cooperatives, either in the chart below or in an equivalent format. Rows should be added to accommodate as many purchasing cooperatives as required.

PURCHASING GROUP	DISCOUNT(%)	QUANTITY/VOLUME	FOB TERM
1. Federal General Services Adm.			
2. T-PASS			
3. U.S. Communities Purchasing Alliance			
4. The Cooperative Purchasing Network			
5. Houston-Galveston Area Council			
6. Other			

ii] MY COMPANY DOES NOT CURRENTLY HAVE ANY OF THE ABOVE OR SIMILAR TYPE CONTRACTS.

CURRENT BUYBOARD VENDORS

If you are a current BuyBoard vendor, indicate the discount for your current BuyBoard contract and the proposed discount in this Proposal. Explain any difference between your current and proposed discounts.

Current Discount (%) : 5-15% **Proposed Discount (%) :** 5

Explanation: _____

By signature below, I certify that the above is true, complete and accurate and that I am authorized by my company to make this certification.

Brookside Equipment Sales Inc.

Company Name

C. Bielamowicz

Signature of Authorized Company Official
FORM L

C. Bielamowicz

Printed Name

COMM.V.11.18.15



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GOVERNMENTAL REFERENCES AND PRICE/DISCOUNT INFORMATION

For your Proposal to be considered, you must supply a minimum of five (5) individual governmental entity references. Provide the information requested below, including the existing price/discounts you offer each customer. The Cooperative determines whether prices/discounts are fair and reasonable by comparing prices/discounts stated in your Proposal with the prices/discounts you offer other governmental customers. Attach additional pages if necessary.

	<u>Entity Name</u>	<u>Contact</u>	<u>Phone#</u>	<u>Discount</u>	<u>Quantity/ Volume</u>	<u>FOB Term</u>
1.	<u>Orange County Drainage Dist.</u>	<u>Dale Hoover</u>	<u>409-745-3362</u>	<u>BuyBoard</u>	<u>\$ 250K</u>	<u>Net 30</u>
2	<u>City of Baytown TX</u>	<u>Scott Johnson</u>	<u>281-420-6599</u>	<u>BuyBoard</u>	<u>\$ 250K+</u>	<u>Net 30</u>
3	<u>Harris County Precinct #4</u>	<u>J.R. Jebousek</u>	<u>281-454-4795</u>	<u>BuyBoard</u>	<u>\$ 250K +</u>	<u>Net 30</u>
4	<u>City of LaPorte Tx</u>	<u>Dennis Hlavaty</u>	<u>713-206-5998</u>	<u>BuyBoard</u>	<u>\$ 500K+</u>	<u>Net 30</u>
5	<u>City of Houston</u>	<u>Phil Hibbler</u>	<u>713-775-2697</u>	<u>BuyBoard</u>	<u>\$ 750K+</u>	<u>Net 30</u>

Do you ever modify your written policies or standard governmental sales practices as identified in the above chart to give better discounts (lower prices) than indicated? **YES** **NO** If YES, please explain:

By signature below, I certify that the above is true and correct and that I am authorized by my company to make this certification.

Brookside Equipment Sales Inc.

Company Name

C. Bielamowicz
Signature of Authorized Company Official

C. Bielamowicz (Tom)

Printed Name



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MARKETING STRATEGY

For your Proposal to be considered, you must submit the Marketing Strategy you will use if the Cooperative accepts all or part of your Proposal. { Example: How your company will initially inform Cooperative members of your Buy Board contract, and how you will continue to support the Buy Board for the duration of the contract period. }

Attach additional pages if necessary.

Brookside Equipment Sales, was established in March, 1974. We currently have 148 employees.

Our sale staff consists of 27 salespersons who work with state, county, city, other Cooperative members and commercial customers. In our web site, www.brooksideusa.com we list some of the products we offer and list the locations where parts and service is available. An extensive email and mailing list is used to contact BuyBoard customers on a regular schedule.

Brookside Equipment Sales Inc.

Company Name


Signature of Authorized Company Official

C. Bielamowicz (Tom)

Printed Name



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CONFIDENTIAL/PROPRIETARY INFORMATION FORM

A. Public Disclosure Laws

All Proposals, forms, documentation, or other materials submitted by Vendor to the Cooperative in response to this Proposal Invitation may be subject to the disclosure requirements of the Texas Public Information Act (Texas Government Code chapter 552.001, *et seq.*) or similar disclosure law. Proposer must clearly identify on this form any Information in its Proposal (including forms, documentation, or other materials submitted with the Proposal) that Proposer considers proprietary or confidential. If Proposer fails to properly identify the information, the Cooperative shall have no obligation to seek protection of such information from public disclosure should a member of the public or other third party request access to the information under the Texas Public Information Act or similar disclosure law. Proposer will be notified of any third party request for information in a Proposal that Proposer has identified in this form as proprietary or confidential.

Does your Proposal (including forms, documentation, or other materials submitted with the Proposal) contain information which Vendor considers proprietary or confidential?

Please check C:'> one of the following:



NO, I certify that none of the information included with this Proposal is considered confidential or proprietary.



YES, I certify that this Proposal contains information considered confidential or proprietary and all such information is specifically identified on this form.

If you responded "YES", you must identify below the specific information you consider confidential or proprietary. List each page number, form number, or other information sufficient to make the information readily identifiable. The Cooperative and its Administrator will not be responsible for a Proposer's failure to clearly identify Information considered confidential or proprietary. Further, by submitting a Proposal, Proposer acknowledges that the Cooperative and its Administrator will disclose information when required by law, even if such Information has been identified herein as information the vendor considers confidential or proprietary.

Confidential/ Proprietary Information:

(Attach additional sheets if needed.)



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B. Copyright Information

Does your Proposal (including forms, documentation, or other materials submitted with the Proposal) contain copyright information?

Please check CO one of the following:

NO, Proposal (including forms, documentation, or other materials submitted with the Proposal) does not contain copyright information.

☐

YES, Proposal (including forms, documentation, or other materials submitted with the Proposal) does contain copyright information.

If you responded " YES", identify below the specific documents or pages containing copyright information.

Copyright Information _ _ _ _ _

(Attach additional sheets if needed.)

C. Consent to Release Confidential/Proprietary/Copyright Information to BuyBoard Members

BuyBoard members (Cooperative and nonprofit members) seeking to make purchases through the BuyBoard may wish to view information included in the Proposals of awarded Vendors. If you identified information on this form as confidential, proprietary, or subject to copyright, and you are awarded a BuyBoard contract, your acceptance of the BuyBoard contract award constitutes your consent to the disclosure of such information to BuyBoard members, including posting of such information on the secure BuyBoard website for members.

Note: Neither the Cooperative nor its Administrator will be responsible for the use or distribution of information by BuyBoard members or any other party.

By signature below, I certify that the information in this form is true, complete, and accurate and that I am authorized by my company to make this certification and all consents and agreements contained herein.

Brookside Equipment Sales Inc.

Company Name

Signature of Authorized Company Official

C. Bielamowicz (Tom)

Printed Name

Oct19,2016

Date



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VENDOR BUSINESS NAME FORM

By submitting a Proposal, Proposer is seeking to enter into a legal contract with the Cooperative. As such, a Proposer must be an individual or legal business entity capable of entering into a binding contract. Proposers, must completely and accurately provide the information requested below or your Proposal may be deemed non-responsive.

Name of Proposing Company: Brookside Equipment Sales Inc.

{list the [b]u[] name of the company seeking to contract with the Cooperative. Do NOT list an assumed name, dba, aka, etc here. Such information may be provided below. If you are submitting a joint proposal with another entity to provide the same proposed goods or services, each submitting entity should complete a separate vendor information form. Separately operating legal business entities, even if affiliated entities, which propose to provide goods or services separately must submit their own Proposals.}

Please check (✓) one of the following:

Type of Business:

Individual/Sole Proprietor
Corporation
Limited Liability Company
Partnership
Other

XXXX

If other, identify _____

State of Incorporation (if applicable): _r_ex_a_s_

Federal Employer Identification Number: _14_1_1a_o1_94

(Vendor must include a completed IRS W-9 form with their proposal)

List the Name(s) by which Vendor, if awarded, wishes to be identified on the BuyBoard: *(Note: If different than the Name of Proposing Company listed above, only valid trade names (dba, aka, etc.) of the Proposing Company may be used and a copy of your Assumed Name Certificate(s), if applicable, must be attached.)*

Brookside Equipment Sales Inc.

**Request for Taxpayer
Identification Number and Certification**

**Give Form to the
requester. Do not
send to the IRS.**

Name (as shown on your income tax return) BROOKSIDE EQUIPMENT SALES, INC	
Business name/disregarded entity name, if different from above	
Check appropriate box for federal tax classification: ☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate	
Exemptions (see instructions): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____	
☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) _____	
☒ Other (see instructions) _____	
Address (number, street, and apt. or suite no.) _____	
City, state, and ZIP code Ho, Tx. 770	
List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number	
DJJ - [D 11111]	
Employer identification number	
71-11-17101017 4	

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below), and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here Signature of U.S. person 

Date **-/-**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.
Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at www.irs.gov/w9. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the

withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.



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EDGAR VENDOR CERTIFICATION FORM

(2 CFR Part 200 and Appendix II)

When a Cooperative member seeks to procure goods and services using funds under a federal grant or contract, specific federal laws, regulations, and requirements may apply in addition to those under state law. This includes, but is not limited to, the procurement standards of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200 (sometimes referred to as the "Uniform Guidance" or new "EDGAR"). All Vendors submitting proposals must complete this EDGAR Certification Form regarding Vendor's willingness and ability to comply with certain requirements which **may** be applicable to specific Cooperative member purchases using federal grant funds. This completed form will be made available to Cooperative members for their use while considering their purchasing options when using federal grant funds. Cooperative members may also require Vendors to enter into ancillary agreements, in addition to the BuyBoard contract's general terms and conditions, to address the member's specific contractual needs, including contract requirements for a procurement using federal grants or contracts.

For each of the items below, Vendor should certify Vendor's agreement and ability to comply, where applicable, by having Vendor's authorized representative check and initial the applicable boxes and sign the acknowledgment at the end of this form. If you fail to complete any item in this form, the Cooperative will consider and may list the Vendor's response on the BuyBoard as "NO," the Vendor is unable or unwilling to comply. A "NO" response to any of the items may, if applicable, impact the ability of a Cooperative member to purchase from the Vendor using federal funds.

1. Vendor Violation or Breach of Contract Terms:

Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 USC 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

Provisions regarding Vendor default are included in the BuyBoard General Terms and Conditions, including Section E.18, Remedies for Default and Termination of Contract. Any Contract award will be subject to such BuyBoard General Terms and Conditions, as well as any additional terms and conditions in any Purchase Order, Cooperative member ancillary contract, or Member Construction Contract agreed upon by Vendor and the Cooperative member which must be consistent with and protect the Cooperative member at least to the same extent as the BuyBoard Terms and Conditions.

The remedies under the Contract are in addition to any other remedies that may be available under law or in equity.

By submitting a Proposal, you agree to these Vendor violation and breach of contract terms.

Vendor Certification, Item 1 (Vendor Violation or Breach of Contract Terms)

iii YES, I agree to the above. (Initial: **(19)**)

iv NO, I do NOT agree to the above. (Initial: **__**)



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2. Termination for Cause or Convenience:

For any Cooperative member purchase or contract in excess of \$10,000 made using federal funds, you agree that the following term and condition shall apply:

The Cooperative member may terminate or cancel any purchase order under this Contract at any time, with or without cause, by providing seven (7) business days advance written notice to the Vendor. If this Agreement is terminated in accordance with this Paragraph, the Cooperative member shall only be required to pay Vendor for goods or services delivered to the Cooperative member prior to the termination and not otherwise returned in accordance with Vendor's return policy. If the Cooperative member has paid Vendor for goods or services not yet provided as of the date of termination, Vendor shall immediately refund such payment(s).

If an alternate provision for termination of a Cooperative member purchase for cause and convenience, including the manner by which it will be effected and the basis for settlement, is included in the Cooperative member's purchase order, ancillary agreement, or Member Construction Contract agreed to by the Vendor, the Cooperative member's provision shall control.

Vendor Certification, Item 2 (Termination for Cause or Convenience):

YES, I agree to the above. (Initial: et.3)

☐ NO, I do NOT agree to the above. (Initial: _____)

3. Equal Employment Opportunity:

Except as otherwise provided under 41 CFR Part 60, all Cooperative member purchases or contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 shall be deemed to include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

The equal opportunity clause provided under 41 CFR 60-1.4(b) is hereby incorporated by reference. Vendor agrees that such provision applies to any Cooperative member purchase or contract that meets the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 and Vendor agrees that it shall comply with such provision.

Vendor Certification, Item 3 (Equal Employment Opportunity):

YES, I agree to the above. (Initial: C. '5)

☐ NO, I do NOT agree to the above. (Initial: _____)



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4. Davis-Bacon Act:

When required by Federal program legislation, Vendor agrees that, for all Cooperative member prime construction contracts/purchases in excess of \$2,000, Vendor shall comply with the Davis-Bacon Act (40 USC 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, Vendor is required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determinate made by the Secretary of Labor. In addition, Vendor shall pay wages not less than once a week.

Current prevailing wage determinations issued by the Department of Labor are available at www.wdol.gov. Vendor agrees that, for any purchase to which this requirement applies, the award of the purchase to the Vendor is conditioned upon Vendor's acceptance of the wage determination.

Vendor further agrees that it shall also comply with the Copeland "Anti-Kickback" Act (40 USC 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

Vendor Certification, Item 4 (Davis-Bacon Act):

YES, I agree to the above. (Initial: lf5)

D NO, I do NOT agree to the above. (Initial: _____)

5. Contract Work Hours and Safety Standards Act:

Where applicable, for all Cooperative member contracts or purchases in excess of \$100,000 that involve the employment of mechanics or laborers, Vendor agrees to comply with 40 USC 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 USC 3702 of the Act, Vendor is required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 USC 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

Vendor Certification, Item 5 (Contract Work Hours and Safety Standards Act):

YES, I agree to the above. (Initial: lt5)

D NO, I do NOT agree to the above. (Initial: _____)



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6. Right to Inventions Made Under a Contract or Agreement:

If the Cooperative member's Federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance or experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

Vendor agrees to comply with the above requirements when applicable.

Vendor Certification, Item 6 (Right to Inventions Made Under a Contract or Agreement):

YES, I agree to the above. (Initial: SL)

D NO, I do NOT agree to the above. (Initial: ____)

7. Clean Air Act and Federal Water Pollution Control Act:

Clean Air Act (42 USC 7401-7671q.) and the Federal Water Pollution Control Act (33 USC 1251-1387), as amended - Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 USC 7401-7671q.) and the Federal Water Pollution Control Act, as amended (33 USC 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

When required, Vendor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

Vendor Certification, Item 7 (Clean Air Act and Federal Water Pollution Control Act):

YES, I agree to the above. (Initial: SL6)

D NO, I do NOT agree to the above. (Initial: ____)

8. Debarment and Suspension:

Debarment and Suspension (Executive Orders 12549 and 12689) - A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1966 Comp. p. 189) and 12689 (3 CFR Part 1989 Comp. p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.



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Vendor certifies that Vendor is not currently listed on the government-wide exclusions in SAM, is not debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549. Vendor further agrees to immediately notify the Cooperative and all Cooperative members with pending purchases or seeking to purchase from Vendor if Vendor is later listed on the government-wide exclusions in **SAM**, or is debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Vendor Certification, Item 8 (Debarment and Suspension):

iii YES, I agree certify to the above. (Initial: ≤!- d)

D NO, I do NOT agree / certify to the above. (Initial:____)

9. Byrd Anti-Lobbying Amendment:

Byrd Anti-Lobbying Amendment (31 USC 1352) -- Vendors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 USC 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

As applicable, Vendor agrees to file all certifications and disclosures required by, and otherwise comply with, the Byrd Anti-Lobbying Amendment (31 USC 1352).

Vendor Certification, Item 9 (Byrd Anti-Lobbying Amendment):

iii YES, I agree to the above. (Initial: ! tJ)

D NO, I do NOT agree to the above. (Initial:____)

10. Procurement of Recovered Materials:

For Cooperative member purchases utilizing Federal funds, Vendor agrees to comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act where applicable and provide such information and certifications as a Cooperative member may require to confirm estimates and otherwise comply. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery, and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.



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Vendor Certification, Item 10 (Procurement of Recovered Materials):

[j] YES, I agree to the above. (Initial: ed)

D NO, I do NOT agree to the above. (Initial: _____)

11. Profit as a Separate Element of Price

For purchases using federal funds in excess of \$150,000, a Cooperative member may be required to negotiate profit as a separate element of the price. See, 2 CFR 200.323(b). When required by a Cooperative member, Vendor agrees to provide information and negotiate with the Cooperative member regarding profit as a separate element of the price for a particular purchase. However, Vendor agrees that the total price, including profit, charged by Vendor to the Cooperative member shall not exceed the awarded pricing, including any applicable discount, under Vendor's Cooperative Contract.

Vendor Certification, Item 11 (Profit as Separate Element of Price):

[j] YES, I agree to the above. (Initial: 1,6)

D NO, I do NOT agree to the above. (Initial: _____)

12. General Compliance and Cooperation with Cooperative Members

In addition to the foregoing specific requirements, Vendor agrees, in accepting any Purchase Order from a Cooperative member, it shall make a good faith effort to work with Cooperative members to provide such information and to satisfy such requirements as may apply to a particular Cooperative member purchase or purchases including, but not limited to, applicable recordkeeping and record retention requirements.

Vendor Certification, Item 12 (General Compliance and Cooperation with Cooperative Members):

[j] YES, I agree to the above. (Initial: 3)

D NO, I do NOT agree to the above. (Initial: _____)

By signature below, I certify that the information in this form is true, complete, and accurate and that I am authorized by my company to make this certification and all consents and agreements contained herein.

Brookside Equipment Sales Inc.

Company Name

J. Belamowicz
Signature of Authorized Company Official

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Printed Name



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REQUIRED FORMS CHECKLIST

(Please check (v) the following)

- E) Completed: **Proposer's Agreement and Signature** (Form A)
- E) Completed: **Vendor Purchase Order, Request for Quotes, and Invoice Receipt Options** (Form B)
- E) Completed: **Felony Conviction Disclosure and Debarment Certification** (Form C)
- E) Completed: **Resident/Nonresident Certification** (Form D)
- E) Completed: **Historically Underutilized Business (HUB) Certification** (Form E)
- E) Completed: **Affirmation Regarding Construction Related Goods and Services** (Form F)
- E) Completed: **Deviation/ComplianceSignature Form** (Form G)
- E) Completed: **Dealership Listings** (Form H)
- E) Completed: **Texas Regional Service Designation** (Form I)
- E) Completed: **State Service Designation** {Form J}
- E) Completed: **National Purchasing Cooperative Vendor Award Agreement** {Form K}
- E) Completed: **Federal and State/Purchasing Cooperative Discount Comparison Form** {Form L}
- 0 Completed: **Governmental References and Price/DiscountInformation** {Form M}
- 0 Completed: **Marketing Strategy** {Form N}
- 0 Completed: **Confidential/Proprietary Information Form** (Form O)
- 0 Completed: **Vendor Business Name Form with IRS Form W-9** (Form P)
- 0 Completed: **EDGAR Vendor Certification Form** (Form Q)
- 0 Completed: **Forms Checklist** {Form R}
- 0 Completed: **Proposal Specification Form with Catalogs/Pricelists and Manufacturer Letters**



W !!!t !!!!

Proposal Invitation No. 529-17-Grounds Maintenance Equipment, Irrigation Supplies and Installation

((atalogs/Pricelists must be submitted with Proposal or Proposal will not be considered'.)

Item			State Percent (%) of Discount off	State Name of catalog/Pricelist	Exceptions to Discount
No.	Short Description	Full Description	catalog/Pricelist ¹		
4	Discount (%) Off catalog/Pricelist for Front Mowers, Equipment, Supplies, and Accessories	Please state the discount(%) off catalog/pricelist for Front Mowers, Equipment, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
5	Discount (%) Off catalog/Pricelist for Wide Area Mowers, Equipment, Supplies, and Accessories	Please state the discount(%) off catalog/pricelist for Wide Area Mowers, Equipment, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
6	Discount (%) Off catalog/Pricelist for Zero Turn Mowers, Equipment, Supplies, and Accessories	Please state the discount (%) off catalog/pricelist for Zero Turn Mowers, Equipment, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
7	Discount(%) Off catalog/Pricelist for Walk Behind Mowers, Equipment, Supplies, and Accessories	Please state the discount(%) off catalog/pricelist for Walk Behind Mowers, Equipment, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	15% %	Honda Power Equipment Mowers, Tillers,	
8	Discount (%) Off catalog/Pricelist for Utility Vehicles, Equipment, Supplies, and Accessories	Please state the discount (%) off catalog/pricelist for Utility Vehicles, Equipment, Supplies, and Accessories. Catalog/ Pricelist MUST be included or proposal will not be considered.	5% %	Vantage Utility Vehicles	
9	Discount (%) Off catalog/Pricelist for All Terrain Vehicles, Equipment, Supplies, and Accessories	Please state the discount(%) off catalog/pricelist for All Terrain Vehicles, Equipment, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		

PROPOSAL NOTE

1. catalogs/Pricelists are required to be submitted with Proposal

Page 2 of 12

PROPOSAL SPECIFICATION FORM
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Proposal Invitation No. 529-17-Grounds Maintenance Equipment, Irrigation Supplies and Installation
(catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered'.)

Item No.	Short Description	Full Description	State Percent (%) of Discount off Catalog/ Pricelist ¹	State Name of Catalog/Pricelist ¹	Exceptions to Discount
10	Discount (%) Off catalog/Pricelist for Cutters and Shredders, Equipment, Supplies, and Accessories	Please state the discount (%) off catalog/pricelist for Cutters and Shredders, Equipment, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
11	Discount (%) Off catalog/Pricelist for Sprayers, Supplies, and Accessories	Please state the discount(%) off catalog/pricelist for Sprayers, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
12	Discount (%) Off catalog/Pricelist for Scraper, Supplies, and Accessories	Please state the discount(%) off catalog/pricelist for Scraper, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
13	Discount (%) Off catalog/Pricelist for Hand Held Equipment, Supplies, and Accessories	Please state the discount (%) off catalog/pricelist for Hand Held Equipment, Supplies, and Accessories. Catalog/ Pricelist MUST be included or proposal will not be considered.	10% %	Echo Hand Held Equipment Trimmers, Blowers, Chainsaws, Etc.	
14	Discount(%) Off catalog/Pricelist for Landscape and Turf care Attachments	Please state the discount(%) off catalog/pricelist for Landscape and Turf Care Attachments. Catalog/ Pricelist MUST be included or proposal will not be considered.	%		

PROPOSAL NOTE

1. catalogs/Pricelists are required to be submitted with Proposal

Page 3 of 12

PROPOSAL SPECIFICATION FORM
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Proposal Invitation No. 529-17-Grounds Maintenance Equipment, Irrigation Supplies and Installation

(Catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered*.)

Item No.	Short Description	Full Description	State Percent (%) of Discount off catalog/ Pricelist	State Name of catalog/ Pricelist	Exceptions to Discount
10	Discount (%) Off Catalog/Pricelist for Cutters and Shredders, Equipment, Supplies, and Accessories	Please state the discount (%) off catalog/pricelist for Cutters and Shredders, Equipment, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
11	Discount (%) Off Catalog/Pricelist for Sprayers, Supplies, and Accessories	Please state the discount (%) off catalog/pricelist for Sprayers, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
12	Discount (%) Off Catalog/Pricelist for Scrape, Supplies, and Accessories	Please state the discount (%) off catalog/pricelist for Scraper, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	%		
13	Discount (%) Off Catalog/Pricelist for Hand Held Equipment, Supplies, and Accessories	Please state the discount (%) off catalog/pricelist for Hand Held Equipment, Supplies, and Accessories. Catalog/Pricelist MUST be included or proposal will not be considered.	15% %	Stihl Hand Held Equipment Trimmers, Blowers, Chainsaws, Etc.	
14	Discount (%) Off Catalog/Pricelist for Landscape and Turf Care Attachments	Please state the discount (%) off catalog/pricelist for Landscape and Turf Care Attachments. Catalog/Pricelist MUST be included or proposal will not be considered.	%		

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal

Page 3 of 12

PROPOSAL SPECIFICATION FORM
FORMS

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Proposal Invitation No. 529-17-Grounds Maintenance Equipment, Irrigation Supplies and Installation

(catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered.)

Item No.	Short Description	Full Description	State Percent (%) of Discount off Catalog/ Pricelist	State Name of Catalog/ Pricelist	Exception to Discount
19	Discount(%) Off catalog/Pricelist for Bark and Straw Blowers and Crimper Equipment, Supplies, and Accessories	Please state the discount(%) off catalog/pricelist for Bark and Straw Blowers and Crimper Equipment, Supplies, and Accessories . catalog / Pricelist MUST be included or proposal will not be considered.	%		
20	Discount (%) Off catalog/Pricelist for All Other Types of Grounds Maintenance Equipment, Supplies and Accessories	Please state the discount(%) off catalog/pricelist for All Other Types of Grounds Maintenance Equipment, Supplies and Accessories . catalog/ Pricelist MUST be included or proposal will not be considered.	10% %	Diamond Mowers Boom Mowers Forestry Mowers 2016 Price List	
21	Discount (%) Off catalog/Pricelist for Ground Maintenance Equipment Repair Parts	Please state the discount(%) off catalog/pricelist for Ground Maintenance Equipment Repair Parts . catalog/Pricelist MUST be included or proposal will not be considered.	15% %	Sunbelt Parts After Market Maintenance Parts 16Oct2016	

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal

Page 5 of 12

PROPOSAL SPECIFICATION FORM
FORMS

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Proposal Invitation No. 529-17 -GroundsMaintenance Equipment , Irrigation Supplies and Installation

(catalogs/Pricelists must be submitted with Proposal or Proposal will not be considered.)

Item No.	Short Description	Full Description	State Percent(%) of Discount off Catalog/Pricelist ¹	State Name of Catalog/ Pricelist ¹	Exceptionsto Discount
19	Discount (%) Off catalog/Pricelist for Bark and Straw Blowers and Crimper Equipment, Supplies, and Accessories	Please state the discount(%) off catalog/pricelist for Bark and Straw Blowers and Crimper Equipment, Supplies, and Accessories . Catalog/ Pricelist MUST be included or proposal will not be considered.	%		
20	Discount(%) Off catalog/Pricelist for All Other Types of Grounds Maintenance Equipment, Supplies and Accessories	Please state the discount (%) off catalog/pricelist for All Other Types of Grounds Maintenance Equipment, Supplies and Accessories . Catalog/ Pricelist MUST be included or proposal will not be considered.	%		
21	Discount (%) Off catalog/Pricelist for Ground Maintenance Equipment Repair Parts	Please state the discount (%) off catalog/pricelist for Ground Maintenance Equipment Repair Parts . Catalog/ Pricelist MUST be included or proposal will not be considered.	10%	Joh n Deere Parts 26Sep2016	

PROPOSAL NOTE

1. Catalogs/Pricelists are required to be submitted with Proposal

Page 5 of 12

PROPOSAL SPECIFICATION FORM
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**THE LOCAL GOVERNMENT PURCHASING COOPERATIVE
ADDENDUM NO. 1**

**Proposal Invitation No. 529-17 -Grounds Maintenance Equipment, Irrigation Parts,
Supplies and Installation**

The following information becomes a permanent part of the Proposal Invitation document:

PROPOSER'S AGREEMENT AND SIGNATURE FORM:

Contract Time Period: June 1, 2017 through May 31, 2018 with two (2) possible one-year renewals.

Proposal Opening Date and Time: October 27, 2016 at 2:00 P.M.

Anticipated Cooperative Board Meeting Date: April 2017

Please sign and return one copy of the addendum with proposal as verification of receipt and compliance with addendum information.

Company Name : Brookside Equipment Sales Inc.

Address: 7707 Mosley Houston TX 77017

Signature of Authorized
Company Official: 

Title: General Manager

Telephone Number: 713-943-7100

Date : October 25, 2016



P.O. Box 400
Austin, TX 78767-0400
800.695.2919 | 512.467.0222 | Fax: 800.211.5454
buyboard.com

April 26, 2018

Sent via email

To: Vendors Awarded BuyBoard Contract 529-17

Re: Grounds Maintenance Equipment, Irrigation Parts, Supplies, & Installation
BuyBoard Contract 529-17

The Local Government Purchasing Cooperative (BuyBoard) awarded your company a contract under Grounds Maintenance Equipment, Irrigation Parts, Supplies, & Installation, BuyBoard Contract 529-17, effective June 1, 2017 through May 31, 2018, with two possible one-year renewals. At this time, we are renewing your contract through **May 31, 2019**.

All discounts, terms, and conditions of your contract will remain the same. If you agree to this renewal, there is nothing you need to do. However, if you do not agree to this renewal, you must notify me immediately via email at connie.burkett@tasb.org.

Reminder: Once a BuyBoard contract is awarded, vendors must generate a minimum of \$15,000 annually or they may not be offered a contract renewal. Evaluations will be made annually, prior to the expiration date of the contract term, and the BuyBoard reserves the right to discontinue the vendor's contract at that time.

Additionally, **all purchase orders must be processed through the BuyBoard. Except as expressly authorized in writing by the Cooperative's administrator, you are not authorized to process a purchase order received directly from a Cooperative member.** Accepting orders directly from a member entity without Cooperative authorization is a violation of the terms of your contract. We request your assistance in immediately forwarding any orders received directly from member entities. Purchase orders may be sent to us either by fax (800-211-5454) or by email (info@buyboard.com). If by chance an order sent directly to you has been unintentionally processed, please forward it to the Cooperative and note it as **RECORD ONLY** to prevent duplication.

If you have questions or comments concerning this renewal, please contact me as soon as possible at connie.burkett@tasb.org. We appreciate your interest in The Local Government Purchasing Cooperative.

Sincerely,

Connie W Burkett, CTSBS
Contract Administrator



GALVESTON CENTRAL APPRAISAL DISTRICT

Tommy Watson, Chief Appraiser

9850 Emmett F Lowry Expressway Ste. A Texas City, Texas 77591

Telephone: (409) 935-1980 or toll free (866) 277-4725

Fax: (409) 935-4319

June 14, 2018

The Honorable Jim Yarbrough
Mayor, City of Galveston
P. O. Box 779
Galveston, TX 77553

RE: Approved 2017 CAD Audit

Dear Mayor Yarbrough:

In accordance to Property Tax Code 6.063(b), enclosed is a copy of Galveston Central Appraisal District's Approved Financial Audit for 2017. The audit was presented by Whitley Penn, LLP to the Board of Directors at their regular scheduled meeting on June 13, 2018.

Please contact me if you should have any questions.

Sincerely,

A handwritten signature in black ink that reads "Tommy Watson". The signature is written in a cursive style with a large, stylized "T" and "W".

Tommy Watson
Chief Appraiser

TW:jb
Enclosure

**GALVESTON CENTRAL
APPRAISAL DISTRICT**

FINANCIAL STATEMENTS

As of December 31, 2017

GALVESTON CENTRAL APPRAISAL DISTRICT
TABLE OF CONTENTS

Financial Section	<u>Page</u>
Report of Independent Auditors	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	11
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Change in Fund Balance	12
Notes to the Financial Statements	13
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	30
Notes to the Required Supplementary Information	31
Texas County and District Retirement System Schedule of Changes in Net Pensions Liability and Related Ratios	32
Texas County and District Retirement System Schedule of Employer Contributions	33
Notes to Schedule of Employer Contributions	34

Report of Independent Auditors

Board of Directors
Galveston Central Appraisal District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Galveston Central Appraisal District (the "District") as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
Galveston Central Appraisal District

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Texas County and District Retirement System Schedule of Changes in Net Pensions Liability and Related Ratios, and Texas County and District Retirement System Schedule of Employer Contributions on pages 5-8 and 29-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Whitley Penn LLP

Houston, Texas
May 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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GALVESTON CENTRAL APPRAISAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Galveston Central Appraisal District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2017.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements present functions of the District that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one governmental fund, the General Fund.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 11 and 12 of this report.

GALVESTON CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 27 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's General Fund budget and pension data. Required supplementary information can be found on pages 29 through 33 of this report.

Government-Wide Financial Analysis

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent year by \$1,364,633, compared to \$1,470,687 from the prior year. This decrease of \$106,054 can be attributed to the increase in net pension liability by \$181,225. Net investment in capital assets increased by \$505,536 due to the upgrade the appraisal system software in 2017.

A comparative summary of net position for the District is presented as follows:

Galveston Central Appraisal District's Net Position

	Current Year	Prior Year	Change
Current assets	\$ 3,797,599	\$ 4,068,644	\$ (271,045)
Capital assets, net	690,444	288,188	402,256
Total assets	<u>4,488,043</u>	<u>4,356,832</u>	<u>131,211</u>
Total deferred outflows of resources	<u>1,548,858</u>	<u>1,791,658</u>	<u>(242,800)</u>
Current liabilities	1,556,643	1,508,733	47,910
Long-term liabilities	3,106,225	3,032,758	73,467
Total liabilities	<u>4,662,868</u>	<u>4,541,491</u>	<u>121,377</u>
Total deferred inflows of resources	<u>9,400</u>	<u>136,312</u>	<u>(126,912)</u>
Net investment in capital assets	245,506	(260,030)	505,536
Unrestricted	1,119,127	1,730,717	(611,590)
Total net position	<u>\$ 1,364,633</u>	<u>\$ 1,470,687</u>	<u>\$ (106,054)</u>

GALVESTON CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Statement of Activities

This statement represents the activity of the District, which results from revenue, expenses, gains and losses during the year. In 2017, the District had revenues of \$5,662,524 and expenses of \$5,768,578. Compared to the prior year, revenue increased approximately \$463,000 and total expenses increased approximately \$509,000. The increase in expenses is primarily due to an increase in personnel services, contracted services, and pension expense.

Galveston Central Appraisal District's Changes in Net Position

	Current Year	Prior Year	Change
Appraisal fees	\$ 5,651,982	\$ 5,190,164	\$ 461,818
Investment income	5,633	4,983	650
Other revenues	4,909	4,683	226
Total revenues	<u>5,662,524</u>	<u>5,199,830</u>	<u>462,694</u>
Personnel services	2,961,502	2,833,965	127,537
Contracted services	1,156,036	1,017,992	138,044
Materials and supplies	390,228	370,201	20,027
Other operating expenses	370,502	361,511	8,991
Interest expense	15,894	2,641	13,253
Depreciation expense	145,962	101,319	44,643
Pension expense	728,454	572,074	156,380
Total expenses	<u>5,768,578</u>	<u>5,259,703</u>	<u>508,875</u>
Change in net position	<u>(106,054)</u>	<u>(59,873)</u>	<u>(46,181)</u>
Beginning net position	<u>1,470,687</u>	<u>1,530,560</u>	<u>(59,873)</u>
Ending net position	<u>\$ 1,364,633</u>	<u>\$ 1,470,687</u>	<u>\$ (106,054)</u>

General Fund Analysis and Budgetary Highlights

- As of December 31, 2017, the District's General fund reported an ending fund balance of \$2,243,099 or 40% of total General fund revenues and 38% of total General Fund expenditures.

The District's General Fund revenues were less than budgeted revenues by \$240,206 due primarily to refunds applied during the year. The General Fund expenditures were greater than budgeted expenditures by \$76,606 primarily due to more than anticipated expenditures due to implementation of the new appraisal system software in 2017. The budgetary comparison schedule as listed in the table of contents of this report provides variance information per financial statement line item.

GALVESTON CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets

The District's capital assets as of December 31, 2017 amount to \$690,444 (net of accumulated depreciation). Changes in capital assets held by the District for the current year are summarized as follows:

	<u>2017</u>	<u>2016</u>
Total capital assets	\$ 1,812,272	\$ 1,754,490
Less: accumulated depreciation	<u>1,121,828</u>	<u>1,466,302</u>
Capital assets, net of accumulated depreciation	<u>\$ 690,444</u>	<u>\$ 288,188</u>

Long-Term Debt

On November 3, 2016, the District entered into a promissory note agreement in the amount of \$548,218 with Moody National Bank to finance the upgrade of the appraisal system software. The software system upgrade took place during 2017. The note is to be paid in five annual installments of \$119,672, with an interest rate of 2.990%, maturing on November 3, 2021. Changes in long-term debt for the current and prior year are as follows:

	<u>2017</u>	<u>2016</u>
Note payable	\$ 444,938	\$ 548,218
Accrued interest	<u>2,143</u>	<u>2,641</u>
	<u>\$ 442,795</u>	<u>\$ 545,577</u>

Economic Factors and Next Year's Budgets and Rates

The District's budget for 2018 increased by \$85,625 to \$5,988,355. Because of the nature of the District's primary source of revenues (appraisal fees charged to taxing entities within the District), an increase in anticipated revenues denotes an increase in budgeted expenses. All costs are passed on to member entities.

Budgeted expenses have increased due to an increase in ARB expenses, health insurance, and additional computer equipment.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Chief Appraiser
Galveston Central Appraisal District
9850 Emmett F. Lowry Expressway, Ste. A
Texas City, TX 77591

BASIC FINANCIAL STATEMENTS

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GALVESTON CENTRAL APPRAISAL DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
December 31, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents	\$ 3,712,556	\$ -	\$ 3,712,556
Prepaid expenditures/expenses	85,043	-	85,043
Capital assets, net of accumulated depreciation	-	690,444	690,444
Total Assets	<u>\$ 3,797,599</u>	<u>\$ 690,444</u>	<u>\$ 4,488,043</u>
Deferred Outflows of Resources			
Deferred outflows - pension	\$ -	\$ 1,548,858	\$ 1,548,858
Total deferred outflows of resources	<u>-</u>	<u>1,548,858</u>	<u>1,548,858</u>
Liabilities			
Accounts payable	61,126	-	61,126
Unearned revenues	1,493,374	-	1,493,374
Accrued interest	-	2,143	2,143
Noncurrent liabilities:			
Compensated absences	-	87,974	87,974
Net pension liability	-	2,573,313	2,573,313
Note payable due within one year	-	106,368	106,368
Note payable due in more than one year	-	338,570	338,570
Total Liabilities	<u>1,554,500</u>	<u>3,108,368</u>	<u>4,662,868</u>
Deferred Inflows of Resources			
Deferred inflows - pension	-	9,400	9,400
Total deferred inflows of resources	<u>-</u>	<u>9,400</u>	<u>9,400</u>
Fund Balance/Net Position			
Fund Balance			
Nonspendable	85,043	(85,043)	
Unassigned	2,158,056	(2,158,056)	
Total Liabilities and Fund Balances	<u>\$ 3,797,599</u>		
Net Position:			
Net investment in capital assets		245,506	245,506
Unrestricted		1,119,127	1,119,127
Total Net Position		<u>\$ 1,364,633</u>	<u>\$ 1,364,633</u>

See Notes to the Financial Statements

GALVESTON CENTRAL APPRAISAL DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Appraisal fees	\$ 5,651,982	\$ -	\$ 5,651,982
Investment income	5,633	-	5,633
Other revenues	4,909	-	4,909
Total revenues	<u>5,662,524</u>	<u>-</u>	<u>5,662,524</u>
Expenditures / Expenses			
Personnel services	3,394,680	(433,178)	2,961,502
Contracted services	1,156,036	-	1,156,036
Materials and supplies	938,446	(548,218)	390,228
Other expenses	370,502	-	370,502
Principal payments on long-term note payable	103,280	(103,280)	-
Interest expense	16,392	(498)	15,894
Depreciation expense	-	145,962	145,962
Pension expense	-	728,454	728,454
Total Expenditures / Expenses	<u>5,979,336</u>	<u>(210,758)</u>	<u>5,768,578</u>
Net change in fund balance/ net position	(316,812)	210,758	(106,054)
Fund Balance / Net Position - beginning of year	<u>2,559,911</u>	<u>(1,089,224)</u>	<u>1,470,687</u>
Fund Balance / Net Position - end of year	<u>\$ 2,243,099</u>	<u>\$ (878,466)</u>	<u>\$ 1,364,633</u>

See Notes to the Financial Statements

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Galveston Central Appraisal District (the District) was created in 1981 as an independent appraisal district under the Texas Property Tax Code for Galveston County, which was enacted into law by the 66th State Legislature in 1979. The District previously operated as part of Galveston County, Texas.

The District is a political subdivision of the State of Texas governed by an elected five-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

The District's basic responsibility is to locate, list, and appraise property in the District for property tax purposes. The District is required to provide a single appraisal for each property in the District. This valuation should represent 100% of market value. Additional responsibilities include, but are not limited to: recording property configuration changes, ownership changes, state and local exemptions, maintenance of ownership maps, and furnishing appraisal roll information to the Property Tax Division of the Comptroller's office.

The District's primary activities include property appraisals on real and personal property within its jurisdiction.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the District as a whole. These statements include all activities of the District. The fund based financial statements (i.e. the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) report information of the District at the fund level. As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

C. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Equity

1. Cash and cash equivalents

The District's cash and cash equivalents consist of cash on hand, amounts in demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments consist of money market funds. The District reports all investments at fair value based on closing balance at year-end date.

3. Capital assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are valued at their estimated fair market value on the date received. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following estimated useful lives are used:

Type of Asset	Life (Years)
Leasehold Improvements	10
Furniture	7
Equipment	7-10
Computers	3-5

4. Unearned revenues

Appraisal fees and other revenues received during the year that are related to the period after the year are reported as unearned revenues.

5. Compensated absences

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place.

6. Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both externally restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Equity (continued)

7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to three pension items as follows:

- Pension plan contributions made after the measurement date of the net pension liability will be recognized as a reduction of the net pension liability in the next year.
- Differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period.
- Assumption changes or inputs will be amortized over a closed four year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for pension items resulting from the results of differences between expected and actual actuarial experiences. These amounts will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently 4 years for the District plan.

8. *Fund balance flow assumptions*

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

9. *Fund balance policies*

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

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

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Equity (continued)

9. Fund balance policies (continued)

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

The Board of Directors has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at two months of general fund annual revenues (approximately 16.7%).

10. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Pensions

The District reports a liability for pension obligations and related deferred inflows and outflows of resources in accordance with Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Changes in the net pension liability from year to year will be recognized as pension expense on the government-wide Statement of Activities or reported as deferred inflows or outflows of resources on the Statement of Net Position, depending on the nature of the change. Transactions giving rise to deferred inflows and outflows of resources are not entirely recognized in the Statement of Activities in the period in which they arise but are instead amortized over multiple years.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes an adjustments column to arrive at the government-wide statement of net position balances. Amounts reported in the statement of net position are different because:

Reconciliation of the Governmental Fund Balance Sheet to the *Statement of Net Position*

Total fund balance, governmental funds	\$ 2,243,099
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	690,444
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds, the difference consists of:	
Accrued compensated absences	(87,974)
Net pension liability	(2,573,313)
Note payable - principal	(444,938)
Note payable - accrued interest	(2,143)
Net deferred inflows of resources and deferred outflows of resources related to pensions	1,539,458
Total net position - governmental activities	<u>\$ 1,364,633</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities

Net change in fund balances - General Fund	\$ (316,812)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets are allocated over their estimated lives as depreciation expense.	
Capital outlay expenditures	548,218
Depreciation expense	(145,962)
Compensated Absences reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in the governmental funds.	1,837
Contributions to the pension plan in the current year are not included on the Statement of Activities.	431,341
Some expenditures reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.	
Principal payments on long-term note payable	103,280
Interest expense	498
Pension expense	(728,454)
Change in net position of governmental activities	<u>\$ (106,054)</u>

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3 - Deposits (Cash) and Investments

Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the District.

In accordance with applicable statutes, the District has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. District policy requires the collateralization level to be at least 110% of market value of principal and accrued interest.

The District has adopted a written investment policy regarding the investment of District funds as required by the PFIA (Chapter 2256, Texas Government Code). The investments of the District are in compliance with the District's investment policy. The District is authorized to invest in obligations and instruments as defined in the PFIA (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States, its agencies and instrumentalities, (2) fully collateralized direct repurchase agreements secured by obligations of the United States or its agencies and instrumentalities, (3) money market mutual funds that are registered and regulated by the SEC, (4) certificates of deposit, and (5) local government investment pools which meet the requirements of the Public Funds Investment Act. The maximum maturity allowed is two years from date of purchase. The District's investment policy strictly prohibits investments such as interest-only or principal-only strips of obligations with underlying mortgage-backed security collateral and collateralized mortgage obligations with inverse floating interest rates or a maturity date of over ten years.

Deposit and Investment Amounts

The District's cash and investments are classified as: cash and cash equivalents and investments. The cash and cash equivalents include cash on hand, deposits with financial institutions, and money market funds.

The following schedule shows the District's recorded cash at year-end:

2017	Carrying Amount
Demand deposits	\$ 336,538
Money market	3,376,018
Total cash and cash equivalents	\$ 3,712,556

The District does not have any investments as of December 31, 2017.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3 - Deposits (Cash) and Investments (continued)

Custodial Credit Risk - Deposits

For deposits, this is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Collateral is required for all bank deposits at 110% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Collateral pledged to cover the District's deposits is required to be held in the District's name by the trust department of a bank other than the pledging bank (the District's agent). Collateral securities must bear a Baa-1 or better rating to qualify for use in securing uninsured depository balances. Deposits at year-end are representative of the types of deposits maintained by the District during the year.

The District's deposits in banks at year-end were entirely covered by federal depository insurance or by acceptable collateral held by the District's agent in the District's name.

Investment Risks

To the extent possible, the District attempts to match investments with anticipated cash flow requirements. The District does not directly invest in securities with a stated maturity date more than two years or 730 days from date of purchase. The settlement date is considered the date of purchase.

Note 4 - Capital Assets

Capital assets activities for the year ended December 31, 2017, were as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets:				
Leasehold improvements	\$ 55,933	\$ -	\$ -	\$ 55,933
Equipment	30,536	-	-	30,536
Furniture	49,616	-	-	49,616
Mapping equipment	924,269	-	-	924,269
Computers	694,136	548,218	(490,436)	751,918
Total capital assets	<u>1,754,490</u>	<u>548,218</u>	<u>(490,436)</u>	<u>1,812,272</u>
Accumulated depreciation:				
Leasehold improvements	31,311	5,593	-	36,904
Equipment	25,975	3,218	-	29,193
Furniture	40,321	5,125	-	45,446
Mapping equipment	724,978	61,964	-	786,942
Computers	643,717	70,062	(490,436)	223,343
Total accumulated depreciation	<u>1,466,302</u>	<u>145,962</u>	<u>(490,436)</u>	<u>1,121,828</u>
Net Capital Assets	<u>\$ 288,188</u>	<u>\$ 402,256</u>	<u>\$ -</u>	<u>\$ 690,444</u>

Depreciation expense for the year ended December 31, 2017, was \$145,962.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5 - Pension Plan

Plan Description: The District provides retirement and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or online at www.tcdrs.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement or death, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At the December 31, 2016 valuation and measurement date, there were 45 active employees participating in the plan.

Funding Policy: The employer has elected the Annually Determined Contribution Rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 20.61% for the calendar year 2017. The contribution rate payable by the employee members is the rate of 7.00% as adopted by the District's Board of Directors. The employee contribution rate and the employer contribution rate may be changed by the District's Board of Directors within the options available in the TCDRS Act.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5 - Pension Plan (continued)

Actuarial Assumptions: The actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 to December 31, 2012, except where required to be different by GASB 68.

The following are the key assumptions and methods applied to this measurement period:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.2 years
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments base on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions	2015: No changes in plan provisions.
Reflected in the Schedule of Employer Contributions*	2016: No changes in plan provisions.

*Only changes effective 2015 and later are shown in the Notes to Schedule.

Discount Rate: The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the nonemployer contributing entity made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5 - Pension Plan (continued)

The long-term expected rate of return on pension plan investments is 8.10%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of December 31, 2016 are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE		
	EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

Sensitivity Analysis: The following presents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the Galveston Central Appraisal District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease (7.10%)	Current Discount Rate (8.10%)	1% Increase (9.10%)
Total pension liability	\$ 20,211,039	\$ 18,183,917	\$ 16,462,612
Fiduciary net position	15,610,604	15,610,604	15,610,604
Net pension liability/(asset)	\$ 4,600,435	\$ 2,573,313	\$ 852,008

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5 - Pension Plan (continued)

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2015	\$ 17,133,121	\$ 14,741,033	\$ 2,392,088
Changes for the year:			
Service Cost	312,665	-	312,665
Interest	1,370,867	-	1,370,867
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	105,893	-	105,893
Effect of assumption changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(738,629)	(738,629)	-
Administrative expenses	-	(11,854)	11,854
Member contributions	-	140,080	(140,080)
Net investment income	-	1,093,883	(1,093,883)
Employer contributions	-	370,013	(370,013)
Other	-	16,078	(16,078)
Balance at December 31, 2016	<u>\$ 18,183,917</u>	<u>\$ 15,610,604</u>	<u>\$ 2,573,313</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the District recognized pension expense of \$728,454.

At December 31, 2017, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,400
Changes in assumptions	87,721	-
Net difference between projected and actual earnings	1,029,796	-
Contributions made subsequent to the measurement date	431,341	-
Totals	<u>\$ 1,548,858</u>	<u>\$ 9,400</u>

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5 - Pension Plan (continued)

The \$431,341 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31,	
2018	\$ 374,342
2019	380,508
2020	335,020
2021	18,247
	<u>\$ 1,108,117</u>

Group Term Life Insurance

The District participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the TCDRS. This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System; P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy: Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The District's contributions to the GTLF for the year ending December 31, 2017, December 31, 2016, and December 31, 2015, were \$5,032, \$11,607 and \$9,268, respectively, which equaled the contractually required contribution.

Note 6 - Compensated Absences

Sick leave and vacation benefits are available only to full-time employees of the District.

Sick Leave

Full-time employees accrue paid sick leave at the rate of two hours per week. Unused benefits may be carried forward but may not exceed 96 hours per year. Employees separating from service with the District are not reimbursed for unused sick leave.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6 - Compensated Absences (continued)

Vacation Leave

Full-time employees are eligible to accrue vacation leave according to the following schedule:

Months of Service	Hours Accrued per Month
0-59	6.66
60-119	10.00
120-239	13.33
240+	16.66

The maximum amount of unused vacation that may be carried-over to the next year is 150% of the yearly entitlement; any unused vacation leave in excess of the 150% is forfeited. Employees separating from service with the District may be compensated for one year of unused vacation benefits.

The District estimates the long-term portion of the vacation leave liability and records this amount in the financial statements as a long-term liability. The long-term liability for compensated absences decreased by \$1,837 from \$89,811 at December 31, 2016. As of December 31, 2017, the compensated absence balance was \$87,974.

Note 7 - Appraisal Fees and Refunds

The District's revenues are primarily generated from appraisal services provided to the various taxing entities within the County of Galveston. Appraisal fees are billed on a quarterly basis.

In accordance with the Texas Property Tax code 6.06 (j), any excess funds collected but unspent in any given year is to be credited against each taxing entity's allocated payments in the proportion to the amount of each taxing entity's budget allocation no later than 150 days after the end of the year in which the payments were made. There were refunds in the amount of \$226,759 for 2016, which were applied in 2017. There are no anticipated refunds for 2017 to be applied in 2018 due to the District's expenditures exceeding revenues by \$316,812.

Note 8 - Operating Lease Commitments

The District is obligated under lease agreement for office equipment, accounted for as operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreement are not reflected in the District's capital assets.

The lease agreements for office equipment are cancelable at any time. The District is therefore not obligated for any minimum future rental payments at December 31, 2017. The District expended \$36,882 for equipment leases in 2017.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9 - Contingencies and Risk Financing

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered through the Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of in excess of 1,900 individual governmental units located within the state. TML Intergovernmental Risk Pool is considered a self-sustaining risk pool that provides coverage for its members. Settled claims have not exceeded insurance coverage limits for the past three years.

On December 31, 2017, various lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District's financial statements because the claims are for lower property valuations. Therefore, the financial impact to the District is in the form of attorneys' fees, which have been estimated and incorporated into the budget process.

Note 10 - Other Postemployment Benefits

The District does not provide postemployment benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the District.

Note 11 - Related Party Transactions

On October 19, 2005, the District entered into a Depository Contract with Moody National Bank of Galveston. The District continues to contract with Moody National Bank of Galveston for Depository services, having renewed the original contract annually. The District also entered into a note payable agreement on November 3, 2016 with Moody National Bank of Galveston. Victor Pierson, President of Moody National Bank of Galveston, is also a voting member of the District's Board of Directors. However, Mr. Pierson has recused, and according to board policy will continue to recuse, himself from all discussions and votes by the District's Board of Directors which involve the current or any future transactions with Moody National Bank of Galveston.

Note 12 - Office Space Lease with the County of Galveston

On April 5, 2011, the District signed a Lease Agreement commencing the 1st day of January, 2012 with the County of Galveston for new office space for the District. The District moved to the County's Mid County Annex located at 9300 Emmet F. Lowry Expressway, Texas City, Texas in November 2011. The lease agreement is for 20 years with three 5-year renewals. The base rent is the District's pro rata share of the operating and maintenance cost of the office space which will be calculated on an annual basis. The actual base rent will be determined no later than October 31, of each year to be paid effective the following month (November). Minimum annual base rent as of December 31, 2017 is \$108,000.

In addition to the base rent, the District agrees to pay the County \$1,106,640 for improvement rent, to be paid in quarterly payments of \$15,370 beginning April 2012 for 20 years.

The District may terminate the lease if revenues are not available to satisfy the obligation, by providing written notice of termination to the County not less than 180 day prior to the first day of the period during which payments are scheduled.

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 13 - Notes Payable

On November 3, 2016, the District entered into a promissory note agreement in the amount of \$548,218 with Moody National Bank to finance the upgrade of the appraisal system software. The software system upgrade will take place in 2017. The note is to be paid in five annual installments of \$119,672, with an interest rate of 2.990%, maturing on November 3, 2021. The principal balance on the note as of December 31, 2017 was \$444,938 and accrued interest was \$2,143. The collateral for the note is all furniture, fixtures, and equipment, and all proceeds thereof. The changes in the notes payable balances are as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2017</u>
Notes Payable	\$ 548,218	\$ -	\$ (103,280)	\$ 444,938

The annual requirements for the retirement of the notes are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 106,368	\$ 13,304
2019	109,549	10,123
2020	112,823	6,848
2021	116,198	3,474
	<u>\$ 444,938</u>	<u>\$ 33,749</u>

Note 14 - Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through May 18, 2018, the date on which the financial statements were available to be issued. The District has no events to report as of this date.

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REQUIRED SUPPLEMENTARY INFORMATION

GALVESTON CENTRAL APPRAISAL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Appraisal Fees	\$ 5,881,730	\$ 5,881,730	\$ 5,651,982	\$ (229,748)
Interest Income	15,000	15,000	5,633	(9,367)
Other Revenue	6,000	6,000	4,909	(1,091)
Total revenues	<u>5,902,730</u>	<u>5,902,730</u>	<u>5,662,524</u>	<u>(240,206)</u>
Expenses				
Personnel Services:				
Salaries	2,286,602	2,286,602	2,092,870	193,732
Chief Appraiser Expense	1,500	1,500	1,491	9
Taxpayer Liaison Officer	6,000	6,000	6,000	-
Retirement	1,213,228	1,213,228	431,341	781,887
MC/FICA	-	-	127,353	(127,353)
Group Health Insurance	-	-	708,492	(708,492)
Workman's Comp	-	-	11,219	(11,219)
Employment Insurance	-	-	15,914	(15,914)
Contracted Services:				
Part Time/Contract Lab.	-	-	15,844	(15,844)
Appraisal Services	182,400	182,400	182,400	-
Travel/Auto Allowances	114,000	114,000	113,791	209
ARB Per Diem	45,000	45,000	102,275	(57,275)
Annual Audit	15,500	15,500	13,500	2,000
Legal Fees	900,000	900,000	728,226	171,774
Materials and supplies:				
Office Supplies	25,000	25,000	24,086	914
Postage Freight	40,000	40,000	57,521	(17,521)
Custodial Supplies	30,000	30,000	22,021	7,979
Dues/Fees/Subs	9,500	9,500	4,736	4,764
Education/Regis./Tuition	4,000	4,000	5,982	(1,982)
Capital Outlay/Equip	395,000	395,000	674,047	(279,047)
Forms/Printing	25,000	25,000	29,544	(4,544)
Telephone/Comm.	50,000	50,000	25,885	24,115
General Office	28,000	28,000	17,650	10,350
Mapping/Supplies	20,000	20,000	16,712	3,288
Computer Supplies	40,000	40,000	23,380	16,620
Maintenance/Equip	55,000	55,000	36,882	18,118
Other expenses:				
Maint Agree - Computer	155,000	155,000	148,124	6,876
Office Space Rent	200,000	200,000	171,800	28,200
Legal/News Notices	15,000	15,000	7,419	7,581
Insurance	20,000	20,000	30,702	(10,702)
Software Enhancements	2,000	2,000	865	1,135
Contingency	25,000	25,000	11,000	14,000
Miscellaneous Expense	-	-	592	(592)
Payments on long-term note payable:				
Principal payments	-	-	103,280	(103,280)
Interest payments	-	-	16,392	(16,392)
Total expenses	<u>5,902,730</u>	<u>5,902,730</u>	<u>5,979,336</u>	<u>(76,606)</u>
Net change in fund balance	-	-	(316,812)	(316,812)
Fund balance - beginning of year	2,559,911	2,559,911	2,559,911	-
Fund balance - end of year	<u>\$ 2,559,911</u>	<u>\$ 2,559,911</u>	<u>\$ 2,243,099</u>	<u>\$ (316,812)</u>

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Accounting

The modified accrual basis of accounting, which is in accordance with GAAP, is used for both financial reporting and budgeting purposes. The budget is approved annually by the District's Board of Directors. The budget is typically adopted in the fall and is later amended after all taxing entities have adopted their tax rates. Unused budget appropriations lapse at year-end. Encumbrance accounting is not utilized.

GALVESTON CENTRAL APPRAISAL DISTRICT
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSIONS LIABILITY AND RELATED RATIOS
FOR THE LAST THREE MEASUREMENT YEARS

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 312,665	\$ 277,614	\$ 293,519
Interest on total pension liability	1,370,867	1,305,012	1,225,875
Effect of plan changes	-	(15,567)	-
Effect of assumption changes or inputs	-	175,442	-
Effect of economic/demographic (gains) or losses	105,893	(165,306)	(24,666)
Benefit payments/refunds of contributions	(738,629)	(668,685)	(511,000)
Net change in total pension liability	1,050,796	908,510	983,728
Total pension liability, beginning	17,133,120	16,224,610	15,240,882
Total pension liability, ending (a)	<u>\$ 18,183,916</u>	<u>\$ 17,133,120</u>	<u>\$ 16,224,610</u>
Fiduciary Net Position			
Employer contributions	\$ 370,013	\$ 340,315	\$ 364,090
Member contributions	140,080	129,749	131,239
Investment income net of investment expenses	1,093,883	(219,199)	950,515
Benefit payments/refunds of contributions	(738,629)	(668,685)	(511,000)
Administrative expenses	(11,854)	(10,774)	(11,349)
Other	16,078	(26,668)	26,241
Net change in fiduciary net position	869,571	(455,262)	949,736
Fiduciary net position, beginning	14,741,032	15,196,294	14,246,558
Fiduciary net position, ending (b)	<u>\$ 15,610,603</u>	<u>\$ 14,741,032</u>	<u>\$ 15,196,294</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 2,573,313</u>	<u>\$ 2,392,088</u>	<u>\$ 1,028,316</u>
Fiduciary net position as a % of total pension liability	85.85%	86.04%	93.66%
Pensionable covered payroll	\$ 2,001,150	\$ 1,853,563	\$ 1,874,831
Net pension liability as a % of covered payroll	128.59%	129.05%	54.85%

GASB 68 and 71 were implemented during the year ended December 31, 2015.

GALVESTON CENTRAL APPRAISAL DISTRICT
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2008	\$ 183,875	\$ 183,875	\$ -	\$ 1,635,897	11.24%
2009	205,316	205,316	-	1,731,160	11.86%
2010	280,682	280,682	-	1,795,787	15.63%
2011	260,737	260,737	-	1,770,118	14.73%
2012	289,714	289,714	-	1,800,601	16.09%
2013	331,495	331,495	-	1,895,347	17.49%
2014	364,090	364,090	-	1,874,831	19.42%
2015	340,314	340,314	-	1,853,563	18.36%
2016	370,013	370,013	-	2,001,150	18.49%
2017	386,972	386,972	-	2,092,870	18.49%

GALVESTON CENTRAL APPRAISAL DISTRICT
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Methods and assumptions used to determine contribution rates:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic / demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary Increases	3.50%
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	Depositing members - the RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. Service retirees, beneficiaries and non-depositing members - the RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females. Disabled retirees - RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

OFFICE OF THE CITY AUDITOR				Scope
AUDIT PLAN FISCAL YEAR 2019 - DRAFT				
Estimated Hours	Audit Number	Type of Audit	Unit	
PLANNED FOR COMPLETION:				
400	AU2019-1	Operational	(City) Police Department	Evaluate the Equipment and Inventory tracking system by comparing to best practices including key processes, key risks, key controls, documentation, monitoring and ensuring transparency and accountability. Extended from AU2018.
400	AU2019-2	Operational	Galveston Island Redevelopment Board (Tirz 13)	Evaluate the Tirz 13 process by comparing to best practices including key processes, key risks, key controls, documentation, monitoring and ensuring transparency and accountability.
400	AU2019-3	Revenue Monitoring	Port of Galveston	Evaluate the contracts to be assigned by the Wharves Board by comparing to best practices including key processes, key risks, key controls, documentation, monitoring, and ensuring transparency and accountability.

OFFICE OF THE CITY AUDITOR				Scope
AUDIT PLAN FISCAL YEAR 2019 - DRAFT				
400	AU2019-4	Revenue Monitoring	Port of Galveston	Evaluate the contracts to be assigned by the Wharves Board by comparing to best practices including key processes, key risks, key controls, documentation, monitoring, and ensuring transparency and accountability.
400	AU2019-5	Operational	(City) Police Department	Evaluate the P-Card process (credit card) by comparing to best practices including key processes, key risks, key controls, documentation, monitoring and ensuring transparency and accountability.
400	AU2019-6	Operational	(City) Police Department	Evaluate the Evidence Room process by comparing to best practices including key processes, key risks, key controls, documentation, monitoring and ensuring transparency and accountability.
400	AU2019-7	Revenue Monitoring	Revenue Monitoring Hotel Occupancy Tax.	Analyze the funding and use process for Hotel Occupancy Tax proceeds at the Galveston Island Convention Center at the San Luis by comparing to contractual agreements, bond covenants, best practices including key processes, key risks, key controls, documentation, monitoring, and ensuring transparency and accountability.

OFFICE OF THE CITY AUDITOR				Scope
AUDIT PLAN FISCAL YEAR 2019 - DRAFT				
400	AU2019-8	Revenue Monitoring	Sales Tax Compliance Program	Evaluate the forms required for Commercial Remodeling by comparing to best practices including key processes, key risks, key controls, documentation, monitoring, and ensuring transparency and accountability to collect the appropriate sales tax due.
	<i>Alternate</i>	<i>Operational</i>	<i>Information Technology</i>	<i>Evaluate the Information Technology Inventory Management process by comparing to best practices including key processes, key risks, key controls, documentation, monitoring and ensuring transparency and accountability.</i>
	<i>Alternate</i>	<i>Operational</i>	<i>Developmental Services Building Division</i>	<i>Evaluate the Building Permit process by comparing to best practices including key processes, key risks, key controls, documentation, monitoring and ensuring transparency and accountability.</i>

RESOLUTION NO. 18-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, DISTRIBUTING AND AWARDING FISCAL YEAR 2018 HOTEL OCCUPANCY TAX REVENUES TO ELIGIBLE ARTS AND HISTORIC PRESERVATION ORGANIZATIONS UNDER SINGLE-YEAR CONTRACTS; AUTHORIZING THE CITY MANAGER TO EXECUTE CONTRACTS WITH SUCH RECIPIENTS; DIRECTING THE CITY SECRETARY TO SEND A CERTIFIED COPY OF THE RESOLUTION TO THE PARK BOARD OF TRUSTEES; PROVIDING FOR FINDINGS OF FACT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Chapter 351 of the Texas Tax Code authorizes certain cities to levy a hotel occupancy tax; and

WHEREAS, Article III, Chapter 33 of The Code of the City of Galveston 1982, as amended (“The City Code”), levies a hotel occupancy tax and provides for distribution of the receipts; and

WHEREAS, Section 33-92(5) of the City Code designates arts and historic preservation organizations as eligible recipients of sixth-eighths (6/8) of one seventh (1/7) of the hotel occupancy tax proceeds levied pursuant to Chapter 351 of the Texas Tax Code; and

WHEREAS, the Arts and Historical Preservation Advisory Board (the “Board”) makes recommendations to the City Council for distribution of the hotel occupancy tax proceeds to eligible arts and historic preservation organizations; and

WHEREAS, at its July 26, 2018 meeting, the City Council of the City of Galveston discussed whether forfeited funds should be made available to this year’s pool of applicants, in addition to the usual available HOT funds, and if so, in what amount; and

WHEREAS, the amount of forfeited funds available to this year’s pool of applicants is approximately \$126,000, and the normal funds available is approximately \$75,000.00

WHEREAS, the City Council of the City of Galveston, Texas, deems it in the public interest to award single-year contract to certain eligible entities to receive portions of the 2018 fiscal year hotel occupancy tax proceeds.

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

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston, Texas, hereby approves the 2018 fiscal year awards to this year’s pool of applicants: Cavalla Historical Foundation, East End

Historic District, Galveston Art League, Galveston Ballet, Galveston Children's Museum, Galveston Island Nature Tourism, Galveston Symphony Orchestra, the Bryan Museum, and LULAC. The City Council may decide at today's meeting the amount of forfeited funds available to this pool of applicants, in an amount not to exceed \$126,000, in addition to the normal available funds of \$75,000.00. Such funds will be available to be considered by the Arts and Historic Preservation Board when considering their recommendations. Those recommendations will come back to City Council for approval at its September 13, 2018 meeting.

SECTION 3. The City Council of the City of Galveston hereby authorizes the City Manager to execute contracts with each entity, upon final approval by the City Attorney.

SECTION 4. The City Council hereby directs the City Secretary to send a certified copy of this Resolution to the Galveston Park Board of Trustees.

SECTION 5. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

MEHRAN JADIDI
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular Meeting held on the 23rd day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____th day of ____, 2018.

Secretary for the City Council
of the City of Galveston

RESOLUTION NO. 18-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS APPROVING THE CANCELLATION OF AN INTERLOCAL AGREEMENTS BETWEEN GALVESTON COUNTY, THE CITY OF TEXAS CITY AND TXDOT REGARDING THE GALVESTON-HOUSTON CONNECTOR BUS PROJECT; PROVIDING FOR FINDINGS OF FACT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on or about February 16, 2016 the City of Galveston applied to the Texas Department of Transportation for funds to provide intercity bus service between the City of Galveston and the Houston Metro Bay Area Park and Ride facility on Bay Area Boulevard in Houston, Texas with an intermediate stop in Texas City, Texas; and

WHEREAS, interlocal agreements between the City of Galveston, the City of Texas City, and Galveston County were finalized in 2017; and

WHEREAS, the service did not begin until September 2017 due to delays from Hurricane Harvey and connectivity issues with METRO; and

WHEREAS, the City has planned to provide \$1,666.67 per month of the local share match, in an amount not to exceed \$40,000.00 over two years; and

WHEREAS, the original two year commitment for local share match by Galveston County has not expired and the City of Galveston is not reverting back to small urban status; and,

WHEREAS, ridership for the connector service has been relatively low but still results in an approximate two hour total trip time; and

WHEREAS, given the above, staff is requesting City Council consider cancelling the interlocal agreements with Galveston County, the City of Texas City, and TxDot as it regards the Galveston-Houston Connector Bus Project.

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

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby gives approval to the City Manager of the City of Galveston to cancel the Interlocal Agreements with Galveston County, the City of Texas City, and TxDot as it regards the Galveston-Houston Connector Bus Project.

SECTION 3. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

MEHRAN JADIDI
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its regular meeting held on the 23rd day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this the _____ day of _____, 2____.

Secretary for the City Council
Of the City of Galveston

City of Galveston



P. O. Box 779 / Galveston, Texas 77553-0779

Staff Report

August 14, 2018

Brian Maxwell, City Manager
Honorable Mayor and City Council Members

Subject: Consideration to cancel the Galveston-Houston Connector Bus Project, and to provide the requisite 60-day notification to Galveston County, City of Texas City, and TxDOT accordingly.

I. Background

- A. In February 2016, the City of Galveston applied to the Texas Department of Transportation (TxDOT) for funds to provide intercity bus service between the City of Galveston and the Houston METRO's Bay Area Park and Ride in Houston, Texas with an intermediate stop in Texas City.
- B. Interlocal Agreements between the City of Galveston, the City of Texas City, and Galveston County were finalized in 2017.
- C. Due to delays in approvals regarding connectivity with METRO, and the impact of Hurricane Harvey, the service did not begin until September 2017.
- D. As originally conceived, the City had planned to provide 33% (\$1,666.67) per month for 1/3rd of the local share match, in an amount not to exceed \$40,000 over two years.
- E. The City of Galveston has acted as both the grantee and operator for the service, and as such has the contingent liability for any potential cost overruns, such as unforeseen maintenance costs.
- F. The original 2-year commitment for local share match by Galveston County (approved in 2016) has now expired.
- G. Additionally, as the City is now reverting back to Federal Transit Agency (FTA) small urban status, and is no longer the fiscal agent for the Galveston County Transit District (GCTD). As such, TxDOT grant reimbursement payments would have to flow through GCTD back the City of Galveston.

- H. Overall, ridership for the service has been relatively low, averaging 5-7 riders per day. The stop in Texas City typically yields only 1 rider per day.
- I. The lack of a true “express” operating plan for the service, including a midpoint stops, transfer (at METRO’s Bay Area Park and Ride), results in approximately 2 hour total trip time.
- J. At this time, staff is requesting that City Council consider cancelling the service, subject to the provisions of the interlocal agreements, which include a 60-day notification. However, staff will also request that the partners consider voluntary early termination.
- K. In the future, it may be beneficial to explore a true express Galveston downtown to Houston downtown service, likely as a true 1-seat commuter service utilizing the HOV/Express lanes on IH-45. Staff can develop this concept in-house, when adequate long-term sustainable funding is available.

II. Current Situation

Consideration to cancel the Galveston-Houston Connector Bus Project, and to provide the requisite 60-day notification to Galveston County, City of Texas City, and TxDOT accordingly.

III. Alternatives in order of priority

A. City Council approves cancellation of the service

- 1. Cost – Will save approximately \$1,666.67 per month (possibly up to \$3,333.34 if County participation is not extended).
- 2. Timing – As soon as possible.
- 3. Divisional Improvements – Will eliminate a low ridership, pilot project route, and potentially reduce the City’s contingent cost liability over the following 12 months.

B. City Council does not approve cancellation of the service.

- 1. Cost –The service would continue, potentially at a larger cost share than originally envisioned by the City.
- 2. Timing – Service would continue for the full 24 months.
- 3. Divisional Improvements – None

IV. Recommendation

Concur in Alternative A and approve the Interlocal Agreement and Associated Resolution

V. Fiscal Impact Report

Requested by	Rick Beverlin Assistant City Manager
Funding Source	TxDOT Intercity Bus Grant Funds and Local Share Funds (Cities of Galveston & Texas City, and Galveston County)
Savings Estimation	Minimum of 33% of the local share funds (up to 66% if the County participation is not extended).

VI. Environmental Impact

With relatively low ridership, environmental improvements in the form of reductions in volatile organic compounds (VOCs) and Oxides of Nitrogen (NOx) have been correspondingly minimal. Certainly no higher than car or vanpooling.

Respectfully Submitted,

Rick Beverlin
Assistant City Manager

RESOLUTION NO. 17- 027

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS
APPROVING AN INTERLOCAL AGREEMENT BETWEEN GALVESTON COUNTY
AND THE CITY OF GALVESTON, PROVIDING FOR THE COUNTY TO PROVIDE
MATCHING FUNDS FOR BUS SERVICE BETWEEN THE CITY OF GALVESTON
AND THE HOUSTON METRO BAY AREA PARK AND RIDE; PROVIDING FOR
FINDINGS OF FACT AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS on or about February 16, 2016 the City of Galveston applied to the Texas Department of Transportation for funds to provide intercity bus service between the City of Galveston and the Houston Metro Bay Area Park and Ride facility on Bay Area Boulevard in Houston, Texas with an intermediate stop in Texas City, Texas; and

WHEREAS, prior to such application the City of Texas City agreed to provide one-third of the local match requirement in the amount of \$20,000 a year for a two year period; and

WHEREAS the Galveston County Commissioner's Court should approve the City of Galveston's funding request at their next scheduled meeting; and

WHEREAS, the City of Galveston, Texas ("the City") desires to initiate the Intercity Bus Service during the month of June, 2017; and

WHEREAS, the City of Galveston and Galveston County desire to enter into an agreement pursuant to the Interlocal Cooperation Act, Tex. Gov't Code Chapter 791, et seq. to implement such service and,

WHEREAS, under the agreement Galveston County will provide a monthly sum of \$1,666.67 per month for twenty four months for an amount not to exceed Forty Thousand Dollars to the City of Galveston as its portion of the local share; and

WHEREAS, the City Council deems it in the public's interest to participate in the Intercity Bus Service under the terms and conditions of the Agreement between the City and the Center, attached hereto as Exhibit A.

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

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby approves the Interlocal Agreement, in substantially the same form as "Exhibit A" attached to and incorporated herein for all intents and purposes in accordance with State law.

SECTION 3. The City Council of the City of Galveston hereby authorizes the City Manager to execute the Interlocal Agreement attached hereto as Exhibit A, as approved by the City Attorney.

SECTION 4. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:



MEHRAN JADIDI
CITY ATTORNEY

Asst

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its regular meeting held on the 25th day of May, 2017, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this the 31st day of May, 2017.



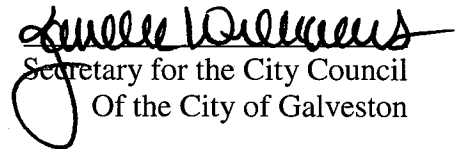

Secretary for the City Council
Of the City of Galveston

EXHIBIT A

THE STATE OF TEXAS §
§
COUNTY OF GALVESTON §

INTERLOCAL AGREEMENT

This Interlocal Contract (Agreement) is made and entered into and effective as of the 1st day of June, 2017 (Effective Date) pursuant to the Interlocal Cooperation Act, Chapter 791 of the Government Code (Act), by and between the **CITY OF GALVESTON, TEXAS** (Galveston), and the **COUNTY OF GALVESTON, TEXAS** (County).

RECITALS

WHEREAS, pursuant to the Act, Galveston and County are authorized to contract with eligible entities to provide governmental functions and services, including governmental functions in which the contracting parties are mutually interested;

WHEREAS, Galveston submitted a request for funding to the Texas Department of Transportation (TxDOT) on February 16, 2016 to provide intercity bus service between Galveston and Houston with an intermediate stop in Texas City and transfer to Houston METRO Bay Area Park and Ride;

WHEREAS, the County, by Resolution of the Commissioners' Court, a copy of which is attached hereto as Exhibit A, has agreed to provide one-third of the required local match, which is the amount of \$20,000 each year for a two year period;

WHEREAS, the Texas Transportation Commission approved the funding request by Minute Order No. 114613 on June 30, 2016;

WHEREAS, Galveston intends to begin service during June 2017 and drawing TxDOT funds monthly thereafter for a period of twenty-four (24) months;

WHEREAS, local match funds will be required monthly related to each draw of TxDOT funds for the intercity bus service; and

WHEREAS, Galveston and County wish to set formal parameters for payments and reporting relating to the subject intercity bus service.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of

which are hereby acknowledged, Galveston and the County agree to the following terms, covenants, and conditions:

TERMS AND CONDITIONS

ARTICLE 1 – LOCAL MATCH FUNDING

The total required local match resources are anticipated to be \$5,000 per month for a period of 24 months, to be divided between Galveston, Texas City, and the County. Thus, one-third of that amount, to be paid by the County, will be \$1,666.67 per month. Galveston will bill the County in the amount of \$1,666.67 each month for the duration of the intercity bus service project for a total not to exceed \$40,000.00.

ARTICLE 2 – TERMS OF PAYMENT

Payment in full shall be due to Galveston no later than 30 days from the County's receipt of an invoice for the agreed amount.

ARTICLE 3 – REPORTING

Galveston shall provide a semi-annual report to County indicating the amount of service provided, number of riders carried, marketing activities, comments from the public, and overall evaluation of the service.

ARTICLE 4 – PUBLICITY OF SERVICE

County shall agree to publicize the availability of the service, schedules, fares, and other information in its on-going relevant information distribution media including, but not limited to, web sites, social media, newsletters, and other forms of public information. County will forward all questions, comments, and complaints received from the public to Galveston for feedback.

ARTICLE 5 - TERM OF AGREEMENT

This Agreement will terminate after the agreed upon twenty-four (24) month period. However, the Agreement may be extended through written amendment duly executed by both Parties.

ARTICLE 6- TERMINATION OF AGREEMENT

This Agreement may be terminated at any time by either Party providing at least sixty (60) days advance written notice of its' intention to terminate.

ARTICLE 7 – LIABILITY

Section 7.01 - No Personal Liability of County. To the extent allowed by law, the County's officers, agents and employees, either singularly or collectively, are not personally liable on this Agreement or for any breach thereof.

Section 7.02 - No Personal Liability of the City of Galveston. To the extent allowed by law, the City's officers, agents and employees, either singularly or collectively, are not personally liable on this Agreement or for any breach thereof.

ARTICLE 8 – MISCELLANEOUS

Section 8.01 - Laws. The Parties hereto agree to abide with all applicable City Charter provisions, laws, regulations, and grant provisions of the United States, the State of Texas, and any other lawful authorities having jurisdiction over the subject intercity bus service.

Section 8.02 - Notice. All notices from one Party to the other Party shall be in writing and shall be personally delivered, sent by mail, certified, registered, express or overnight, postage prepaid, or sent by facsimile transmission, to the addresses stated in this Section, or to such other address as the Party may request in writing, and are deemed to have been given at the time of delivery:

Galveston County
Attn: County Judge

County Courthouse
722 Moody Avenue

Galveston, Texas 77550 (for U.S. Mail, express or overnight mail)

or Fax: (409) 765-2915 (for facsimile transmissions), in any case to the attention of the **County Judge**

City of Galveston
Attn: City Manager

City Hall

P.O. Box 779

Galveston, Texas 77553 (for U. S. Mail)

or 823 Rosenberg, 2nd Floor,

Galveston Texas 77550 (for express or overnight mail),

or Fax: (409) 797-3521 (for facsimile transmissions), in any case to the attention of the **City Manager**.

Section 8.03 - Texas Law to Apply and Venue. This Agreement shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the Parties created hereunder are performable in Galveston County, Texas.

Section 8.04 - Legal Construction. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability does not affect any other provision hereof

and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein, if consistent with the overall intent of this Agreement.

Section 8.05 - Amendment. No amendment, modification, or alteration of the terms of this Agreement is binding unless in writing, dated subsequent to the Effective Date and executed by the City and County or their successors and permitted assigns.

Section 8.06 - Exhibits. All Exhibits attached to this Agreement are incorporated by reference.

Section 8.07 - Counterparts. This Agreement may be executed in any number of counterparts, and each counterpart is deemed to be an original instrument, but all such counterparts together constitute but one Agreement. A photocopy or facsimile reproduction of an original signature of a party on this Agreement binds that party to the terms, covenants, and conditions of this Agreement.

Section 8.08 - Time is of the Essence. Time is of the essence in this Agreement.

Section 8.09 - Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and do not affect the interpretation of this Agreement.

The foregoing Agreement is hereby EXECUTED by the Parties hereto in *Duplicate Counterparts*, each of which shall constitute an Original, to be effective as specified herein.

**Galveston County, Texas,
By:**

Mark Henry,
County Judge

Date of Signature: _____

ATTEST:

Dwight D. Sullivan, County Clerk

Approved as to Form

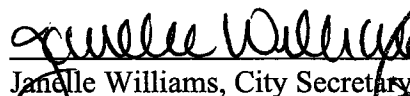
County Legal

**City of Galveston, Texas,
By:**


Deputy City Manager

Date of Signature: 6/6/17

ATTEST:


Janelle Williams, City Secretary

Approved as to Form

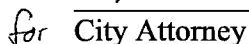

for City Attorney



EXHIBIT A
RESOLUTION OF GALVESTON COUNTY
COMMISSIONERS' COURT

Connector will also be \$4.50 (slightly more than the current LCPR one-way fare). Thus the total one-way fare will be \$9. This would be more than the unsustainable Megabus \$1.00 promotional fare but less than the \$20.00 fare previously charged by Kerrville.

One hundred percent of this service will be within the state of Texas and all of the proposed budget (operating and marketing) will be to provide and promote a cost-effective and collaborative replacement for the private intercity bus service lost within this corridor.

TABLE 1 -- GALVESTON COUNTY INTERCITY BUS CONNECTOR BUDGET				
SERVICE EXPENDITURES			YEAR 1	YEAR 2
3 trips per day 7 veh. hrs/day 260 days/year	1,820 hours/year	\$65 hourly incremental cost	\$118,300	\$118,300
MARKETING EXPENDITURES				
Plan Development			\$5,000	\$3,000
Printed Materials			\$2,000	\$2,000
Web/Social Media			\$2,000	\$2,000
Launch Event			\$2,000	\$0
Advertising			\$6,700	\$8,700
Other Outreach			\$4,000	\$6,000
Total			\$21,700	\$21,700
TOTAL EXPENDITURES			\$140,000	\$140,000
FARE REVENUE				
20 riders per day 260 annual days	5,200 annual trips	\$3.85 avg fare	\$20,000	\$20,000
NET COST*			*\$120,000	*\$120,000
PARTNERS' FUNDING SHARES				
ICB GRANT AWARD			\$60,000	\$60,000
City of Galveston			\$20,000	\$20,000
City of Texas City			\$20,000	\$20,000
Galveston County			\$20,000	\$20,000
TOTAL*			*\$120,000	*\$120,000
*Note: budget in workbook is based on net project cost reimbursement for two years plus local match				

INTERLOCAL AGREEMENT

This Interlocal Agreement ("Agreement") is made and entered into and effective as of the ____ day of July 2017 ("Effective Date") pursuant to the Texas Interlocal Cooperation Act, Chapter 791 of the Texas Government Code ("Act"), by and between the **CITY OF GALVESTON, TEXAS** ("Galveston"), and the **METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY TEXAS** ("METRO"), established pursuant to Chapter 451 of the Texas Transportation Code.

RECITALS

WHEREAS, pursuant to the Act, Galveston and METRO are authorized to contract with eligible entities to provide governmental functions and services, including governmental functions in which the contracting parties are mutually interested;

WHEREAS, Galveston submitted a request for funding to TxDOT on February 16, 2016 to provide intercity bus service between Galveston and Houston with an intermediate stop in Texas City and transfer at METRO's Bay Area Park and Ride Facility; and,

WHEREAS, the Texas Transportation Commission approved the funding request by Minute Order on June 30, 2016; and,

WHEREAS, Galveston intends to begin service during July 2017 and continuing thereafter for a period of 24 (twenty-four) months; and,

WHEREAS, METRO has agreed to allow Island Transit buses, currently operated by the City of Galveston, to enter its Bay Area Park and Ride Facilities to discharge and pick up passengers; and,

WHEREAS, METRO has agreed to include information about the service in relevant routine public information materials;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Galveston and METRO agree to the following terms, covenants, and conditions:

ARTICLE 1 – SCOPE OF AGREEMENT

METRO will allow Island Transit buses to enter its Bay Area Park and Ride Facility, as described in Exhibit A, for purposes of discharging and picking up passengers related to the Galveston Houston intercity bus service branded Island Express.

ARTICLE 2 – GALVESTON’S RESPONSIBILITIES

2.1 Galveston will operate three daily trips to and from METRO’s Bay Area Park and Ride Facility.

2.2 Galveston staff shall meet with METRO’s Operations staff prior to the start of service to coordinate Island Transit bus operations within METRO’s Bay Area Park and Ride Facility. Both Parties shall establish in-service and layover protocols to ensure the safe and efficient operation of METRO’s Bay Area Park and Ride Facility. The details of any such agreements between the Parties shall be formalized in writing and attached hereto as Exhibit B.

2.3 Galveston may provide suitable graphics to METRO for the production and installation of bus stop-related signage at two mutually agreed upon Downtown Houston bus stops and at the Bay Area Park and Ride Facility. Upon installation of bus stop-related signage, Galveston will remit payment to METRO within thirty (30) days after receipt of an invoice for reimbursement of this material and work.

2.4 Galveston shall promote its agreement with METRO on its marketing materials for this bus service by including, at minimum, METRO’s logo.

2.5 Galveston shall provide a semi-annual report to METRO indicating the amount of service provided, number of riders carried, marketing activities, comments from the public, and overall evaluation of the service.

ARTICLE 3 – METRO’S RESPONSIBILITIES

3.1 METRO will allow Island Transit buses to enter its Bay Area Park and Ride Facilities to discharge and pick up passengers.

3.2 METRO staff shall meet with Galveston’s Operations staff prior to the start of service to coordinate Island Transit bus operations within METRO’s Bay Area Park and Ride Facility. Both Parties shall establish in-service and layover protocols to ensure the safe and efficient operation of METRO’s Bay Area Park and Ride Facility. The details of any such agreements between the Parties shall be formalized in writing and attached hereto as Exhibit B.

3.3 METRO will provide Island Transit the security code to the restroom facilities for exclusive use by Island Transit bus operators and supervisory staff only.

3.4 METRO will publicize the availability of the service, schedules, fares, and other information in its on-going relevant information distribution media including, but not limited to, web sites, social media, newsletters, and other forms of public information.

3.5 If Galveston elects to have METRO print and install bus stop signage in accordance with Article 2.3 above, METRO will submit an invoice to Galveston for the exact cost of the bus stop-related signage and installation in an amount not exceeding \$500.

3.6 METRO will forward all questions, comments, and complaints received from the public, that are related to Island Transit, to Michael Worthy, Director of Island Transit, at mworthy@galvestontx.gov for evaluation and response.

ARTICLE 4 - TERM

This Agreement shall run for a period of two years from the Effective Date. This Agreement may be extended by mutual written agreement of both parties.

ARTICLE 5- TERMINATION

Notwithstanding any other provision of this Agreement, either party may, in its sole discretion, terminate this Agreement, if it determines that it is in its best interest to do so, providing, however, that the party seeking to terminate the provision of services under this Agreement gives written notice to the other party at least sixty (60) calendar days prior to the expected date of the termination of services.

ARTICLE 6 – LIMITATION OF LIABILITY

6.01 METRO is a governmental entity under the Texas Tort Claims Act.

6.02 Galveston acknowledges that it is not an agent, servant, nor employee of METRO.

6.03 METRO acknowledges that it is not an agent, servant, nor employee of Galveston.

6.04 The parties expressly agree that this initiative is not a joint venture or enterprise. It is not the intent of the parties that a joint enterprise relationship is being entered into and the parties specifically disclaim such relationship. This Agreement does not constitute a joint enterprise.

ARTICLE 7 – INDEMNIFICATION

BOTH PARTIES AGREE TO ASSUME RESPONSIBILITY FOR ANY DAMAGES OR LOSSES THAT MAY OCCUR AS A RESULT OF ITS CONTRACTORS, EMPLOYEES, AGENTS, OR CUSTOMERS WHILE ON OR OPERATING AT THE BAY AREA PARK AND RIDE FACILITY.

BOTH PARTIES WILL REQUIRE ITS CONTRACTORS AND SUBCONTRACTORS THAT MAY ENTER ONTO METRO'S PROPERTY TO INDEMNIFY AND HOLD HARMLESS THE OTHER PARTY, ITS PREDECESSORS, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES AND ITS FORMER, PRESENT AND FUTURE AGENTS, EMPLOYEES, AND OFFICERS FROM ANY AND ALL ACTUAL LIABILITIES, CLAIMS, LOSSES,

DAMAGES, OR INJURIES TO PERSONS OR PROPERTY, COSTS OR EXPENSES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EXCLUDING ONLY CLAIMS CAUSED BY THE SOLE NEGLIGENCE OF EITHER PARTY.

ARTICLE 8 – DEFAULT AND REMEDIES

The failure by either party to fully and timely comply with its respective obligations, and the failure to cure such noncompliance within ten (10) days after written notice from the other party, shall constitute a default (“Default”). In the event of a Default, the non-defaulting party may notify the defaulting party of its intent to terminate this Agreement as of a date specified in such notice. If such default is not cured by such termination date, this Agreement shall be deemed automatically terminated as of the date so specified in the notice without further act of either party. This Agreement shall not be considered as specifying the exclusive remedy for any Defaults; and all remedies existing at large or in equity may be availed of by either party and shall be cumulative.

ARTICLE 9 – FORCE MAJEURE

Neither party shall be held liable for any loss or damage due to delay in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence, which causes may include acts of God, acts of civil or military authority, government regulations, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, strikes, power blackouts, other major environmental disturbances or unusually severe weather conditions.

ARTICLE 10 – INDEPENDENT ENTITY

The execution of this Agreement does not change the independent status of METRO or Galveston. No provision of this Agreement or act of METRO in performance of the Agreement shall be construed as making Galveston the agent, servant or employee of METRO, the State of Texas or the United States Government. Galveston shall notify METRO of the threat of lawsuit or of any actual suit filed against Galveston pertaining to this Agreement or which would adversely affect Galveston’s responsibilities under this Agreement.

ARTICLE 11 – FUNDING OBLIGATION

Each party paying for the performance of governmental functions or services under this Agreement must make those payments from current revenues available to the paying party.

ARTICLE 12 – MISCELLANEOUS

12.01 – Governing Law. This Agreement is subject to all applicable laws, regulations, codes, ordinances, rules and rulings of the Federal Government, the State of Texas, City

of Houston, and any other governmental entity that has jurisdiction over the parties or activities set out herein. The laws of the State of Texas shall govern the interpretation, validity, performance and enforcement of this Agreement. Any action brought to enforce or interpret this Agreement shall be brought in a court of appropriate jurisdiction in Harris County, Texas.

12.02 - Notices. All notices, demands, or requests from one party to the other shall be in writing and shall be personally delivered, sent by mail, certified, registered, express or overnight, postage prepaid, or sent by facsimile transmission, to the addresses stated in this Section, or to such other address as the party may request in writing, and are deemed to have been given at the time of delivery:

Metropolitan Transit Authority of Harris County

Attn: Jim Archer, Director of Service Planning & Evaluation

1900 Main St.

P.O. Box 61429

Houston, Texas 77208-1429 (for U.S. Mail, express or overnight mail)

or Fax: (713) 652-7956 (for facsimile transmissions)

City of Galveston

City Hall

P.O. Box 779

Galveston, Texas 77553 (for U. S. Mail)

or 823 Rosenberg, 2nd Floor, Galveston Texas 77550 (express or overnight mail),

or (409) 797-3521 (for facsimile transmissions), in any case to the attention of the **City Manager.**

12.03 - Waiver. The failure of any party at any time to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver of any party of any condition, or of any breach of any term, covenant, representation or warranty contained herein, in any one or more instances, shall be deemed to be construed as a further or continuing waiver of any such condition or breach or waiver of any other condition.

12.04 - Legal Construction. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

12.05 - Amendment. No amendment, modification, or alteration of the terms of this Agreement is binding unless in writing, dated subsequent to the Effective Date and executed by Galveston and METRO or their successors and permitted assigns.

12.06 - Exhibits. All Exhibits attached to this Agreement shall be incorporated by reference.

12.07 - Counterparts. This Agreement may be executed in any number of counterparts, and each counterpart is deemed to be an original instrument, but all such counterparts together constitute but one Agreement.

12.08 – Entire Agreement. This Agreement contains the entire agreement of the parties with regard to the matters addressed herein. This Agreement may not be amended, modified, superseded or canceled, nor may any of the terms, covenants, representations, warranties or conditions be waived except by written instrument executed by both parties.

APPROVED:

Thomas C. Lambert
President & Chief Executive Officer
METRO

Date of Signature: _____

ATTEST:

Assistant Secretary

APPROVED AS TO FORM:

Alva I. Treviño
General Counsel

Arthur C. Smiley III
Chief Financial Officer

APPROVED:

Brian A. Maxwell
City Manager
City of Galveston

Date of Signature: 8/1/17

APPROVED AS TO FORM:

Donald Glywasky *Mehran Jaalidi*
City Attorney

EXHIBIT A

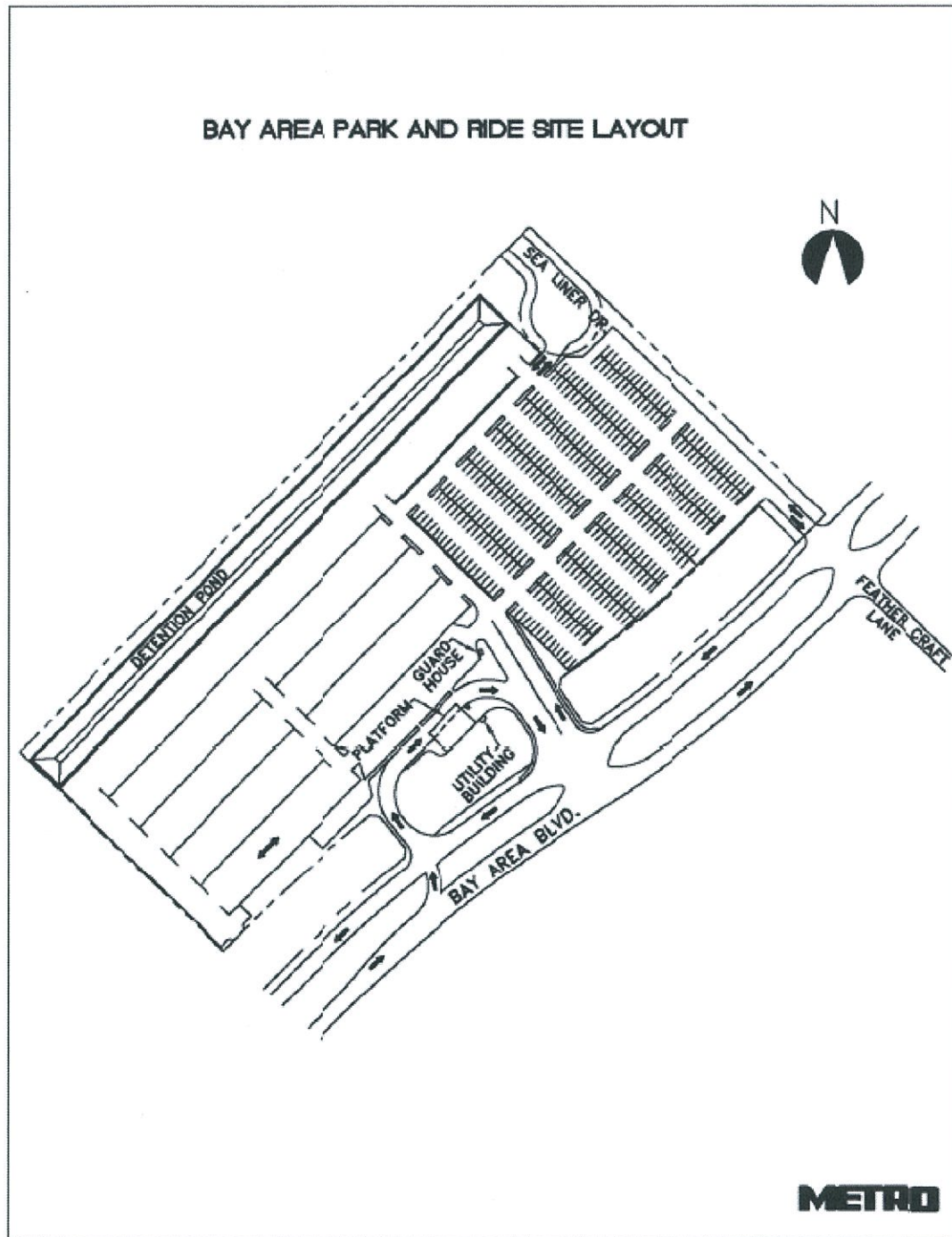


EXHIBIT B

On March 13, 2017, the following representatives from METRO and the City of Galveston met at the Bay Area Park & Ride Facility to discuss operational protocols for their new bus service when using the Bay Area Park & Ride Facility:

METRO: Bobby Ramirez, Santiago Osorio, Carl Taylor, Martin Elder

CITY OF GALVESTON: Mike Worthy

The following operational topics were discussed and agreed to at this meeting:

- Galveston will utilize 17 seat passenger buses for this service
- All Galveston buses will drop off their passengers at the first available location on the bus platform.
- If any Galveston bus needs to take a layover after dropping off its passengers, the bus will proceed out of the Park & Ride Facility and layover on Feathercraft where other METRO buses layover. Buses will return to the bus platform 2 minutes before their scheduled departure to load passengers heading back towards Galveston.
- Carl Taylor will provide Galveston operators with restroom codes.
- No METRO buses will be held for a late arriving Galveston buses. Any connecting passengers will need to wait for the next regularly scheduled METRO bus departure.

to achieve Galveston to Houston transit connectivity is hereby **APPROVED** and the February 16, 2016 Resolution is **AMENDED** to reflect this funding support; and

It is hereby FURTHER RESOLVED, that the Interlocal Agreement attached hereto as **Exhibit No. 2** is hereby **APPROVED** for all purposes and the County Judge of Galveston County, Texas is **AUTHORIZED** to the **EXECUTE** the Interlocal Agreement on behalf of the Galveston County Commissioners Court.

Upon Motion Duly Made and Seconded, the above Resolution is hereby **ADOPTED**, on this, the 23rd day of May, 2017.

COUNTY OF GALVESTON, TEXAS,
By:

Mark Henry, County Judge

Darrell Apffel,
Commissioner, Precinct No. 1

Joe Giusti,
Commissioner, Precinct No. 2

Stephen D. Holmes,
Commissioner, Precinct No. 3

Kenneth Clark,
Commissioner, Precinct No. 4

ATTEST:

Dwight D. Sullivan,
County Clerk of Galveston County, Texas

**RESOLUTION AMENDING FEBRUARY 16, 2016 RESOLUTION
RELATING TO SUPPORTING FUNDING FOR GALVESTON TO HOUSTON
TRANSIT CONNECTIVITY**

EXHIBIT NO. 1

**Copy of February 16, 2016 Resolution of the Galveston County
Commissioners Court**



On this the 16th day of February 2016, the Commissioners' Court of the County of Galveston, Texas convened in a regularly scheduled meeting with the following members thereof present:

Mark A. Henry County Judge;
Ryan Dennard, Commissioner, Precinct No. 1;
Joe Giusti, Commissioner, Precinct No. 2;
Stephen D. Holmes, Commissioner, Precinct No. 3;
Kenneth Clark, Commissioner, Precinct No. 4; and
Dwight D. Sullivan, County Clerk

When the following proceedings, among others, were had, to-wit:

**Resolution Calling for Approval of Funding to Support
Galveston to Houston Transit Connectivity**

WHEREAS, Intercity Bus Service between Galveston County and Houston was abandoned three (3) years ago; and

WHEREAS, representatives of the City of Galveston and the Gulf Coast Center receive frequent calls to provide intercity transit connectivity between Galveston and Houston; and

WHEREAS, the Gulf Coast Center (GCC), through a partnership with the City of Galveston, currently provides express park and ride services between Galveston Island and League City; and

WHEREAS, Houston Metro currently provides northbound service from the Bay Area Park and Ride facility to downtown Houston; and

WHEREAS, there is a five (5) mile gap between GCC/Island Transit express transit services and Houston Metro express transit service; and

WHEREAS, the Texas Department of Transportation (TxDOT) has a "call for projects" which includes federal Intercity Bus funding; and

WHEREAS, in response to TxDOT's call for projects, on February 16th the City of Galveston will submit a request to TxDOT for \$120,000 for a two year demonstration period to support Galveston-Houston Intercity Bus service; and

WHEREAS, the Cities of Galveston, and Texas City have each approved the provision of \$20,000 annually toward the \$60,000 annual match requirement of the program for a two (2) year demonstration period; and

WHEREAS, this Resolution is submitted requesting that Galveston County provide equal matching annual local shares of \$20,000 for each of FY 2016 and FY 2017; and

WHEREAS, if successful in the pursuit of federal Intercity Bus funding, the new Galveston to Houston transit service would begin in the fall of this year.

NOW THEREFORE BE IT ORDERED that the Commissioners Court of Galveston County, Texas does hereby resolve to approve funding in the amount of \$20,000 for FY 2016 and \$20,000 for FY 2017 to support an application by the City of Galveston to the Texas Department of Transportation for federal "Intercity Bus funding" to achieve Galveston to Houston transit connectivity.

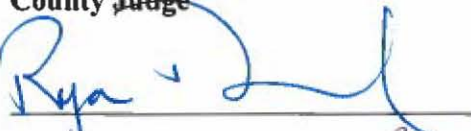
Be it Further Ordered that this resolution be transmitted to the City of Galveston, City of Texas City, Texas Department of Transportation and Houston-Galveston Area Council.

Upon motion duly made and seconded, the above Resolution was unanimously passed on this the 16th day of February, 2016.

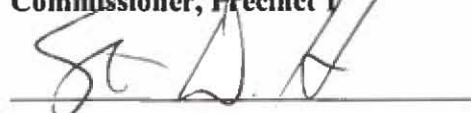
The County of Galveston, Texas



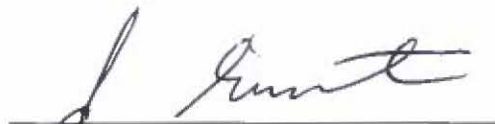
Mark A. Henry
County Judge



Ryan Dennard
Commissioner, Precinct 1



Stephen D. Holmes
Commissioner, Precinct 3

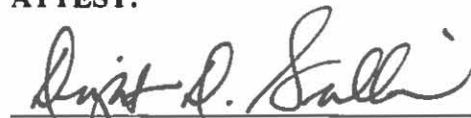


Joe Giusti
Commissioner, Precinct 2



Kenneth Clark
Commissioner, Precinct 4

ATTEST:



Dwight D. Sullivan
County Clerk



**RESOLUTION AMENDING FEBRUARY 16, 2016 RESOLUTION
RELATING TO SUPPORTING FUNDING FOR GALVESTON TO HOUSTON
TRANSIT CONNECTIVITY**

EXHIBIT NO. 2

Proposed Interlocal Agreement with the City of Galveston, Texas

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

INTERLOCAL AGREEMENT

This Interlocal Contract (Agreement) is made and entered into and effective as of the 1st day of June, 2017 (Effective Date) pursuant to the Interlocal Cooperation Act, Chapter 791 of the Government Code (Act), by and between the **CITY OF GALVESTON, TEXAS** (Galveston), and the **COUNTY OF GALVESTON, TEXAS** (County).

RECITALS

WHEREAS, pursuant to the Act, Galveston and County are authorized to contract with eligible entities to provide governmental functions and services, including governmental functions in which the contracting parties are mutually interested;

WHEREAS, Galveston submitted a request for funding to the Texas Department of Transportation (TxDOT) on February 16, 2016 to provide intercity bus service between Galveston and Houston with an intermediate stop in Texas City and transfer to Houston METRO Bay Area Park and Ride;

WHEREAS, the County, by Resolution of the Commissioners' Court, a copy of which is attached hereto as Exhibit A, has agreed to provide one-third of the required local match, which is the amount of \$20,000 each year for a two year period;

WHEREAS, the Texas Transportation Commission approved the funding request by Minute Order No. 114613 on June 30, 2016;

WHEREAS, Galveston intends to begin service during June 2017 and drawing TxDOT funds monthly thereafter for a period of twenty-four (24) months;

WHEREAS, local match funds will be required monthly related to each draw of TxDOT funds for the intercity bus service; and

WHEREAS, Galveston and County wish to set formal parameters for payments and reporting relating to the subject intercity bus service.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of

which are hereby acknowledged, Galveston and the County agree to the following terms, covenants, and conditions:

TERMS AND CONDITIONS

ARTICLE 1 – LOCAL MATCH FUNDING

The total required local match resources are anticipated to be \$5,000 per month for a period of 24 months, to be divided between Galveston, Texas City, and the County. Thus, one-third of that amount, to be paid by the County, will be \$1,666.67 per month. Galveston will bill the County in the amount of \$1,666.67 each month for the duration of the intercity bus service project for a total not to exceed \$40,000.00.

ARTICLE 2 – TERMS OF PAYMENT

Payment in full shall be due to Galveston no later than 30 days from the County's receipt of an invoice for the agreed amount.

ARTICLE 3 – REPORTING

Galveston shall provide a semi-annual report to County indicating the amount of service provided, number of riders carried, marketing activities, comments from the public, and overall evaluation of the service.

ARTICLE 4 – PUBLICITY OF SERVICE

County shall agree to publicize the availability of the service, schedules, fares, and other information in its on-going relevant information distribution media including, but not limited to, web sites, social media, newsletters, and other forms of public information. County will forward all questions, comments, and complaints received from the public to Galveston for feedback.

ARTICLE 5 - TERM OF AGREEMENT

This Agreement will terminate after the agreed upon twenty-four (24) month period. However, the Agreement may be extended through written amendment duly executed by both Parties.

ARTICLE 6- TERMINATION OF AGREEMENT

This Agreement may be terminated at any time by either Party providing at least sixty (60) days advance written notice of its' intention to terminate.

ARTICLE 7 – LIABILITY

Section 7.01 - No Personal Liability of County. To the extent allowed by law, the County's officers, agents and employees, either singularly or collectively, are not personally liable on this Agreement or for any breach thereof.

Section 7.02 - No Personal Liability of the City of Galveston. To the extent allowed by law, the City's officers, agents and employees, either singularly or collectively, are not personally liable on this Agreement or for any breach thereof.

ARTICLE 8 – MISCELLANEOUS

Section 8.01 - Laws. The Parties hereto agree to abide with all applicable City Charter provisions, laws, regulations, and grant provisions of the United States, the State of Texas, and any other lawful authorities having jurisdiction over the subject intercity bus service.

Section 8.02 - Notice. All notices from one Party to the other Party shall be in writing and shall be personally delivered, sent by mail, certified, registered, express or overnight, postage prepaid, or sent by facsimile transmission, to the addresses stated in this Section, or to such other address as the Party may request in writing, and are deemed to have been given at the time of delivery:

Galveston County

Attn: County Judge

County Courthouse

722 Moody Avenue

Galveston, Texas 77550 (for U.S. Mail, express or overnight mail)

or Fax: (409) 765-2915 (for facsimile transmissions), in any case to the attention of the **County Judge**

City of Galveston

Attn: City Manager

City Hall

P.O. Box 779

Galveston, Texas 77553 (for U. S. Mail)

or 823 Rosenberg, 2nd Floor,

Galveston Texas 77550 (for express or overnight mail),

or Fax: (409) 797-3521 (for facsimile transmissions), in any case to the attention of the **City Manager**.

Section 8.03 - Texas Law to Apply and Venue. This Agreement shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the Parties created hereunder are performable in Galveston County, Texas.

Section 8.04 - Legal Construction. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability does not affect any other provision hereof

and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein, if consistent with the overall intent of this Agreement.

Section 8.05 - Amendment. No amendment, modification, or alteration of the terms of this Agreement is binding unless in writing, dated subsequent to the Effective Date and executed by the City and County or their successors and permitted assigns.

Section 8.06 - Exhibits. All Exhibits attached to this Agreement are incorporated by reference.

Section 8.07 - Counterparts. This Agreement may be executed in any number of counterparts, and each counterpart is deemed to be an original instrument, but all such counterparts together constitute but one Agreement. A photocopy or facsimile reproduction of an original signature of a party on this Agreement binds that party to the terms, covenants, and conditions of this Agreement.

Section 8.08 - Time is of the Essence. Time is of the essence in this Agreement.

Section 8.09 - Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and do not affect the interpretation of this Agreement.

The foregoing Agreement is hereby EXECUTED by the Parties hereto in *Duplicate Counterparts*, each of which shall constitute an Original, to be effective as specified herein.

Galveston County, Texas,
By:

City of Galveston, Texas,
By:

Mark Henry,
County Judge

James D. Yarbrough,
Mayor

Date of Signature: _____

Date of Signature: _____

ATTEST:

ATTEST:

Dwight D. Sullivan, County Clerk

Janelle Williams, City Secretary

Approved as to Form

Approved as to Form

County Legal

City Attorney

EXHIBIT A
RESOLUTION OF GALVESTON COUNTY
COMMISSIONERS' COURT



CITY OF GALVESTON, TEXAS

***APPLICATION TO TEXAS DEPARTMENT OF TRANSPORTATION
SECTION 5311(f) INTERCITY BUS PROGRAM***

GALVESTON COUNTY INTERCITY CONNECTOR

February 16, 2016

TABLE OF CONTENTS

Section A - Applicant Information	1
Section B - Project Summary Sheet	2
Section C- Obligation Certificate	3
Section D – Evaluation Criteria.....	4
1.0 Project Description	4
2.0 Project Planning and Coordination	8
3.0 Demonstration of Need and Benefits.....	10
4.0 Project/Service Evaluation.....	11
5.0 Project Management and Personnel	12
6.0 State Transportation Goals.....	13
7.0 Required Additional Documentation	14
Section E - Service Area Maps	15
Section F - Letters of Endorsement	19
Section G - Letters of Commitment	27
Section H – Project Budget	34
Section I - Intercity Bus Operating Assistance Route Report	39

Section A - Applicant Information

1. Legal Name of Applicant: City of Galveston Texas	
2. Name of Parent Company , if applicable:	
3. Applicant Physical Address Information (must include all the following information):	
Physical Address:	City of Galveston, City Hall
Street:	823 Rosenberg
City:	Galveston
County:	Galveston
State:	Texas
Zip Code:	77550
4. Applicant Mailing Address Information if different:	
Mailing Address:	City of Galveston, City Hall
Street:	P. O. Box 779
City:	Galveston
County:	Galveston
State:	Texas
Zip Code:	77553
5. Website URL , if available: http://www.cityofgalveston.org/	
6. Payee Identification (PIN) Number (14 digits): 174 085 100 180 07	
7. D-U-N-S Number (9 digits) : 134658264	
8. Type of Organization (Mark all that are applicable):	
☐ Rural Transit District	☐ Private Non-Profit Organization
☐ Urban Transit District	☐ Private For-Profit Organization
☐ Metropolitan Planning Organization	☐ State Transit Association
☐ Metropolitan Transit Authority	☐ University
☒ Governmental Entity	☐ Other: _____
☐ Native American Tribe / Indian Tribal Organization	
1. Primary Contact Name: Brian Maxwell Title: City Manager Phone: 409-797-3867 Fax: 409-797-3521 Email: MaxwellBri@cityofgalveston.org	2. Financial Officer Name: Mike Loftin Title: Finance Director Phone: 409-797-3562 Fax: 409-797-3581 Email: LoftinMik@cityofgalveston.org
3. Signature Authority	
Name: same as primary contact, city manager	
Title:	
Phone:	
Fax:	
Email:	
4. Services to be procured competitively. List all services which you plan to procure competitively. NONE	
13. Partnering Entities Please list any and all entities that are considered partners in this application. City of Galveston, Galveston County, City of Texas City	

Section B - Project Summary

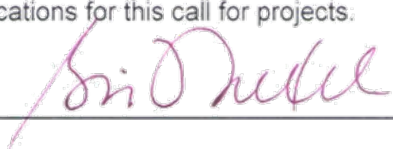
1. Indicate below all requested sources of funding: ☐ PLN ☐ RTAP ☒ ICB ☐ RD					
2. Project Name with Brief Project Description: GALVESTON HOUSTON INTERCITY BUS CONNECTOR. To replace the private intercity bus provider that left this rural market, the City is proposing to provide a Galveston County link to Houston METRO's Bay Area Park and Ride to effect a low cost, one transfer intercity bus link between Galveston and Houston.					
3. Type of Project: (Capital, Marketing, Facility, Operating Assistance, Planning, Training, Technical Assistance, Research, State Administrative, Project Administration or Other): Intercity Bus Operating and Marketing					
4. List all Counties Served by this Project: Funding would provide for a new Galveston County rural service link to already existing urban service in Harris County. Funded portion would originate in rural Galveston and pass through 62% rural areas and 38% urban areas.					
5. This project serves approximately what percentage of urbanized and rural areas? <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; border-right: 1px solid black; padding: 5px;">Urbanized: <u>38%</u></td> <td style="width: 33%; border-right: 1px solid black; padding: 5px;">Rural: <u>62 %</u></td> <td style="width: 33%; padding: 5px;">Total: <u>100 %</u> must equal 100%</td> </tr> </table>			Urbanized: <u>38%</u>	Rural: <u>62 %</u>	Total: <u>100 %</u> must equal 100%
Urbanized: <u>38%</u>	Rural: <u>62 %</u>	Total: <u>100 %</u> must equal 100%			

Section C - Obligation Certification

As an authorized official of the CITY OF GALVESTON TEXAS
(Organization Name)

I certify to the following:

1. The information presented in the application is true and accurate to the best of my knowledge.
2. I have not intentionally made any misstatements or misrepresented the facts.
3. The organization has the resources and technical capacity to support the project.
4. The organization has the resources to provide the required match.
5. The organization uses generally accepted accounting standards for its financial recordkeeping functions.
6. The organization will participate in a continuous, comprehensive dialogue throughout the life of the project including but not limited to:
 - ◆ On-site monitoring by TxDOT personnel
 - ◆ Timely submission of required reports
 - ◆ Timely written notification of events that will affect the outcome of the project.
7. The organization will comply with all applicable federal, state and local laws and regulations. This includes but is not limited to:
 - ◆ FTA Certification and Assurances
 - ◆ Master grant agreements
 - ◆ Project grant agreements
 - ◆ Applicable federal program circulars and similar federal and state guidance
8. **Applicant Affirmation:** Compensation has not been received for participation in the preparation of the specifications for this call for projects.

Signed: 

Printed/Typed Name: BRIAN MAXWELL

Title: CITY MANAGER

Date: 2.15.16

Section D – Evaluation Criteria

Specific criteria varies by program, applicants should demonstrate how their project addresses **ALL** evaluation criteria for the specific funding program(s) (RTAP, PLN, **ICB**, RD) from which funds are sought. Refer to pages 14-31 for program information and evaluation criteria.

GALVESTON HOUSTON INTERCITY BUS CONNECTOR

1. PROJECT DESCRIPTION

Historically there has always been intercity bus service between Galveston and Houston provided by Greyhound, Kerrville, Trailways, and finally Megabus. At various times in the past there were also intermediate stops in Texas City, LaMarque, and League City. Most recently service was provided by Megabus once in the morning and once in the evening. This service was lost during 2013 when Megabus chose to leave this market when ridership did not meet their corporate expectations. Their departure came after ongoing preliminary discussions with the city indicating they were interested in moving their outlying Galveston pickup location from a gas station to Island Transit's new downtown transit terminal. Instead of moving, they chose to discontinue service to Galveston without any notice and without experimenting with adjustments in fare, service, times, or other operating parameters.

To fill this void, The City of Galveston is leading a partnership of three Galveston County governments to startup an intercity transit service to connect the rural City of Galveston and other mainland destinations in Galveston County to Houston where it is possible to access regional transit services and at least two intercity bus providers with service nationwide. **See Figure 1.** Funds from TxDOT's Section 5311 ICB program are being requested to provide a reasonably priced, one-transfer link to demonstrate the market viability, to continue in this proposed publicly operated manner, and possibly attract a private intercity bus provider back to this corridor. Requests for service to Houston have become the number one telephone question received by Island Transit, the Galveston County Transit District, Connect Transit, healthcare providers, and other agencies.

The basis of the proposed new intercity bus service is to build upon public transit services already provided in Galveston and Harris counties. By providing a linkage, Galveston as well as several other small cities and rural areas, can access regional and national transit connectivity. There are several existing separate bus services in the I-45 Galveston to Houston corridor and the connectivity gap. Houston METRO provides an extensive local bus service throughout its service area along with light rail connections in three corridors and an extensive network of transit centers and park and ride facilities. Gulf Coast Center's Connect Transit provides local fixed-route bus services throughout the mainland portion of Galveston County serving Texas City, La Marque, Dickinson, San Leon, and Bacliff. **See Figure 2.** In addition Connect Transit provides two park and ride commuter services from League City and from Texas City (Mall of the Mainland Park and Ride) to employment centers in Galveston, especially The University of Texas Medical Branch (UTMB). Through an interlocal agreement, these two park and ride services are operated on behalf of Connect Transit by Island Transit. Island Transit has long provided its own extensive system of fixed-route bus services (and complementary ADA paratransit service) throughout the rural city of Galveston.

As shown on the **Figure 3**, METRO's southeasternmost park and ride route (Route 246 Bay Area) is located only about six miles from Connect's League City Park and Ride (LCPR) facility (with fully enclosed shelter, ticket sales, restrooms and parking spaces) and 2.7 miles from the northernmost arm of the League City Park and Ride service at the Clear Lake Center (at FM 258) which houses some UTMB staff relocated from Galveston Island. The intercity bus proposal being submitted for

funding will link METRO's Bay Area Park and Ride (BAPR) service with a new route directly from downtown Galveston with an intermediate stop in Texas City. This will create a one-transfer, 50-mile each way, intercity bus service between Galveston and Houston. The intermediate mainland stop in Texas City would also allow access by all those served by Connect's mainland fixed-route service described above. **See Figure 4.**

For the proposed new service, Island Transit will operate one bus (already available within its fleet) from its new downtown transit terminal (opening February 24) stopping at the LCPR, and ending at METRO's BAPR where all passengers will transfer from the Galveston County Intercity Connector to the METRO service. Conversely passengers originating in Houston will be able to transfer to Galveston's intercity bus at BAPR for its return trip to Galveston. METRO currently operates about 60 trips daily into and out of this facility. Twenty-four of these trips also stop at the Eastwood Transit Center, about six miles south of downtown Houston, which is served by nine local fixed routes that provide connections to the Texas Medical Center and Hobby Airport among other destinations. The BAPR buses terminate in downtown Houston, providing the ability to transfer to most of METRO's 77 local bus routes and three light rail lines. The Houston Downtown Transit Center stop is across the street from the Megabus intercity bus terminal to the west (serving Dallas, San Antonio, New Orleans) and two blocks from Greyhound's intercity bus terminal to the south (the 9th busiest bus terminal in the United States) that also is served by other intercity and international bus carriers. At least five additional international bus carriers can be reached using METRO's new east end light rail, Harrisburg Green Line. **See Figure 1.**

Funding is requested for the operating and marketing costs of the Galveston County Intercity Connector service operating approximately 36 miles each way between the City of Galveston and METRO's BAPR as described above. The initial two years of service will include three round trips daily along the proposed route to be operated by Island Transit. Since METRO offers so many trips out of BAPR (as frequently as every 5 minutes during some peak periods), it will be possible for the GCTD bus to collect passengers from several of those trips, increasing its effectiveness. One trip will be operated early morning, allowing passengers to make early appointments in Houston or transfer to intercity carriers' morning departures. A second trip will be operated midday and a third trip in the evening. This is actually one more daily round trip than Megabus was operating before it withdrew from this corridor.

No ICB capital funding is being requested because Island Transit already has a bus and adequate spares available in its existing fleet due to discontinuation of another service. With the intermediate Texas City stop, each round trip will require just over two hours or approximately seven bus hours per day (see the budget in Table 1 below and in Section G). The service will operate 260 days per year coinciding with METRO's service to and from BAPR. As indicated by a support letter in Section F, METRO supports the regional connectivity goal and has agreed to allow Island Transit to operate into and out of BAPR. When service starts up, METRO will also coordinate bus schedules to ensure seamless transfers. A BAPR bus bay will be assigned and appropriate signage will be provided. Operating and marketing funding is only being requested for the new Galveston County portion of the Intercity Connector.

Marketing funds are being requested to make sure the availability of this new service is constantly before the public (both residents and tourists). Even if potential passengers are generally aware of the service, they will not focus on the details until they have the need for an intercity trip. Therefore detailed information must be easily and widely available. Marketing expenditures will include production and distribution of maps and schedules, advertising, web links from numerous existing sites, and postings on social media locally and within the intercity bus world.

The current one way fare from BAPR is \$4.50. The proposed fare on the Galveston County Intercity

Connector will also be \$4.50 (slightly more than the current LCPR one-way fare). Thus the total one-way fare will be \$9. This would be more than the unsustainable Megabus \$1.00 promotional fare but less than the \$20.00 fare previously charged by Kerrville.

One hundred percent of this service will be within the state of Texas and all of the proposed budget (operating and marketing) will be to provide and promote a cost-effective and collaborative replacement for the private intercity bus service lost within this corridor.

TABLE 1 -- GALVESTON COUNTY INTERCITY BUS CONNECTOR BUDGET				
SERVICE EXPENDITURES			YEAR 1	YEAR 2
3 trips per day 7 veh. hrs/day 260 days/year	1,820 hours/year	\$65 hourly incremental cost	\$118,300	\$118,300
MARKETING EXPENDITURES				
Plan Development			\$5,000	\$3,000
Printed Materials			\$2,000	\$2,000
Web/Social Media			\$2,000	\$2,000
Launch Event			\$2,000	\$0
Advertising			\$6,700	\$8,700
Other Outreach			\$4,000	\$6,000
Total			\$21,700	\$21,700
TOTAL EXPENDITURES			\$140,000	\$140,000
FARE REVENUE				
20 riders per day 260 annual days	5,200 annual trips	\$3.85 avg fare	\$20,000	\$20,000
NET COST*			*\$120,000	*\$120,000
PARTNERS' FUNDING SHARES				
ICB GRANT AWARD			\$60,000	\$60,000
City of Galveston			\$20,000	\$20,000
City of Texas City			\$20,000	\$20,000
Galveston County			\$20,000	\$20,000
TOTAL*			*\$120,000	*\$120,000
*Note: budget in workbook is based on net project cost reimbursement for two years plus local match				

Previous ridership from and to Galveston is not available from the private carriers. Ridership is very conservatively estimated at 20 boardings daily. Averaged out, that could mean 10 northbound and 10 southbound. Although the advertised fare would be \$4.50 each way for the Galveston County portion of the trip, a net average fare of \$3.85 reflects Island Transit's experience with required half-fares for students, elderly, and disabled. Because of the two-year period covered by this TxDOT call for projects, this project request also covers two years, FY 2017 and FY 2018. According to the 50% match rate required for ICB operating fund requests, one-half of the expected operating deficit (total cost less anticipated fare revenue) is requested from TxDOT and one-half will be paid locally because of the widespread interest in this service, the City of Galveston has coordinated with two local governments to share the local match expenditure. Although as the applicant, City of Galveston will be responsible to TxDOT for the match, City of Galveston, City of Texas City and Galveston County will each pay one-third of the local share cost of the program through a separate interlocal agreement. Participation of the other two partners has been confirmed by their resolutions presented in Section G, indicating commitment of local funds as shown in **Table 1**.



Funding is being requested for the red line Galveston County Intercity Connector shown in the map to the left. The blue line represents METRO's existing Bay Area Park and Ride (BAPR) service. Starbursts indicate existing local fixed-route networks. See Figure 2 in Section E.

2. PROJECT PLANNING AND COORDINATION

Even before learning of the loss of Megabus service in this corridor, GCTD (and its member cities) had been strategizing with Gulf Coast Center Connect Transit, Island Transit, H-GAC, and METRO to determine a good method coordinating local providers to improve or restore cost-effective provision of intercity connectivity. Conversations and proposals going back to 2012 have been refined for this proposal. The short gap in distance between the Galveston County and Harris County park and ride services sparked the idea that a one-transfer linkage could be provided very cost-effectively. The option of METRO starting some BAPR trips from the LCPR and having the transfer there has become difficult because of restrictions against operating outside of its taxing area. Moving the transfer to BAPR has increased efficiency and flexibility because one bus from the south can provide passenger interface with multiple existing trips to the north depending on acceptable waiting times. The idea of a single route the entire 50-mile length of the Galveston-Houston trip was rejected as too costly for a new startup as well as not taking advantage of demonstrating the efficiencies to be gained by the opportunity to coordinate among agencies and utilize the substantial amount of transit service already provided within the corridor.

The parties are ready to implement this service immediately. The three stops are already in place, recognized by transit users, easily located by new users, and with passenger amenities available. As mentioned above, Island Transit has vehicles available to fulfil its operating commitment. Marketing and public information apparatus of all partners can be readily pressed into action to begin the communication of information adding on to each one's existing materials, web sites, and social media. The city of Galveston Public Information Director will initiate coordination of all marketing activities.

Implementation of the proposed service is estimated to begin within 30 to 45 days of delivery of funding authority through execution of a Programmatic Grant Agreement or other form of agreement. If the PGA is executed by September 1, 2016, as indicated in the coordinated call schedule, service will begin in October 2016 in time to be in place for the heavy thanksgiving and Christmas holiday seasons.

In addition to the planning coordination, Galveston's two partners have committed to share one-third each in the local match required, if awarded funding through TxDOT. Since the traditional ICB providers have abandoned this corridor after reassurances that they would not, there has been no reason to attempt to coordinate with them in the development of this proposal. However increased accessibility by passengers to their Houston terminals can only be seen by them as a benefit. One private operator proposed to provide the full 50-mile corridor service, but only on a no-risk (to them) contract basis at a substantially higher cost than this proposal.

The local Galveston County governments working together to develop this proposal and fund the proposed service, sharing expertise, trips, and equipment is the epitome of the purpose for the Regional Transportation Coordination Plan. The latest plan for this region includes the following relevant citations:

- Need to move people across county lines (Section 3 page 22)
- Galveston County participants express the need for a Galveston-Houston transit connection (page 35)
- Travel analysis indicates the highest overall volume travel patterns are between Fort Bend, Montgomery, and Galveston counties into Harris County. The current Galveston County transit share is relatively small because there is not a comprehensive transit system that connects this corridor. (See Figure 27, page 53)

- Opportunities to partner with Houston METRO should be encouraged (Section 8, page 60)
- Expanded transit services in Texas City (mall of the Mainland and several fixed routes) are gap-fillers in communities that have been underserved by public transportation for many years. (Section 8, page 60)
- Rural and intercity bus systems will be more important in the future. (page 3)
- Expand service to cover gaps (Section A, page 83)

3. DEMONSTRATION OF NEED AND BENEFITS

1. The project is needed because the large intercity carriers have all abandoned Galveston and the most frequent telephone request to Island Transit, Connect Transit, Galveston County Transit District, and City of Galveston is for a Houston connection.
2. The proposed Galveston/BAPR connector route will provide, with only a single transfer, the desired Galveston-Houston intercity service covering a multitude of trip purposes. The intermediate stop in Texas City will also bring added riders from other Galveston County cities on the mainland to the service through transfers from seven Connect Transit fixed routes, thus greatly expanding the service area from which to draw passengers.
3. Obviously the primary goal of connecting the Galveston and Houston cities together will be met by the proposed service on the proposed route. Individual passengers will have a myriad of specific destinations ranging from other intercity providers, initiating trips nationwide (See **Figure 1**), medical facilities, governmental facilities, business appointments, entertainment, shopping, recreation, tourism, and other trips to be expected for intercity travel. Altogether between the two legs of the route there will be up to five stops; namely, Galveston Downtown Transit Terminal, Texas City, Bay Area Park and Ride, Eastwood Transit Center (on selected trips), and Houston Downtown Transit Center. Passengers will be able to use any of these stops but the full Galveston-Houston trip will be emphasized. In addition, every stop provides opportunities for walking to many destinations and transfers to other local transit services for connections to numerous nearby communities and destinations.
4. Riders will be able to make trips currently not available by transit. Business, medical, and recreational destinations will be served. Intercity transfers to destinations throughout Texas and nationwide will be available. This will immediately and dramatically increase mobility for transit dependent individuals and provide choices for others including youth, one car households, disabled, and elderly.
5. The proposed project improves access by providing a frequently requested service that no longer is being provided by anyone and does not currently exist. The project improves connectivity by providing an extremely large potential for transfers and destinations served from currently underserved Galveston County communities.
6. The ability to travel between cities within the region, within the state, and nationwide helps every aspect of the local economy. Travel for business, medical appointments, tourism, and shopping pervades all aspects of the local and regional economy. Without scheduled air service, this service will provide a way for business persons, tourists, and cruise passengers to travel to Galveston without an automobile.

4. PROJECT/SERVICE EVALUATION

This proposed service is very straightforward: operate a point-to-point bus route to attract passengers to a 50 mile long corridor that members of both communities have been requesting. There are three elements to the plan: operating the service, marketing the service, ridership of the service. Each of these will be monitored constantly and adjusted throughout the two proposed fiscal years. Based on the results, recommendations will be made for subsequent years.

1. The **first** measure of success will be number of passengers carried. Twenty passengers per day are anticipated. Achieving or exceeding that number will be ambitious and considered a success. The full efforts of the marketing program are extremely important to ensure that occasional users are fully aware of the existence and details of the service. Although the major intercity carriers will not be directly interlining with this service, we will be determining the best approach for them to tell their Houston passengers that a connection to Galveston County destinations is now available. The **second** measure of success is word-of-mouth communications about the service. This is difficult to measure, but monitoring the various forms of local communications and social media will help to make this evaluation. Word of mouth interaction is an indicator that all three factors have been successful, and the service has taken on a life of its own. The **third** measure of success is on-time performance. Since this is a transfer-based service, meeting other routes on time to facilitate transfers is extremely important. Galveston's Island Transit can be relied upon to effectively operate the service. The reimagined METRO has increased its on-time performance and with the multiple trips already serving BAPR, there is a built-in redundancy. Demand response and other services operated by Connect Transit can be used as an emergency backup for passengers if infrequent, unavoidable situations result in late or missed trips within the Galveston County link. The **fourth** measure of success is customer satisfaction. This will be accomplished through comment cards, surveys, on-line feedback, social media, and other means. This will also provide real time feedback to allow service adjustments as soon as preferences and needs are identified.
2. Community information will be gathered from city, county, tourist attractions, hotels, medical providers, social service agencies, and other agencies to determine the need for, requests for, and use of the service by various groups with which they interact and general observations that improved mobility and access has provided value and opened local businesses and residents to expanded travel opportunities. This will be done as part of the marketing program and add to the feedback used to adjust service responsiveness.
3. After the end of the requested two year funding period, it is expected that an increase in ridership will reduce the deficit to be covered. Based on the value to the local community discerned through the communications indicated in Section 4.2 above, it is expected that the sponsoring local governments will continue to share in absorbing future deficits. In addition, once a locally promoted service is proved effective with growing ridership, private intercity bus carriers will be approached to add this connection to their networks.

5. PROJECT MANAGEMENT AND PERSONNEL

1. The startup schedule will be very fast. The Island Transit vehicle will be readily available by the time the grant is approved. Island Transit has bus operators available to drive the bus. Outreach and awareness of the service is the key to attracting riders. Beginning September 1, the marketing program will be finalized and the materials, ads, schedule, maps, fliers, will be designed. During October an inaugural date will be set for the start of service as a target for the advertising and public information. A launch event with sponsors and other local officials on, or just before, opening day will provide publicity and recognition of the first riders. One of the merits of this proposal is that it is very simple and quick, and easy to implement and operate.
2. The service will be operated by Island Transit based on a programmatic grant agreement with TxDOT. Michael Worthy has been Island Transit Transportation Director for many years and is well known to TxDOT division and district staff as a capable transit operations administrator. Drivers for the service have not been selected, but will be as soon as an award of grant funding is known. They will be given special training relating to intercity passengers, handling baggage, and details of the available connections. Drivers with park and ride experience are already familiar with freeway operations and the majority of the proposed route using I-45. To save resources, the City of Galveston's public information officer Kala Rhodes will head the marketing activity. She actively manages all public information for the City, the website, social media, press releases, and related matters. She has been actively involved in the Island Transit web design, transit related information and transit-related events. She is also adept at interacting with local and regional media. Island Transit has expertise in publishing route maps and schedules for overall services as well as special services. The marketing plan will also be coordinated with other sponsors, METRO, and H-GAC's Commute Solutions program.
3. No new staff will be hired for the project.

6. STATE TRANSPORTATION GOALS

- 1. Maintain a safe system.** When auto drivers have the option to use transit services instead of driving individually, vehicles are removed from the highways resulting in a safer situation for all drivers in the corridor. Although some of the passengers will be transit dependent, those that switch from their individual vehicle will help reduce congestion, air pollution, and crashes. Through the coordination and efficient use of existing vehicles, services, and roads, the transit-related transportation assets of the state of Texas are being used efficiently, maintained, and preserved.
- 2. Address congestion.** To the extent that auto drivers are removed from Galveston County roads when they ride the Galveston County Intercity Connector, they will be contributing to congestion reduction.
- 3. Connect Texas communities.** The proposed service is most in line with this goal to connect communities since that is its prime purpose. The lack of connectivity northward from Galveston by the withdrawal of major national carriers from this corridor will be restored with this proposed project. Over 300,000 residents of the county will have a transit option to connect to Houston and destinations nationwide.

7. REQUIRED ADDITIONAL DOCUMENTATION

1. Section 7.1 includes information related to applicants who are for-profit intercity bus carriers. This is not applicable to the City of Galveston which is a local government entity.
2. Section 7.2 requests specific information from transit entities as follows:
 1. The goal of the proposed service is to meet the need for Galveston to Houston connection, not specifically to be a feeder service or formal interline with regional intercity bus carriers. METRO will be a partner (as indicated in the previous descriptions above and its letter of support, endorsement, and coordination provided in Section F) in the sense that the new service will feed passengers to their BAPR service. As previously stated in this application, private intercity carriers have abandoned Galveston and Galveston County thus they have no interest in coordinating. A replacement for their previous services will be provided through the Galveston County Intercity Connector. At the end of each operating year, private carriers will be contacted to determine whether the demonstrated success of the proposed initiative would convince them to return to this corridor. To the extent passengers of this proposed service transfer to private intercity providers in Houston, both will receive a benefit.
 2. Although the ability to make those transfers will be provided and encouraged, no formal interlining of services is being requested or anticipated.

Section E - Service Area Map(s), if applicable

If applicable, provide a map of the service area (Section E). If the application is an expansion of the service area, provide maps of the existing and the proposed areas.



Figure 1 – Objective: To Connect to Houston and into the South Central Interregional Bus Corridor Network.

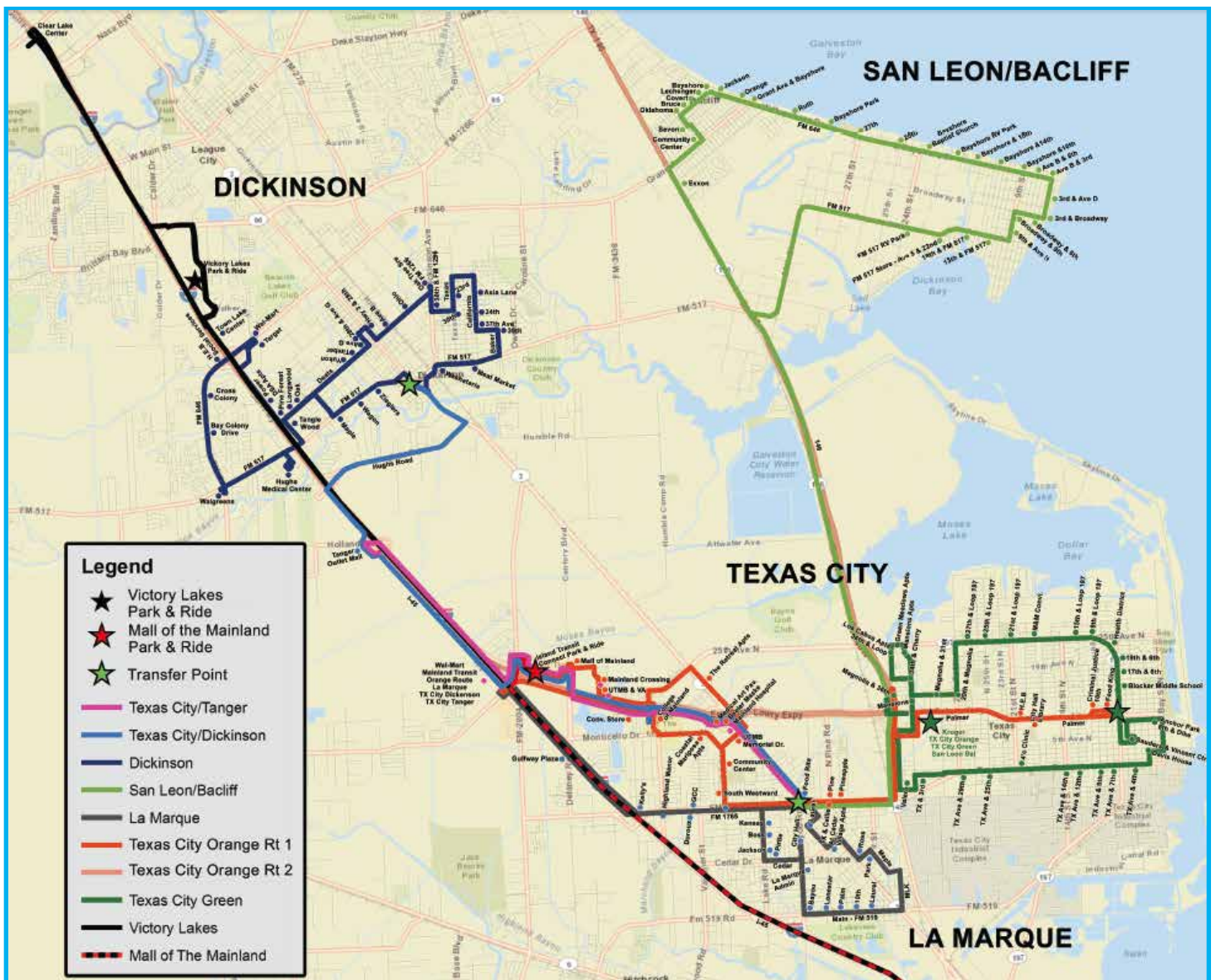


Figure 2 – Connect Transit's Mainland Fixed-Route Local Bus Network Providing Transfers to Six Mainland Communities.



Figure 3 – Perceived Gap in Current Connectivity Between Northbound (red) and Southbound (green) Services

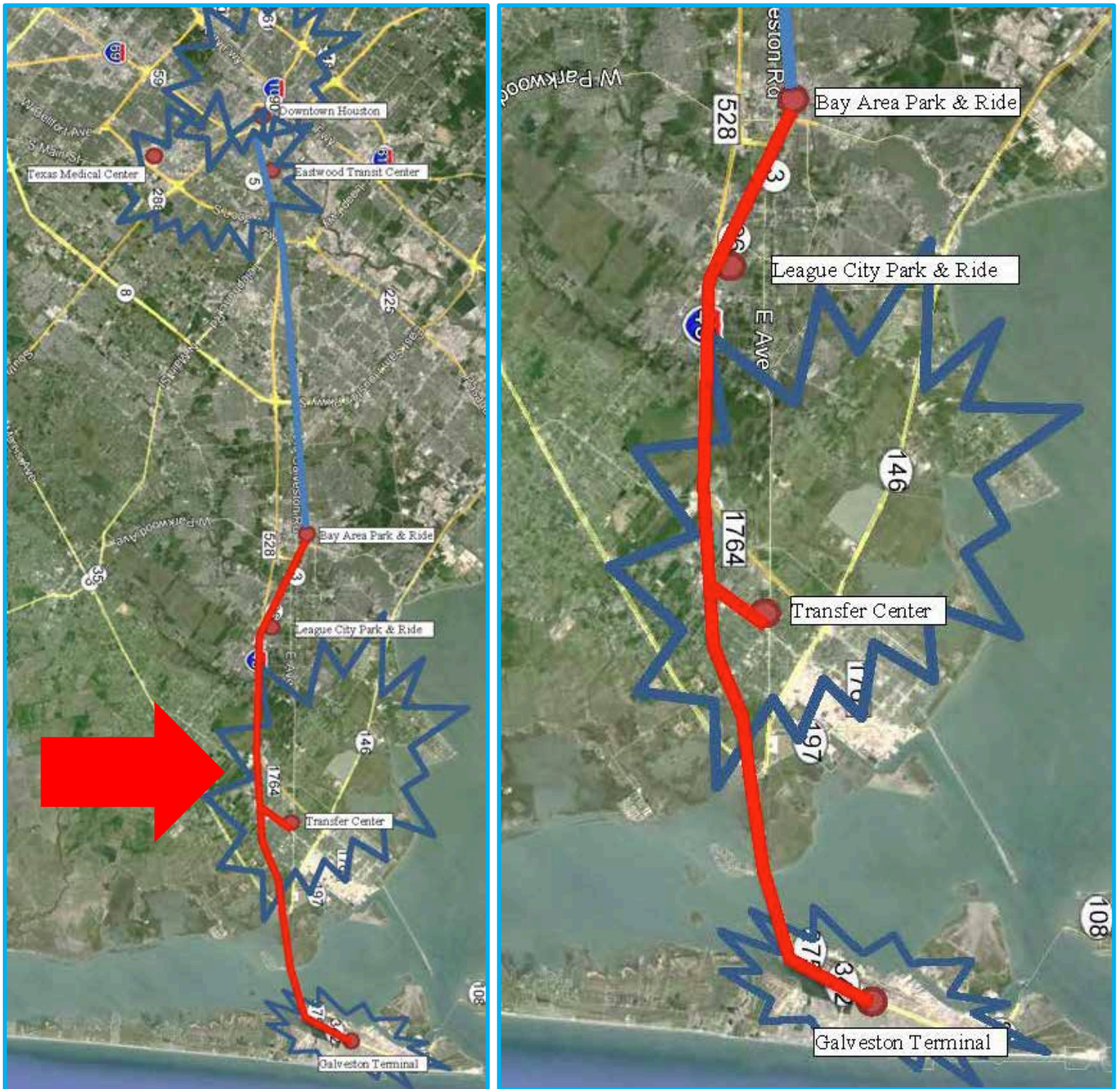


Figure 4 – METRO's Existing Bay Area Park and Ride (shown in blue) and the Proposed Galveston County Intercity Connector (shown in red). A Close-up View of the Proposed Service on the Right.

Section F - Letters of Endorsement

Letter(s) of Endorsement are the mechanism for documenting coordination or support of the project with The appropriate local public transportation providers, agencies that provide employment or human service transportation, and other appropriate agencies/individuals (non-financial).



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President & Chief Executive Officer
Thomas C. Lambert

February 11, 2016

Eric L. Gleason
Director
Public Transportation Division
Texas Department of Transportation
125 E. 11th St.
Austin, TX 78701-2483

Dear Mr. Gleason:

As you know, the Metropolitan Transit Authority of Harris County (METRO) is the largest public transportation provider in the Houston area. We serve the City of Houston, most of Harris County, as well as fourteen other cities in our region. We always want to be helpful to the other transit providers in the region that serve areas beyond our service area.

While the City of Galveston is not in our service area, we know they have been concerned for several years that there is no longer private intercity bus service from the City of Galveston to Houston, since the last provider ceased service in 2013. In the spirit of cooperation, METRO is supportive of this intercity bus connection.

METRO has agreed to allow the City of Galveston to operate from the Bay Area Park & Ride. We will work with them to make sure their bus schedule coordinates with our northbound and southbound trips. We will also make sure there is an assigned bus bay and signage to mark the stop.

Again, METRO is supportive of this intercity bus connection and will assist in making sure the service is coordinated with our service from the Bay Area Park & Ride.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



Thomas C. Lambert
President & CEO

Metropolitan Transit Authority of Harris County, Texas
1900 Main • P.O. Box 61429 • Houston, Texas 77208-1429
713-635-4000 • RideMETRO.org

APTA 2015 OUTSTANDING PUBLIC TRANSPORTATION SYSTEM

RESOLUTION 16-01-001

GALVESTON COUNTY TRANSIT DISTRICT

CITY OF GALVESTON REQUEST FOR INTERCITY BUS FUNDING

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GALVESTON COUNTY TRANSIT DISTRICT SUPPORTING A REQUEST BY THE CITY OF GALVESTON TO THE TEXAS DEPARTMENT OF TRANSPORTATION FOR INTERCITY BUS FUNDING TO FACILITATE GALVESTON TO HOUSTON BUS CONNECTIVITY

WHEREAS, the Galveston County Transit District (GCTD) has been created pursuant to Section 458 of the Texas Transportation Code, as a Rural and Urban Transit District, to assist in the planning, funding, and development of regional transit access for Galveston County; and,

WHEREAS, Galveston County has no Intercity bus service which connects Galveston to Houston or any of the cities in-between; and,

WHEREAS, the City of Galveston operates, on behalf of the Gulf Coast Center, the League City Park and Ride service southbound to Galveston; and,

WHEREAS, Houston METRO operates the Bay Area Park and Ride service northbound to Houston, within 5 miles of the League City Park and Ride Facility; and,

WHEREAS, METRO is willing to accommodate intercity bus connectivity within its Bay Area facility and,

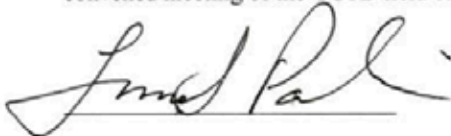
WHEREAS, the Texas Department of Transportation has announced its FY 2016 – FY 2017 "call for projects" which includes federal "Intercity Bus" funding to assist in defraying the cost of creating regional transit connectivity

WHEREAS, the City of Galveston will submit an application to Texas Department of Transportation for intercity bus funds to defray half the cost of providing intercity bus service between Galveston and METRO's Bay Area Park and Ride along with partners Texas City and Galveston County

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GALVESTON COUNTY TRANSIT DISTRICT, THAT THE DISTRICT IS FULLY IN SUPPORT OF THE CITY OF GALVESTON'S TWO-YEAR REQUEST FOR INTERCITY BUS FUNDS TO ACCOMPLISH REGIONAL TRANSIT CONNECTIVITY BETWEEN GALVESTON AND HOUSTON AND STRONGLY ENCOURAGES THE TEXAS DEPARTMENT OF TRANSPORTATION TO AWARD THE REQUESTED AMOUNT OF FUNDING TO IMPLEMENT THIS IMPORTANT SERVICE

CERTIFICATION

The undersigned duly qualified Secretary, acting on behalf of the Galveston County Transit District (GCTD), certifies that the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the GCTD held on February 11, 2016.



Chairman of the Board



Secretary of the Board



RESOLUTION OF THE BOARD OF TRUSTEES OF THE GULF COAST CENTER IN
SUPPORT OF A REQUEST FOR THE CITY OF GALVESTON FOR FEDERAL INTERCITY
BUS FUNDING TO SUPPORT GALVESTON TO HOUSTON CONNECTIVITY

WHEREAS, the Gulf Coast Center, through a partnership with the City of Galveston currently provides express park and ride services between Galveston Island and League City; and

WHEREAS, Houston Metro currently provides northbound service from the Bay Area Park and Ride facility to downtown Houston; and

WHEREAS, there is a five (5) mile gap between GCC/Island Transit express transit services and Metro express transit service; and

WHEREAS, the City of Texas City and the Gulf Coast Center (GCC) have established a comprehensive fixed route transit network for the Texas City/La Marque/Dickinson urbanized area; and

WHEREAS, Intercity Bus Service between Galveston County and Houston was abandoned three (3) years ago; and

WHEREAS, the Texas Department of Transportation (TxDOT) has a “call for projects” which includes federal Intercity Bus funding; and

WHEREAS, the City of Galveston seeks will submit a request to TxDOT for \$120,000 for a two year demonstration period to support Galveston – Houston Intercity Bus service, in response to the February 16th call; and

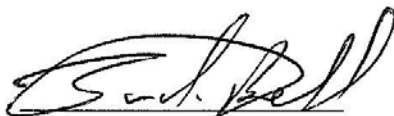
WHEREAS, the City of Galveston, Galveston County, and Texas City have been requested to share equally in the \$60,000 annual match requirement of the program for a two year demonstration period; and

WHEREAS, if pursuit of federal Intercity Bus funding, by the City of Galveston is successful, the new service would begin in the fall of 2016.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE GULF COAST CENTER THAT THE EXECUTIVE DIRECTOR IS AUTHORIZED TO SEND CORRESPONDENCE IN SUPPORT OF THE REQUEST BY THE CITY OF GALVESTON TO TXDOT FOR FEDERAL INTERCITY BUS FUNDING.

PASSED ON THIS 27th DAY OF JANUARY, 2016

APPROVAL AS TO FORM


Linda Bell
Director of Legal Services



601 Tremont - P. O. Box 1080
Galveston Island, Texas 77550
(Phone) 409-797-5000
(Toll Free) 1-888-GAL-ISLE
(Fax) 409-762-8911
www.galvestonparkboard.org

February 12, 2016

Eric Gleason
Texas Department of Transportation
PTN Program Services Section
125 E. 11th Street
Austin, TX 78701

Dear Mr. Gleason:

It has been a great loss to the city over the last three years since intercity bus service was discontinued between Galveston and Houston. Many opportunities have been lost for travel in both directions and there has been much bad publicity. Since no private intercity carrier is willing to come back into this market, the idea of our public bodies partnering to provide a connection seems to be the most workable solution.

The City of Galveston's Park Board of Trustees operates the beaches and other aspects of tourism for the City. We have received numerous inquiries from visitors looking for alternate means for coming to Galveston without using an automobile. Having choices would provide an opportunity to meet the needs of the broadest range of visitors, reduces auto congestion, reduces auto pollution, and will complement our plans for local tourist-oriented transit services which will begin to be implemented this summer.

I understand the proposed approach will be to operate a bus from Galveston's new downtown transit terminal to Houston METRO's Bay Area Park and Ride facility in Webster including a Texas City stop to provide access by mainland Galveston County residents. With one transfer at that location, passengers could then travel nonstop to downtown Houston to be able to connect to bus and rail transit to access destinations throughout Houston or connect to Greyhound and other intercity bus lines.

(I) The Park Board whole-heartedly endorses return of this much needed service. We encourage the City Council to submit an application for operating funds to the Texas Department of Transportation to fund a two year demonstration project. We further encourage TxDOT to approve the requested funding to ensure that Galveston is linked into the regional transit system.

Thank you for your consideration.

Sincerely,

Steve Kalbaugh
Chairman



February 2, 2016

Eric Gleason
Texas Department of Transportation
PTN Program Services Section
125 E. 11th Street
Austin, TX 78701

Re: Letter of Support for City of Galveston Intercity Bus Funding Request

Dear Mr. Gleason:

The Historic Downtown Partnership is a non-profit organization representing 78 businesses located in Downtown Galveston. Our Board of Directors and Executive Committee would like to voice our support for Intercity Bus Funding. We strongly believe that it will help in our continuing efforts to grow visits to Downtown.

The Partnership whole-heartedly endorses return of this much needed service. We encourage the City Council to submit an application for operating funds to the Texas Department of Transportation to fund a two year demonstration project. We further encourage TxDOT to approve the requested funding to ensure that Galveston is linked into the regional transit system and that the region is linked to us.

Thank you for your consideration.

Sincerely,

Trey Click
Executive Director



February 2, 2016

Mr. Eric Gleason
Director of Public Transportation
Texas Department of Transportation
PTN Program Services Section
125 East 11th Street
Austin, Texas 78701

Re: 2016 Call for Projects – Letter of Endorsement for City of Galveston Intercity Bus Funding

Dear Mr. Gleason,

The Bay Area Houston Transportation Partnership (BayTran) is a Transportation Management Organization facilitating regional mobility and congestion management in the Houston Bay Area. On behalf of the BayTran Board of Directors, I am writing to express our support for the request for funding for an Intercity Bus Service connection between the City of Galveston and Houston.

Three years ago, intercity bus service was discontinued between Galveston and Houston. This was a great loss to the Galveston and bay area communities. Frequently, residents in the area have questioned why there is no connection between the two cities and there has been significant negative publicity about the lack of service. No private intercity carrier has expressed interest in serving this market; therefore, a proposal for regional public transit providers to partner to provide the intercity connection seems to be the most workable solution.

The Intercity Bus Service proposal includes transit operations originating from Galveston's new Downtown Intermodal Terminal to METRO's Bay Area Park and Ride facility in Webster. The route would include a stop in Texas City to provide access to mainland Galveston County residents. With one transfer at the Bay Area Park and Ride facility, passengers could then travel nonstop to Downtown Houston and be able to connect to buses and light rail transit to access destinations throughout the City of Houston. Passengers could also connect to Greyhound and other intercity bus lines. Galveston County, the City of Galveston, and the City of Texas City have partnered to support this service and METRO has assigned space at the Bay Area Park and Ride lot to accommodate the buses and passengers arriving from Galveston County and transferring to METRO service.

Please accept this letter as BayTran's full endorsement of the grant request. We feel this service is critical to link Galveston into the regional transit system. If you have any questions or concerns, please do not hesitate to contact me at 832-771-0773 or president@baytran.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbara G. Koslov'. The signature is fluid and cursive, with a large, stylized 'B' and 'K'.

Barbara G. Koslov
President
Bay Area Houston Transportation Partnership

XC: Brian Maxwell, City of Galveston, City Manager
Michael Worthy, City of Galveston, Director of Transportation

PO Box 57942 • Webster, Texas 77598 • 832.771.0773 • www.baytran.org

Our View

Bus line to Houston an idea we should all step aboard



Kudos to Texas City commissioners who on Wednesday unanimously supported creating a public transit line that could better connect Galveston County residents to Houston and beyond. The plan would establish a bus line along Interstate 45 between Galveston and the Bay Area Park and Ride. It also would stop in Texas City. Public transit is a key part of the solution to numerous economic, energy and environmental challenges — which, in turn, brings us all a better quality of life. Studies have found that people are using public transportation in increasing numbers, and local communities are responding by expanding public transit services. This proposed bus line is a perfect example. Any plan to alleviate traffic congestion and reduce emissions — even slightly — is good for the county and its residents. Cars account for about 50 percent of air pollution nationwide. Each year, public transportation use avoids the emission of more than 126 million pounds of hydrocarbons — the primary cause

of smog — and 156 million pounds of nitrogen oxides, which can cause respiratory disease. In 2013, Americans took 10.7 billion trips on public transportation, the highest annual ridership number in 57 years, according to the American Public Transportation Association. Public transportation offers mobility and freedom for people from every walk of life. The Daily News received several phone calls Friday from Galveston County seniors excited about the prospect of a bus line and the ability to reach family, medical services and more in the Houston area. And let’s not forget the line would run in both directions, meaning there would be an alternative for those who work in the Houston area. Tourists also could get to and from the island without driving. Who wouldn’t enjoy fewer cars on Seawall Boulevard and on 61st Street? And in the summer, a fully operational bus line could mean fewer drunken drivers on the road. The city of Galveston is applying for a \$120,000 grant from the Texas Department

of Transportation for the project. The grant would require matching funds from cities onboard with the plan. Texas City joined the city of Galveston in pledging \$40,000 each in the bus line’s initial two-year period. Galveston County Commissioners are expected to approve a resolution supporting the line and to contribute \$40,000, as well. We urge commissioners to pass that resolution. Every \$1 invested in public transportation generates about \$4 in economic returns, according to the public transportation association. That’s a not a bad rate of return. Officials in League City and La Marque have indicated they are not interested in financially supporting the project. We think both cities should reconsider. No place in the county is affected by traffic congestion more than League City. Texas Department of Transportation expects to make a final decision on the grant in late May. The idea of a bus line has been floated for years, but we think it’s an idea whose time has come.

—Kimberly Worner

Going bananas on the wharf

Well, not just bananas, but also watermelons, pineapples, honeydew, and my favorite, plantains. The sizable Del Monte ships arrive weekly at the wharf from Central America filled with tropical fruits. The produce passes through Galveston County and all points north, all the way to Canada. For years, standing outside the fence or on the Seagull II, I wondered what goes on in those buildings. Thanks to Ted O’Rourke and union members, I now know. Ted pulls up to the Pier 18 gate greeted by a friendly port police officer. I proudly hand him my new TWIC (Transportation Worker Identification Credential) card in its plastic cover. My first time being “TWIC’d.” The officer puts the plastic in a slot on his hand-held-device and after a few tense seconds (for me anyway) he smiles and hands it back to me. Ted kids him about his new mustache. Looks good to me. We circle by a maintenance garage where trailers are repaired. Pulling up to a silver building, we head in, where we are again warmly welcomed. This space is home to more than 60 small forklifts and a few golf carts. In an interior office, computers whirl and printouts shoot out data — farm source, types and details. Rene Ewald is the only woman in sight. Having worked here five years she really likes it, explaining she feels respected. Cursing is not allowed in her office. Ted asks to borrow a cart. Good move, this wharf is vast and my legs don’t work as well as when I ran marathons. Unplugged we are off to the Del Monte banana building we can see from UTMB. We walk in to a lengthy covered breezeway connecting the back of open semitrailers with huge refrigerators. From here that is all you can see. No trucks, just the opening as if in a long hallway. Years ago this area was open. Bananas had to be pushed up ramps into the trucks. Now electric powered forklifts rush back and forth carrying pallets formed to fit perfectly into the trailers. As the forklifts approach, giant garage doors magically open. We quickly follow. The racks in this refrigerator go several stories high. The forklift grabs a pallet and rushes back under the opening door into the trailer. Lloyd George, a dignified gentleman with graying hair, stands at the rear of the trailer with another hand-held device scanning each pallet’s bar code. Little did I know — working at Baldridge Hardware while in college in 1969 — that the IBM bar codes I pasted on shelves would evolve to run the world of bananas. And everything else. Mr. George has seen major changes, too, during his 30 years on the wharf. From this sanitary enclosed space we head out to the “parking lot.” More than 600 trucks pass through here each week backing up to one of the 32 custom designed doorways to receive 1160 boxes of fruit. Then they are off. Now I am hungry for plantains. Hello, Happy Coffee Shop.

Wharf Stories



Alvin Sallee is a columnist for The Daily News. He lives in Galveston.

Bias of local newspaper is disrespectful

Let me begin by saying that Michael A. Smith’s editorial regarding La Marque ISD is disrespectful to the community who supports the elected board members of LMISD and their decision making (Paxton should act while there’s still some lump-sum to recover, The Daily News, Jan. 17). First, the media, the Texas Education Agency, and other facets of the community fail to acknowledge that LMISD met the state standards for passing the last statewide testing. This alone made LMISD the same as any other district throughout the State of Texas. Although LMISD signed the abatement, TEA breached the agreement by not allowing

Guest Column



John N. Humphrey lives in La Marque.

LMISD a reprieve or due process. In addition, Commissioner Michael Williams retaliated by not allowing LMISD to remain open as a functioning state institution. At the request of Commissioner Williams, state monitors were placed in LMISD’s schools and still LMISD prevailed. Now state law dictates no school can be closed based on financial reasons. My question to readers is to take a minute and flip the script. Would Texas City ISD utilize the same funding

(taxpayer’s dollars) if they were going to be merged with LMISD? The hypocrisy of all of this is that TEA has unlimited taxpayers’ dollars and are levied without repercussions. It seems as though there is something wrong with those who support the elected board members. One segment of the community can have an opinion, but the other segment is viewed as mismanaging taxpayer’s dollars. So, Michael A. Smith, just because you make an opinion about something does not mean you are right. Just because you don’t see a lot of articles in the newspaper from opposing residents does not mean they are supportive of your view; in fact, they

are furious every time The Daily News reports these lopsided articles. If The Daily News wanted to be fair and impartial, they would interview all segments of the community and not their chosen picks. The reality of all of this is that TCISD does not want any affiliation with LMISD, this situation is not about our children — it’s about the land, and they want the assets of LMISD so that they can meet their overall budgeting issues and take it off the backs of the petrochemical industry. Do your homework, study the issues and educate yourself on the law. This message is for you and all other irresponsible media outlets and residents who agree with this mindset.

The sizable Del Monte ships arrive weekly at the wharf from Central America filled with tropical fruits. The produce passes through Galveston County and all points north, all the way to Canada.

The Daily News Editorial Board

- Leonard Woolsey
Publisher
leonard.woolsey@galvnews.com
- Kimberly Worner
Editor
kimberly.worner@galvnews.com
- Michael A. Smith
Managing editor
michael.smith@galvnews.com



Houston-Galveston Area Council

February 15, 2016

Mr. Eric Gleason, Director
Public Transportation Division
Texas Department of Transportation
125 E. 11th Street
Austin, TX 78701-2483

RE: Island Transit Grant Application for Intercity Bus and Fare Card System

Dear Mr. Gleason:

The Houston-Galveston Area Council (H-GAC) is the lead agency for the development and coordination of the Regionally Coordinated Transportation Plan (RCTP) in the Gulf Coast Region. The RCTP has identified and prioritized the need for a regional seamless fare system and also documented the need for public transportation services to be able to cross county lines to accommodate regional travel patterns. (Gulf Coast Updated Regionally Coordinated Transportation Plan, H-GAC, December 2011 (page 22) and Regional Transit Coordination Subcommittee 2015-2016 Action Plan, (www.ridethegulfcoast.com))

It is our understanding that the proposed connection between the City of Galveston's Island Transit system and the METRO Bay Area Park and Ride lot will facilitate transfers between the two systems that are not connected today.

We also understand that the proposed fare card system is being designed to be compatible with the Metropolitan Transit Authority of Harris County (METRO) fare card system.

H-GAC supports the proposed projects as being consistent with the RCTP. This letter of support does not commit future funding to those projects from other funding sources.

Please contact me at 713-993-4585 or by email at alan.clark@h-gac.com if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alan Clark', is written over a horizontal line.

Alan Clark
MPO Director

Mailing Address
PO Box 22777
Houston, Texas 77227-2777
Phone 713-627-3200

Physical Address
3555 Timmons Lane, Suite 120
Houston, Texas 77027-6466
Phone 713-627-3200

Section G - Letters of Commitment

Letter(s) of Commitment is the mechanism for documenting when an entity/project partner actively pledges support (financial or in-kind) and/or actual participation or use in the project. This form of letter must state exactly what the writer is committing to provide or use, describe the nature of the commitment and be signed by a person fully authorized to bind the entity.

RESOLUTION NO. 16-005

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, SUPPORTING A REQUEST TO THE TEXAS DEPARTMENT OF TRANSPORTATION IN THE AMOUNT OF \$120,000.00 FOR TWO YEARS OF FEDERAL FUNDING TO SUPPORT GALVESTON-HOUSTON TRANSIT INTERCITY CONNECTIVITY.

WHEREAS, the Texas Department of Transportation (TxDOT) has issued a “call for projects” for the fiscal years 2016 and 2017, due no later than February 16th; and

WHEREAS, a category of funding is available to support intercity bus connectivity through the federal Intercity Bus Program; and

WHEREAS, since abandoning the Galveston-Houston intercity bus market by private providers, the only service available in the corridor is METRO’s northbound Bay Area Park and Ride and Island Connect’s southbound League City Park and Ride, about five miles apart; and

WHEREAS, representatives of The Goodman Corporation have presented the Galveston City Council a proposed operating plan and budget to achieve Intercity Bus connectivity between Galveston and Houston as represented in **Exhibit A**; and

WHEREAS, the City of Galveston is working with the City of Texas City and Galveston County for commitments to share the required 50% local share match, one-third each over the two year period; and

WHEREAS, the City of Galveston's local match share would be \$20,000 per year for FY 2016 and for FY 2017 to support the request for federal Intercity Bus funds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GALVESTON THAT THE CITY MANAGER IS AUTHORIZED TO TAKE THE FOLLOWING ACTION IN RESPONSE TO THE FY 2016 – FY 2017 TxDOT CALL FOR PROJECTS:

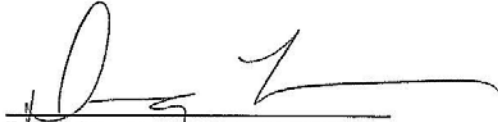
SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Manager is authorized to prepare all data, information, and other materials to apply for TxDOT administered federal Intercity Bus funding to achieve Galveston to Houston transit connectivity.

SECTION 3. The City Manager is authorized to represent that the City of Galveston will provide the local share match funding to support the request, subject to favorable local share commitment actions by the Texas City Commission and Galveston County Commissioners Court.

SECTION 4. This Resolution shall be and become effective from and after its adoption.

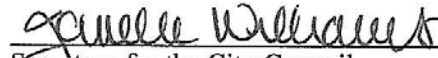
APPROVED AS TO FORM:


DONNA M. FAIRWEATHER
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston as its Regular Meeting held on the 28th day of January, 2016, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this 2nd day of February, 2016.




Secretary for the City Council
of the City of Galveston

STATE OF TEXAS
COUNTY OF GALVESTON

§
§
§

CERTIFICATE TO COPY OF PUBLIC RECORD

I hereby certify, in the performance of the functions of my office, that the attached instrument is a full, true and correct copy Resolution No.16-007 dated January 20, 2016, as the same appears of record in my office and that said document is an official record from the public office of the City Secretary of the City of Texas City, Galveston County, State of Texas, and is kept in said office.

I further certify that I am the City Secretary of the City of Texas City, Texas, that I have legal custody of said record(s), and that I am a lawful possessor and keeper and have legal custody of the records in said office.

In witness whereof I have hereunto set my hand and affixed the official seal of said office this 25th day of January, 2013.



Nicholas J. Finan

City Secretary of the City of Texas City
(Title)

Galveston
County, State of Texas

RESOLUTION NO. 16-007

A RESOLUTION IN SUPPORT OF RE-ESTABLISHMENT OF GALVESTON-HOUSTON INTERCITY BUS SERVICE AND COMMITMENT OF LOCAL FUNDING MATCH FOR A TWO YEAR DEMONSTRATION PROGRAM.

WHEREAS, the City of Texas City and the Gulf Coast Center (GCC) have established a comprehensive fixed route transit network for the Texas City/La Marque urbanized area; and

WHEREAS, Intercity Bus Service between Galveston County and Houston was abandoned three (3) years ago; and

WHEREAS, the Gulf Coast Center, through a partnership with the City of Galveston currently provides express park and ride services between Galveston Island and League City; and

WHEREAS, Houston METRO currently provides northbound service from the Bay Area Park and Ride facility to downtown Houston; and

WHEREAS, the Texas Department of Transportation (TxDOT) has its 2016 Call For Projects which includes a competitive federal funding category for Intercity Bus services; and

WHEREAS, The City of Galveston will submit a request for Intercity Bus Funding to TxDOT in response to its 2016 Call For Projects; and

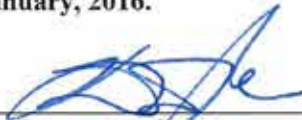
WHEREAS, the City of Galveston seeks partners for the 50% local matching funds for a two (2) year intercity bus demonstration program which will be pursued through the TxDOT Call For Projects, due no later than February 16, 2016; and

WHEREAS, the City of Galveston, Galveston County, and Texas City are requested to share equally in the \$60,000 annual local match requirement of the program for a two year demonstration period; and

WHEREAS, if pursuit of federal Intercity Bus funding, by the City of Galveston is successful, the new service would begin in the fall of 2016.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF TEXAS CITY, TEXAS THAT IT SUPPORTS THE PURSUIT OF FEDERAL INTERCITY BUS FUNDING, BY THE CITY OF GALVESTON, THROUGH THE TxDOT CALL FOR PROJECTS AND COMMITS \$20,000 EACH YEAR OF THE TWO (2) YEAR INTERCITY BUS DEMONSTRATION PROGRAM, TO ASSIST IN MEETING THE LOCAL MATCH REQUIREMENTS.

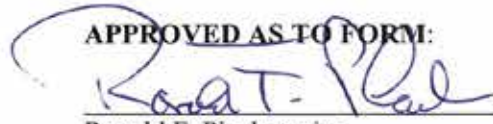
PASSED AND ADOPTED this 20th day of January, 2016.



Matthew T. Doyle, Mayor
City of Texas City, Texas

ATTEST:


Nicholas J. Finan
City Secretary

APPROVED AS TO FORM:


Ronald F. Plackemeier
City Attorney



On this the 16th day of February 2016, the Commissioners' Court of the County of Galveston, Texas convened in a regularly scheduled meeting with the following members thereof present:

Mark A. Henry County Judge;
Ryan Dennard, Commissioner, Precinct No. 1;
Joe Giusti, Commissioner, Precinct No. 2;
Stephen D. Holmes, Commissioner, Precinct No. 3;
Kenneth Clark, Commissioner, Precinct No. 4; and
Dwight D. Sullivan, County Clerk

When the following proceedings, among others, were had, to-wit:

Resolution Calling for Approval of Funding to Support Galveston to Houston Transit Connectivity

WHEREAS, Intercity Bus Service between Galveston County and Houston was abandoned three (3) years ago; and

WHEREAS, representatives of the City of Galveston and the Gulf Coast Center receive frequent calls to provide intercity transit connectivity between Galveston and Houston; and

WHEREAS, the Gulf Coast Center (GCC), through a partnership with the City of Galveston, currently provides express park and ride services between Galveston Island and League City; and

WHEREAS, Houston Metro currently provides northbound service from the Bay Area Park and Ride facility to downtown Houston; and

WHEREAS, there is a five (5) mile gap between GCC/Island Transit express transit services and Houston Metro express transit service; and

WHEREAS, the Texas Department of Transportation (TxDOT) has a "call for projects" which includes federal Intercity Bus funding; and

WHEREAS, in response to TxDOT's call for projects, on February 16th the City of Galveston will submit a request to TxDOT for \$120,000 for a two year demonstration period to support Galveston-Houston Intercity Bus service; and

WHEREAS, the Cities of Galveston, and Texas City have each approved the provision of \$20,000 annually toward the \$60,000 annual match requirement of the program for a two (2) year demonstration period; and

WHEREAS, this Resolution is submitted requesting that Galveston County provide equal matching annual local shares of \$20,000 for each of FY 2016 and FY 2017; and

WHEREAS, if successful in the pursuit of federal Intercity Bus funding, the new Galveston to Houston transit service would begin in the fall of this year.

NOW THEREFORE BE IT ORDERED that the Commissioners Court of Galveston County, Texas does hereby resolve to approve funding in the amount of \$20,000 for FY 2016 and \$20,000 for FY 2017 to support an application by the City of Galveston to the Texas Department of Transportation for federal “Intercity Bus funding” to achieve Galveston to Houston transit connectivity.

Be it Further Ordered that this resolution be transmitted to the City of Galveston, City of Texas City, Texas Department of Transportation and Houston-Galveston Area Council.

Upon motion duly made and seconded, the above Resolution was unanimously passed on this the 16th day of February, 2016.

The County of Galveston, Texas

Mark A. Henry
County Judge

Ryan Dennard
Commissioner, Precinct 1

Joe Giusti
Commissioner, Precinct 2

Stephen D. Holmes
Commissioner, Precinct 3

Kenneth Clark
Commissioner, Precinct 4

ATTEST:

Dwight D. Sullivan
County Clerk

Section H - Project Budget

Provide a Project Budget which shows how the applicant intends to spend requested grant funds.

Excel - Project Budget Workbooks are available at:

<http://www.txdot.gov/inside-txdot/division/public-transportation/local-assistance.html>

When using the Excel Project Budget(s) workbook:

1. Use a new Budget workbook for each proposed project and for each program for which funds are sought.
2. Do not change the spreadsheet format or internal codes in any way.
3. Use the budget to represent items which you are requesting funds for.
4. Follow the directions provided in the workbook.
5. If In-kind will be used as match, the project total should be “inflated” by the in-kind amount so that the federal funds requested is the correct total cost.
6. If Transportation Development Credits (TDC) are requested as all or part of the match
 - Select Yes from the drop down box in the TDC column to indicate TDC are being requested as match. Make sure the full cost of the capital item (minus any local match if any) is shown in the in the “Federal Funds” Column
 - More information on TDCs can be found at 43 TAC Chapter 5 at [http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=43&pt=1&ch=5&sch=H&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=43&pt=1&ch=5&sch=H&rl=Y)

For more information on ALI codes refer to FTA at http://www.fta.dot.gov/documents/ALI_tree_March30_2006.pdf



TEXAS DEPARTMENT OF TRANSPORTATION

Agency Information

Agency City of Galveston (two year proposal, net after deducting fares)

Project Type Intercity Bus - Section 5311f
Intercity Bus - Section 5311f

State VIN# 174 085 100 180 07
(If VIN# unknown call the Texas State Comptroller 1-888-334-4112)

Agency/Person filling in this form (name, email address and phone number)

Name BRIAN MAXWELL, CITY MANAGER

Email maxwellbri@cityofgalveston.org

Phone Number 409-797-3867

example: (555) 555-1234

TxDOT Form 1793-PS-PTN

Revised May 2015



PROPOSAL BUDGET WORKSHEET

Agency Name:	City of Galveston (two year proposal, net after deducting fares)
Project Type:	Intercity Bus - Section 5311f

Description	ALI Code	Fuel Type (if vehicle, select fuel type)	Cost Per Unit	# of Units (must at least enter a 1)	Total
Operating	30.09.01		\$65.00	3,640.00	\$236,600.00
Project Administration	11.79.00		\$21,700.00	2.00	\$43,400.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
Subtotal					\$280,000.00

Federal Funds	State Funds	Local Funds	In-Kind Funds	Total	TDC? yes or leave blank	Results
\$98,300.00		\$98,300.00		\$196,600.00		ERROR
\$21,700.00		\$21,700.00		\$43,400.00		OK
				\$0.00		OK
				\$0.00		OK
				\$0.00		OK
				\$0.00		OK
				\$0.00		OK
				\$0.00		OK
				\$0.00		OK
				\$0.00		OK
\$120,000.00	\$0.00	\$120,000.00	\$0.00	\$240,000.00		



TEXAS DEPARTMENT OF TRANSPORTATION

PGA BUDGET WORKSHEET

Agency Name: City of Galveston (two year proposal, net after deducting fares)
Project Type: Intercity Bus - Section 5311f

Appn
Year
2016

PO #
0000000000

CFDA #
00.000

Federal Grant #
00-00-0000

Description	ALI Code	Fuel Type	Cost Per Unit	# of Units	Total
Operating	30.09.01		\$65.00	3,640.00	\$236,600.00
Project Administration	11.79.00		\$21,700.00	2.00	\$43,400.00
			\$0.00	0.00	\$0.00
			\$0.00	0.00	\$0.00
			\$0.00	0.00	\$0.00
			\$0.00	0.00	\$0.00
			\$0.00	0.00	\$0.00
			\$0.00	0.00	\$0.00
			\$0.00	0.00	\$0.00
			\$0.00	0.00	\$0.00
Subtotal					\$280,000.00

Federal Funds	State Funds	Local Funds	In-Kind Funds	TOTAL	TDC	MATCH RATIO
\$98,300.00	\$0.00	\$98,300.00	\$0.00	\$196,600.00		
\$21,700.00	\$0.00	\$21,700.00	\$0.00	\$43,400.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
\$120,000.00	\$0.00	\$120,000.00	\$0.00	\$240,000.00	0	

reimbursable amount under this project proposal



TxDOT Form 1793-PS-PTN
Revised May 2015

Grant Programs Request for Reimbursement (PTN)

City of Galveston (two year proposal, net after deducting fares)

Intercity Bus - Section 5311f

Vin #	PO#	CFDA #	FTA GRANT #	Contract Begin Date	Contract End Date	Billing Date	Beginning Billing Period	End Billing Period	Billing #	Final Billing?	
174 085 100 180 07	0000000000	00.000	00-00-0000	09/01/15	08/31/16	7/28/2015	7/1/2015	7/28/2015	001	NO	NO
Description	ALI Code	Cost Per Unit	# of Units	Total Cost	Federal Funds	State Funds	Local Funds	In-Kind Funds	Total Funds	TDC	Result
Operating	30.09.01	\$65.00	3,640	\$236,600.00	\$98,300.00		\$98,300.00		\$196,600.00		ERROR
Project Administration	11.79.00	\$21,700.00	2	\$43,400.00	\$21,700.00		\$21,700.00		\$43,400.00		OK
Subtotal				\$280,000.00	\$120,000.00	\$0.00	\$120,000.00	\$0.00	\$240,000.00	0	

Dept ID	Account	AY	Fund	Appn	PC Bus Unit	Project ID	Resource Category
510000	7613	2016	0006	13025	60174	00000000000	00000

Section I - Intercity Bus Operating Assistance Route Report

(If applicable, complete for each route)

Organization Name: CITY OF GALVESTON

Date: FEBRUARY 16, 2016

Route: GALVESTON HOUSTON INTERCITY BUS CONNECTOR

Information for segments of route in Texas only:

Is this a new or existing route?	<u>NEW</u>
Is this a Feeder Service Route? If so, who does it feed into?	<u>METRO BAPR/Houston Carriers</u>
Ranking Order, if multiple routes submitted:	<u>Not applicable</u>
Does route travel outside of Texas?	<u>NO</u>
Total route mileage within Texas (one way):	<u>36 MILES</u>
Total Interstate Highway route mileage within Texas (one way):	<u>25 MILES</u>
State FY 2014 Granted Amount (50% of the net operating expense)	<u>NONE</u>
State FY 2015 Granted Amount (50% of the net operating expense)	<u>NONE</u>
State FY 2016 Granted Amount (50% of the net operating expense)	<u>NONE</u>
State FY 2017 Requested Amount (50% of the net operating expense)	<u>\$60,000</u>
State FY 2018 Requested Amount (50% of the net operating expense)	<u>\$60,000</u>
How many times has this route received operating assistance from TxDOT?	<u>NEVER</u>

If this route has received Operating Assistance (more than twice before), describe **in detail** in what ways this route has shown improvement?

NOT APPLICABLE

If you answered the above question, when do you forecast this route not needing assistance?

NOT APPLICABLE

Section I - Intercity Bus Operating Assistance Route Report (Con't)

Actual Ridership Data for Last 3 Years for existing route

Year 1 (most recent Year) - Beginning date: _____ Ending date: _____

1. Average daily passenger count: _____
 2. Total passengers (yearly): _____
 3. Total miles (yearly): **NEW ROUTE, NOT APPLICABLE** _____
 4. Number of scheduled stops (one way): _____
 5. All Admin. / Operating / Other (expenses) for year: _____
 6. All Fares / Donations / Other (revenues) for year: _____
-

Year 2 (previous year) - Beginning date: _____ Ending date: _____

1. Average daily passenger count: _____
 2. Total passengers (yearly): **NEW ROUTE, NOT APPLICABLE** _____
 3. Total miles (yearly): _____
 4. Number of scheduled stops (one way): _____
 5. All Admin. / Operating / Other (expenses) for year: _____
 6. All Fares / Donations / Other (revenues) for year: _____
-

Year 3 (next previous year) - Beginning date: _____ Ending date: _____

1. Average daily passenger count: _____
2. Total passengers (yearly): _____
3. Total miles (yearly): **NEW ROUTE, NOT APPLICABLE** _____
4. Number of scheduled stops (one way): _____
5. All Admin. / Operating / Other (expenses) for year: _____
6. All Fares / Donations / Other (revenues) for year: _____

Month	OP	Main	Admin	Total EXP	FareBox	Match from TC	Match from County	Total Rev	Net Gain/Loss	Per Month
17-Sep	\$ 5,245.21	\$ 4,406.32	\$ 1,235.64	\$ 10,887.17	\$ 580.67					
17-Oct	\$ 2,104.45	\$ 1,181.65	\$ 555.66	\$ 3,841.76	\$ 800.97					
17-Nov	\$ 7,119.69	\$ 3,687.83	\$ 1,712.25	\$ 12,519.77	\$ 1,059.86	\$ 2,581.60	\$ -			
17-Dec	\$ 7,659.18	\$ 5,752.59	\$ 1,695.35	\$ 15,107.12	\$ 879.74					
18-Jan	\$ 5,172.85	\$ 3,610.24	\$ 3,262.81	\$ 12,045.90	\$ 806.08					
18-Feb	\$ 7,781.73	\$ 5,232.66	\$ 1,859.06	\$ 14,873.45	\$ 1,108.97	\$ 3,890.10	\$ -			
Totals	\$ 35,083.11	\$ 23,871.29	\$ 10,320.77	\$ 69,275.17	\$ 5,236.29	\$ 6,471.70	\$ -	\$ 11,707.99	(\$31,769.01)	(\$5,294.83)
Draw Down	\$ 17,541.56	\$ -	\$ 8,256.62							
Total Exp	\$ 17,541.56	\$ 23,871.29	\$ 2,064.15	\$ 43,477.00						

RESOLUTION NO. 18-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS,
SUPPORTING LEGISLATION THAT IDENTIFIES LOCAL GOVERNMENT
ACTIONS EXERCISED UNDER DISASTER RECOVERY-RELATED CONTRACTS
ARE GOVERNMENTAL FUNCTIONS FOR PURPOSES OF ENSURING LOCAL
GOVERNMENT IMMUNITY PROTECTION.**

WHEREAS, the 86th Texas Legislature will convene on January 8, 2019; and,

WHEREAS, cities are immune from suit and liability while performing governmental function under the doctrine of governmental immunity unless that immunity is expressly waived by the Texas Legislature; and

WHEREAS, municipalities are the only form of government who are deemed to engage in proprietary activities for which there is no governmental immunity; and

WHEREAS governmental functions involve matters related to the public health and welfare such as police and fire service, utility service, and zoning, while proprietary functions are those actions typically performed by a private entity; and,

WHEREAS, in recent years, the Texas Supreme Court has determined that certain contracts entered into by municipalities funded by the federal Community Development Block Grant program are proprietary functions for which there is no governmental immunity; and

WHEREAS, Community Development Block Grant funds are used for rehabilitation of residences after natural disasters such as hurricanes and by their very nature are governmental functions to promote the public health and safety; and

WHEREAS, the City of Galveston seeks legislation that will clearly identify that local government actions exercised under disaster recovery-related contracts are governmental functions for purposes of ensuring local government immunity protection.

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

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston urges the Texas Municipal League to support legislation establishing expenditures of Community Development Block Grant funds by municipalities are governmental function of the City.

SECTION 3. That the Mayor and City Council, City Manager, City Attorney, and the Legislative Coordinator or their designees shall communicate support for such legislation to the Resolutions Committee for the Texas Municipal League in furtherance of the City's interest.

SECTION 4. The City Manager, or his designee, is directed to actively pursue passage of such legislation through communication with members of the Texas Legislature at a time and manner they deem appropriate in furtherance of the City's interests.

SECTION 5. This resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

DONALD GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular Meeting held on the ____th day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____th day of August, 2018.

Secretary for the City Council
of the City of Galveston

RESOLUTION NO. 18-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, SUPPORTING LEGISLATION THAT EXTENDS TO ALL MUNICIPALITIES VACANT REGISTRATION ORDINANCE AUTHORITY GRANTED TO CERTAIN MUNICIPALITIES UNDER SECTION 214.233 OF THE LOCAL GOVERNMENT CODE.

WHEREAS, the 86th Texas Legislature will convene on January 8, 2019; and,

WHEREAS, the Galveston City Council passed Ordinance No. 17-077 that updated and consolidated the substandard and dangerous building definitions, penalties and fees, notice requirements, and means of appeal for continued use and occupancy of all residential and commercial buildings to protect health, life and property as allowed under state law; and

WHEREAS, the City of Galveston is committed to fair and impartial code enforcement that reasonably balances sound private property right protections with public health and safety concerns, while respecting the community's historical preservation goals; and,

WHEREAS, the City of Galveston can face significant time delays when identifying the last known owners of vacant buildings through the Galveston Central Appraisal District system; and,

WHEREAS, Section 214.233 of the Local Government Code limits authority to a municipality located in a county with a population of two million or more to adopt an ordinance requiring owners of vacant buildings to register their buildings by filing a registration form with a designated official; and,

WHEREAS, in an ordinance adopted under Section 214.233 of the Local Government Code, the effected municipality may exempt certain classifications of buildings as determined reasonable and appropriate by the governing body of the municipality; and,

WHEREAS, the City of Galveston seeks legislation that will extend the authority granted under 214.233 of the Local Government Code to all municipalities seeking to adopt an ordinance requiring owners of vacant buildings to register their buildings by filing a registration form with the designated municipal official.

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

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. That the Mayor and City Council, City Manager, City Attorney, and the Legislative Coordinator or their designees shall communicate support for such legislation to the Resolutions Committee for the Texas Municipal League in furtherance of the City's interest.

SECTION 3. The City Manager, or his designee, is directed to actively pursue passage of such legislation through communication with members of the Texas Legislature at a time and manner they deem appropriate in furtherance of the City's interests.

SECTION 4. This resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

DONALD GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular Meeting held on the ____th day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____th day of August, 2018.

Secretary for the City Council
of the City of Galveston

RESOLUTION NO. 18-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, DIRECTING THE BEACH ACCESS AND DUNE AD HOC COMMITTEE CONSIDER STANDARDS FOR THE CLEANING OF BEACHES TO BE INCORPORATED IN CITY BEACH CLEANING PERMITS; PROVIDING DIRECTION TO THE PLANNING COMMISSION ON THE MATTER OF BEACH FRONT CLEANING PERMITS; PROVIDING FOR FINDINGS OF FACT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Council of the City of Galveston has established the ad hoc committee on Beach Access and Dune Protection to make recommendations on a numbers of issues related to the Beach; and

WHEREAS, it has come to the attention of the City Council of the City of Galveston that the Planning Commission proposes to adopt rules related to Best Practices of beach cleaning and that such rules are legislative in nature and as such as reserved for the purview of the City Council; and

WHEREAS, the City Council determines it to be in the public interest to refer the subject of beach cleaning permits to the ad hoc committee on Beach Access and Dune Protection for consideration in the adoption of standards to be utilized in the granting of City beach cleaning permits; and

WHEREAS, the City Council determines that pending the adoption of a rule by Council on the subject of Beach Cleaning permits, the Planning Commission shall grant beach cleaning permits by adopting the comments of the General Land Office solicited by the City's Development Services Department.

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

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby refers the issue of Beach Cleaning Permits issued by the City to the ad hoc committee on Beach Access and Dune Protection to develop recommendations for the Council to adopt on the issuance of such permits.

SECTION 3. The City Council of the City of Galveston hereby directs the Planning Commission that pending the receipt of recommendations from the ad hoc committee on Beach Access and

Dune Protection and adoption by the City Council that the Planning Commission utilize the comments returned by the General Land Office as the standards to be used in the decision related to the issuance of such permits.

SECTION 4. This resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

DONALD GLYWASKY
CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular Meeting held on the ____th day of August, 2018, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____th day of August, 2018.

Secretary for the City Council
of the City of Galveston



City of Galveston

OFFICE OF THE CITY SECRETARY

PO Box 779 | Galveston, TX 77553-0779
citysecretary@galvestontx.gov | 409-797-3510

To: City Council Members

From: Janelle Williams, City Secretary

Date: August 3, 2018

Re: August 23rd Board Appointments

The following board appointments will be on the August 23rd agenda for the Council's consideration.

District 4 Appointments

1. *Civilian Review Board* – Steve Everts is currently serving; term expires 12/2018; eligible for reappointment.

District 5 Appointments

1. *Galveston Housing Finance Corp/Galveston Property Finance Authority* – Linda Dailey resigned from the board on 7/11/18.
2. *Parks & Recreation Advisory Board* – Marlee Williams is currently serving; term expires 7/2018; eligible for reappointment.
3. *Tree Committee* – current appointee is term limited.

Council Appointments

1. *Families, Children and Youth Board* – the board will provide recommendations to Council.
2. *Investment Advisory Committee* – there is one vacancy.
3. *Zoning Board of Adjustment* – Chris Robbain was appointed to the Alternate 1 Position but he is no longer able to serve.

Appointments to Outside Entities

1. *Galveston County Transit District* – Mayor Yarbrough is currently serving; alternate position is vacant.

