CITY OF TEXARKANA

CITY COUNCIL

AGENDA ● SEPTEMBER 25, 2023

Council Chambers | **Regular Meeting** | **6:00 PM**

220 TEXAS BLVD., TEXARKANA, TX 75501

Mayor

Bob Bruggeman

Ward 1	Ward 3	Ward 5
Jean H. Matlock	Betty Williams	Libby White
Ward 2	**Ward 4**	**Ward 6**
Mary Hart	Christie Page	Jay Davis

Vision

The vision of the City is to be a thriving regional center for education, business, and culture which attracts and serves our residents and visitors.

Mission

The mission of the City is to provide customer-focused public services and regional leadership that serve our residents and visitors while offering a safe, vibrant, and welcoming community.

The City Council reserves the right to convene into closed session on any agenda item or issue if applicable pursuant to authorization by the Texas Open Meetings Act (Title 5, Chapter 551 of the Texas Government Code), and will reconvene into open session before taking any final action, decision, or vote on a matter deliberated.

I. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM

II. INVOCATION AND PLEDGE LED BY MAYOR BOB BRUGGEMAN

III. IN MEMORIAM "WILLIE JEWEL RAY" COUNCIL MEMBER FOR WARD 2

IV. TEXARKANA YOUTH ADVISORY COUNCIL INDUCTION

V. KIWANIS CLUB OF TEXARKANA PROCLAMATION

Kiwanis Club of Texarkana Day

VI. MAYOR'S REMARKS AND ITEMS OF COMMUNITY INTEREST

Upcoming City Council Meetings
Monday, October 9, 2023 at 6:00 p.m.
Monday, October 23, 2023 at 6:00 p.m.

Fall Clean-Up Day - September 30th
The community is invited to join the Keep Texarkana Beautiful (KTB) committee for Clean-Up Day on Saturday, September 30th, from 8:00 a.m. to 12:00 p.m. The focus this year includes neighborhoods in the Beverly, Rosehill, and New Town areas. Locations for collecting trash are:

1303 Milam St. (across from Rosehill Community Garden)

901 Lumpkin St. (Beverly Community Center)

3208 Lincoln Ave. (Bell Park in New Town)

As a reminder, items such as batteries, tires, paint, and large appliances like refrigerators and washing machines are not permitted in roll-off containers.
For more information, contact Vashil Fernandez at (903) 798.3904 or vashil.fernandez@texarkanatexas.gov <mailto:vashil.fernandez@texarkanatexas.gov>.

Parks & Recreation Activities:
September Events

Sept 30th	Alzheimer's Walk & 5K Run	Spring Lake Park

October Events

Oct 5th	Dierksen Senior Day Out	Spring Lake Park
Oct 6th	Downtown Bike Tours	Museum of Regional History
Oct 7th	Cast for Kids	Bringle Lake West

Additional Parks & Recreation information can be found on the city's website at <http://www.texarkanatexas.gov>

VII. OPEN FORUM: COMMENTS FROM THE PUBLIC

Per Council rules, comment time is limited to five minutes, or ten minutes if using a translator. Before comments are made, a speaker must complete an information sheet and give to the City Secretary. If your comment pertains to an agenda item with a scheduled public hearing or public comment, the Council requires that you make your comment at that time; you do not need to complete an information sheet.

VIII. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES

IX. ITEMS FOR CONSIDERATION

Consent Items

1. Consider approval of the minutes of the Regular Meeting of the City Council held on September 11, 2023 at 6:00 PM.

2. Resolution No. 2023-127 authorizing the City Manager to execute a three-year contract with NeoGov for the renewal of human resources software in the amount of $146,228.50 with budgeted funds within the computer hardware and software budget.

   Public Hearing:
   Council Vote: September 25, 2023

3. Resolution No. 2023-128 approving and authorizing the City Manager to execute the contract extension/renewal agreement between the City and Valley View Consulting, L.L.C. to provide professional investment advisory services for the City's investable funds for a period of two (2) years for an annual fee of 0.050% of average book value.

   Public Hearing:
   Council Vote: September 25, 2023

4. Resolution No. 2023-129 requesting approval of the Pictometry International Corp dba EagleView contract for digital aerial photography, in a total amount not to exceed $459,955.80, with the Texas portion not to exceed $42,000. This project is budgeted in the Utility's 2023-2024 technology fund.

Public Hearing:
Council Vote: September 25, 2023

5. Resolution No. 2023-130 authorizing the City Manager to execute a contract with Contech Contractors, Inc of Texarkana, Texas, for an amount not to exceed $138,880.67, for the 4th & Main Street sidewalk project, with funds budgeted in the 2023 general fund.

   Public Hearing:
   Council Vote: September 25, 2023

6. Resolution No. 2023-131 authorizing the City Manager to execute a contract with Gibson Asphalt Construction Inc. of Wake Village, Texas, for the City's seal coat and 1" and 2' overlay paving services contract, with funds not to exceed budgeted funds in the FY24 major street maintenance fund (Fund 120), FY24 street maintenance general fund (Fund 101), and 2022 bond fund (Fund 425), to reconstruct city streets.

   Public Hearing:
   Council Vote: September 25, 2023

Action Items

X. FIRST BRIEFINGS

1. Resolution No. 2023-117 authorizing the City Manager to execute a business incentive agreement with Sterno Group, LLC, for expansion of a local manufacturing business, and authorizing business incentives based upon job creation and salary level criteria in an amount not to exceed $450,000.

   Public Hearing: October 9, 2023
   Council Vote: October 9, 2023

XI. PUBLIC HEARINGS

1. Ordinance No. 2023-124 amending the City’s Traffic Register to establish maximum speed limits on certain sections of FM 2878 [Pleasant Grove Road].

Public Hearing: September 25, 2023
Council Vote: September 25, 2023

2. Resolution No. 2023-126 approving a collective bargaining agreement between the City of Texarkana, Texas, and the Local 367 (Texarkana, Texas Firefighters) of the International Association of Firefighters, for a three-year employment contract beginning October 1, 2023, and ending on September 30, 2026.

   Public Hearing: September 25, 2023
   Council Vote: September 25, 2023

XII. CITY MANAGER'S REPORT

XIII. ADMINISTRATIVE COMMENTS

1. City Council
2. City Staff

XIV. CLOSED SESSION

The City Council will convene into closed session pursuant to Section 551.074 (Personnel Matters) of the Texas Government Code to discuss or deliberate the City Manager's annual evaluation, duties, and goals.

XV. RECONVENE INTO OPEN SESSION

XVI. ADJOURNMENT

Jennifer Evans
City Secretary

This open meeting of a governmental entity is subject to the Texas Open Meetings Act (Chapter 551, Government Code). The "Council Chambers" is the room or property where the City Council will hold this meeting.

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

Pursuant to Section 46.03, Penal Code (places weapons prohibited), subsection (a)(14), a person commits an offense if the person intentionally, knowingly, or recklessly possesses or goes with a firearm, location-restricted knife, club, or prohibited weapon [listed in Penal Code Section 46.05(a)] in the room or rooms where a meeting of a governmental entity is held, if the meeting is an open meeting subject to Chapter 551, Government Code, and if the entity provided notice as required by that chapter.

This facility is wheelchair accessible and handicap parking is available. If you plan to attend this public meeting and you have a disability that requires special arrangements or accommodations, please call 903-798-3900 or (TTY) 1-800-RELAY TX (1-800-735-2989) at least 48 hours in advance.

Briefing Sheet

Version:
Update Date: 9/18/2023 9:19 AM

Lead Department: City Manager **Action Officer:** Jennifer Evans, City Secretary

Subject: Kiwanis Club of Texarkana Day

Attachments

a. Kiwanis Club Day 100523 (Joint) (PDF)

A JOINT TEXARKANA

P R O C L A M A T I O N

WHEREAS, the Kiwanis Club of Texarkana was originally chartered on October 5, 1923, and;

WHEREAS, for the past 100 years, it has been serving the children and disabled here in our community; and

WHEREAS, through its annual pancake day, the Kiwanis club has funded countless scholarships to students throughout the area and has given hundreds of thousands of dollars in support of charities benefiting children and the disabled; and

WHEREAS, members of Kiwanis are devoted to improving the world one child and one community at a time; and

WHEREAS, the Kiwanis club of Texarkana will continue to have a positive impact on our community and citizens for years to come; and

WHEREAS, the Kiwanis club of Texarkana will be celebrating 100 years of extraordinary service on October 5, 2023.

NOW, THEREFORE, we, Bob Bruggeman, Mayor of Texarkana, Texas, and Allen L. Brown, Mayor of Texarkana, Arkansas, do hereby congratulate Kiwanis Club of Texarkana for 100 years of community service and proclaim **October 5, 2023** as:

KIWANIS CLUB OF TEXARKANA DAY

IN WITNESS WHEREOF, we have hereunto set our hands and caused the Seals of the two cities to be affixed.

_____
Bob Bruggeman, Mayor
City of Texarkana, Texas

Attest:

_____
Jennifer Evans, TRMC, City Secretary

_____
Allen L. Brown, Mayor
City of Texarkana, Arkansas

Attest:

_____
Heather Soyars, City Clerk

Attachment: Kiwanis Club Day 100523 (Joint) (4089 : Kiwanis Club Proclamation)

CITY OF TEXARKANA

CITY COUNCIL

MINUTES • SEPTEMBER 11, 2023

Council Chambers | **Regular Meeting** | **6:00 PM**

220 TEXAS BLVD., TEXARKANA, TX 75501

I. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM

ee Name	Title	Status	Arrived
ggeman	Mayor	Present	
Matlock	Ward 1	Present	
art	Ward 2	Present	
illiams	Ward 3	Present	
Page	Ward 4	Present	
hite	Ward 5	Absent	
is	Ward 6	Present	

Staff Present: City Manager David Orr, Jennifer Evans, Kristin Peeples, Dusty Henslee, Brandon Uselton, Karey Parker, Brooke Stone, Robby Robertson, Tricia Briggs, Gary Smith, Chris Black, J.W. Bramlett, Vashil Fernandez, and Chiquita Burks.

Legal Counsel: Jeff Lewis.

II. REMEMBERANCE FOR SEPTEMBER 11, 2001

Mayor Bruggeman called for special remembrance of this tragic day in American history. All those who lost their lives should be honored and never forgotten. He expressed great gratitude to all police, fire, and first responders who selflessly assisted in any way they could to make that day bearable for all the families affected.

III. INVOCATION BY COUNCIL MEMBER MARY HART AND PLEDGE LED BY THE TEXARKANA SOCCER CLUB

IV. MAYOR'S REMARKS AND ITEMS OF COMMUNITY INTEREST

On a sad note, Mayor Bruggeman said former longtime Council Member for Ward 2, **Willie Jewel Ray,** passed away on Monday, September 4th. She served her constituents and community for 20 full years of her life from 1997 to 2017.

On behalf of the City Council and Texarkana, Texas, all thoughts, prayers, and cherished memories were given to comfort the hearts of her family members.

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

Upcoming City Council Meetings
Monday, September 25, 2023, at 6:00 p.m.
Monday, October 9, 2023 at 6:00 p.m.
Monday, October 23, 2023 at 6:00 p.m.

2nd Annual Texarkana Homeless Coalition Resource Day
The Homeless Resource Day will provide numerous services to help individuals or families experiencing or near homelessness.

It will be held on Thursday, September 14th from 9am-2pm at the Crossties Event Venue lawn located at 324 East Broad Street, Texarkana, Arkansas. For more information about services, donating, volunteering or registering as a vendor, please contact Vashil Fernandez, coalition chair at vashil.fernandez@txkusa.org <mailto:vashil.fernandez@txkusa.org>

Upcoming Show at the Perot Theatre
September 16th at 8:00 p.m.- Eli Young Band

Parks & Recreation Activities

September 16th	5K Run - Till There is a Cure	Spring Lake Park

Additional Parks & Recreation information can be found on the city's website at <http://www.texarkanatexas.gov>.

V. OPEN FORUM: COMMENTS FROM THE PUBLIC

Per Council rules, comment time is limited to five minutes, or ten minutes if using a translator. Before comments are made, a speaker must complete an information sheet and give to the City Secretary. If your comment pertains to an agenda item with a scheduled public hearing or public comment, the Council requires that you make your comment at that time; you do not need to complete an information sheet.

Steve Matlock thanked City Manager Orr and Vashil Fernandez for supporting the community garden in the New Town neighborhood. He also expressed grave concern over the increase of high school age youth congregating in large groups and plotting fights in the Cedar Hill neighborhood near Kennedy Lane.

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

VI. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES

Mayor Bruggeman reappointed Mike Mayo to the Airport Authority Board.

Council Member Matlock recommended the nomination of all 12 applicants to establish the first Texarkana Youth Advisory Council.

Motion to confirm a Mayoral reappointment and to accept the nominations for the Texarkana Youth Advisory Council.

(6:17 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Mary Hart, Ward 2
SECONDER:	Jay Davis, Ward 6
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

VII. ITEMS FOR CONSIDERATION

Consent Items

(6:19 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Betty Williams, Ward 3
SECONDER:	Jean H. Matlock, Ward 1
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

1. Consider approval of the minutes of the Regular Meeting of the City Council held on August 28, 2023 at 6:00 PM.

2. Order No. 2023-120 for the City Council receiving and accepting the Certification of Unopposed Candidates [Councilmember for Ward Three (3) and Councilmember for Ward Five (5)], ordering cancellation of the General Election to be held on November 7, 2023, and certifying as unopposed and hereby elected Betty Williams, Councilmember for Ward Three (3) and Cole Meador, Councilmember for Ward Five (5).

3. Ordinance No. 2023-125 terminating Disaster Declaration 2020-003, issued December 8, 2020, related to the enterprise-wide data or cyber incident.

   Public Hearing:
   Council Vote: September 11, 2023

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

4. Resolution No. 2023-122 authorizing the City Manager to execute a contract with Twin City Collision of Texarkana, Texas, for auto body repair for the City's Fleet Department, with funds not to exceed budgeted funds in the fiscal year 2024 Fleet Maintenance Fund (Fund 703).

   Public Hearing:
   Council Vote: September 11, 2023

Action Items

5. Resolution No. 2023-099 approving the fiscal year 2024 Master Fee List.

   Public Hearing: August 28, 2023
   Council Vote: September 11, 2023

   Kristin Peeples shared an update related to fees for Texarkana Water Utilities.
   (6:20 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Jay Davis, Ward 6
SECONDER:	Christie Page, Ward 4
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

6. Ordinance No. 2023-102 amending the budget estimate of the revenues and expenditures for the fiscal year ending September 30, 2023, and adopting the budget and appropriating resources for the fiscal year beginning October 1, 2023, and ending September 30, 2024.

   Public Hearing: August 28, 2023
   Council Vote: September 11, 2023

   The Mayor asked the City Secretary for a roll call vote.
   (6:22 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Jay Davis, Ward 6
SECONDER:	Mary Hart, Ward 2
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

7. Resolution No. 2023-111 authorizing the City Manager to execute a contract with United Healthcare to provide medical insurance benefits for City employees.

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

Public Hearing:
Council Vote: September 11, 2023

(6:23 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Christie Page, Ward 4
SECONDER:	Mary Hart, Ward 2
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

VIII. FIRST BRIEFINGS

1. Ordinance No. 2023-124 amending the City's Traffic Register to establish maximum speed limits on certain sections of FM 2878 [Pleasant Grove Road].

   Public Hearing: September 25, 2023
   Council Vote: September 25, 2023

   Dusty Henslee briefed this agenda item.

RESULT:	**MOVED FORWARD**	**Next: 9/25/2023 6:00 PM**

2. Resolution No. 2023-126 approving a collective bargaining agreement between the City of Texarkana, Texas, and the Local 367 (Texarkana, Texas Firefighters) of the International Association of Firefighters, for a three-year employment contract beginning October 1, 2023, and ending on September 30, 2026.

   Public Hearing: September 25, 2023
   Council Vote: September 25, 2023

   City Manager Orr briefed this agenda item.

RESULT:	**MOVED FORWARD**	**Next: 9/25/2023 6:00 PM**

IX. PUBLIC HEARINGS

1. Ordinance No. 2023-103 fixing the tax rate and levy in and for the City of Texarkana, Texas, for the fiscal year ending September 30, 2024, upon all taxable property in the City of Texarkana, Texas.

   Public Hearing: September 11, 2023
   Council Vote: September 11, 2023

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

There were no public comments made at this hearing.

Councilmember Christie Page made four motions as follows:

[For M&O component]
I move that the City adopt an ad valorem tax rate of $0.432659 on each $100.00 of assessed valuation of the total taxable property in the Texarkana City Jurisdiction and on the base valuation of $250,924,138 of the T1 Jurisdiction and on the base valuation of $65,799,167 of the T2 Jurisdiction to fund the City's maintenance and operation expenditures for the next fiscal year ending September 30, 2024.

[For Interest & Sinking component]
I move that the City adopt an ad valorem tax rate of $0.217341 on each $100.00 of assessed valuation of the total taxable property in the Texarkana City Jurisdiction and on the base valuation of $250,924,138 of the T1 Jurisdiction and on the base valuation of $65,799,167 of the T2 Jurisdiction for the purpose of maintaining an Interest and Sinking Fund with which to pay debt service for the next fiscal year ending September 30, 2024.

[For TIRZ 1 component]
I move that the City adopt an ad valorem tax rate of $0.65000 on each $100.00 of assessed valuation of the total taxable property in the T1 Jurisdiction above the base valuation of $250,924,138 for the purpose of providing public infrastructure and to pay the interest and retire the principal of the valid bonded and warrant indebtedness and Certificates of Obligation of the City of Texarkana, Texas for projects within the T1 jurisdiction for the next fiscal year ending September 30, 2024.

[For TIRZ 2 component]
I move that the City adopt an ad valorem tax rate of $0.65000 on each $100.00 of assessed valuation of the total taxable property in the T1 Jurisdiction above the base valuation of $65,799,167 for the purpose of providing public infrastructure and to pay the interest and retire the principal of the valid bonded and warrant indebtedness and Certificates of Obligation of the City of Texarkana, Texas for projects within the T2 jurisdiction for the next fiscal year ending September 30, 2024.

The Mayor asked the City Secretary for a roll call vote on the component motions.
(6:32 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Christie Page, Ward 4
SECONDER:	Jay Davis, Ward 6
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

Ordinance No. 2023-103 fixing the tax rate and levy in and for the City of Texarkana, Texas, for the fiscal year ending September 30, 2024, upon all taxable property in the City of Texarkana, Texas.

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

Public Hearing: September 11, 2023
Council Vote: September 11, 2023

There were no public comments made at this hearing. The Mayor asked the City Secretary for a roll call vote.
(6:34 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Christie Page, Ward 4
SECONDER:	Jay Davis, Ward 6
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

2. Ordinance No. 2023-100 ratifying the recently adopted budget that contains a property tax rate that raises more total property taxes than the previous year. [Note: As of the posting date of this agenda, the referenced property tax proposed for the Fiscal Year 2023-24 budget is a tax rate of $0.6500 per $100 of assessed valuation — the same tax rate adopted for Fiscal Year 2022-23.]

Public Hearing: September 11, 2023
Council Vote: September 11, 2023

There were no public comments made at this hearing. The Mayor asked the City Secretary for a roll call vote.
(6:35 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Betty Williams, Ward 3
SECONDER:	Christie Page, Ward 4
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

3. Ordinance No. 2023-109 amending PD-88-4 for site plan approval on Lot 6, Parcel 2, Block 3, Galleria Oaks #1, located in the 1600 block of Moores Lane. Jan Nelson, Power of Attorney for Ronald and Rebecca Nelson, owners, and Stacy McKee, agent.

Public Hearing: September 11, 2023
Council Vote: September 11, 2023

There were no public comments made at this hearing.
(6:37 p.m.)

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Jay Davis, Ward 6
SECONDER:	Betty Williams, Ward 3
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

4. Ordinance No. 2023-113 amending Chapter 8, "Animal Care and Control", section 8-12 "Livestock and fowl" of the Code of Ordinances to authorize single-family households keeping hens and educational institution exception to per acre livestock limits.

Public Hearing: September 11, 2023
Council Vote: September 11, 2023

There were no public comments made at this hearing.
(6:38 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Christie Page, Ward 4
SECONDER:	Jay Davis, Ward 6
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

5. Ordinance No. 2023-114 amending the ten-year water and sewer rate structure established by Ordinance No. 2022-100, by reducing the Riverbend water service fee for Fiscal Year 2023-24 by 65 cents, from $4.15 per 1,000 gallons to $3.50 per 1,000 gallons.

Public Hearing: September 11, 2023
Council Vote: September 11, 2023

There were no public comments made at this hearing.
(6:40 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Mary Hart, Ward 2
SECONDER:	Jean H. Matlock, Ward 1
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

6. Ordinance No. 2023-118 discussing and considering all matters incident and related to the issuance and sale of “City of Texarkana, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023”, including the adoption of an ordinance authorizing the issuance of such certificates.

Public Hearing: September 11, 2023
Council Vote: September 11, 2023

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

Gene Joyce spoke in favor of this proposed ordinance. Andrew Clark spoke in favor of this proposed ordinance.

Jason Hughes, Managing Director of Hilltop Securities, shared the results of the bond sale and the city's S&P ratings reinstatement.
(7:05 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Jay Davis, Ward 6
SECONDER:	Betty Williams, Ward 3
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

7. Ordinance No. 2023-119 discussing and considering all matters incident and related to the issuance and sale of "City of Texarkana, Texas, Waterworks and Sanitary Sewer System Revenue Bonds, Series 2023", including the adoption of an ordinance authorizing the issuance of such bonds.

Public Hearing: September 11, 2023
Council Vote: September 11, 2023

There were no public comments made at this hearing.
(7:07 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Christie Page, Ward 4
SECONDER:	Betty Williams, Ward 3
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

X. CITY MANAGER'S REPORT

Texas Certified Public Manager (CPM) Program Graduates
The Texas Certified Public Manager (CPM) Program conducted the largest graduation in its 25-year history earlier this summer. The Texas State University Arlington Program graduated 28 members, including the city's own Mashell Daniel, Director of Development Services and Lisa Thompson, External Affairs Officer. Congrats to both Mashell and Lisa on their accomplishment.

Riverbend Public Meeting - Wednesday, September 20th at 6:30 p.m.
Local leaders and residents were invited to attend a public meeting at 6:30 p.m. on Wednesday, Sept. 20, to discuss the Riverbend Regional Water System Improvement Program. Riverbend Water Resources District (RWRD) will soon begin an infrastructure project to ensure a continued safe and reliable water supply for the growing region. One of the purposes of this meeting is to discuss the potential environmental impacts of the project and alternatives to it.

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

The public can learn more about this project at rwrd.org/rrwsip <https://protect-us.mimecast.com/s/okE-C4xwvPIJoKn0fxy08j?domain=rwrd.org/>. The public meeting will take place at Rice Street Community Room, 303 Rice Street in New Boston. Those interested may also join virtually via Zoom. Please register to attend in-person or online via Zoom by 6:00 p.m. on Monday, Sept. 18.

Standard & Poor's (S&P) City Rating
S&P has rated the City's GO credit "AA-", which is the same rating the City had prior to the cyber ransomware attack. In addition, it was stated that there is upward pressure on the rating and all things being equal could see an upgrade in 1-2 years. Congratulations to Kristin and her finance team on this accomplishment.

Economic Development Quarterly Report - September
The city's latest quarterly economic development report is now available on the website. It includes information on new developments that are planned, new retail announced/recently opened, commercial construction permits, residential construction permits and much more.

For more information on our economic development efforts, check out the city's economic development webpage at Economic Development | Texarkana, TX - Official Website (texarkanatexas.gov) <https://texarkanatexas.gov/255/Economic-Development>.

XI. ADMINISTRATIVE COMMENTS

1. City Council

   Mayor Bruggeman thanked city employee Chiquita Burks for her administrative support to establishing the new Texarkana Youth Advisory Council.

2. City Staff

   City Manager Orr thanked the council for adopting all of the budget-related items for upcoming fiscal year 2024. He also thanked Council Member Page for reading all of the preliminary motions associated with Ordinance No. 2023-103.

XII. ADJOURNMENT

A motion was made to adjourn the meeting.
(7:10 p.m.)

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Mary Hart, Ward 2
SECONDER:	Jean H. Matlock, Ward 1
AYES:	Bruggeman, Matlock, Hart, Williams, Page, Davis
ABSENT:	White

Minutes Acceptance: Minutes of Sep 11, 2023 6:00 PM (Consent Items)

City of Texarkana, Texas

Briefing Sheet

Version:
Update Date: 9/22/2023 2:29 PM

Lead Department: Human Resources **Action Officer:** J.W. Bramlett, Human Resources Specialist

Subject: Resolution No. 2023-127 authorizing the City Manager to execute a three-year contract with NeoGov for the renewal of human resources software in the amount of $146,228.50 with budgeted funds within the computer hardware and software budget.

Briefing: 9/25/2023 **Public Hearing:** **Council Vote:** 9/25/2023

Item Schedule

Schedule 3: No briefing required (one week)

Updates/History of Briefing:

NOT APPLICABLE

Executive Summary and Background Information:

The Human Resources Department utilizes NeoGov as its software for the City's applicant tracking system, performance management system, and online training system. These services in the past have not totaled more than $50,000, but due to increased pricing models these services would have exceeded $50,000 for the upcoming renewal year and thus require City Council approval. As the result of historical increases with NeoGov, forecasting estimated that these services would have cost an estimated $163,000 over the next three years. The City has negotiated with NeoGov a reduced pricing model spread out over a three-year agreement that will reduce the City's average annual spend on these products to approximately $48,742.83 over the next three years. This resolution will authorize the City Manager to enter into a three-year contract with NeoGov for the renewal of these services in a total amount of $146,228.50. As the result of NeoGov's services being a sole source product, bids were not required.

Potential Options:

- Approve Contract
- Reject Contract

Fiscal Implications:

Total costs over three years is $146,228.50.

Staff Recommendation:

Recommend approval

Advisory Board/Committee Review:

NONE

Board/Committee Recommendation:

NOT APPLICABLE

Advisory Board/Committee Meeting Date and Minutes:

NOT APPLICABLE

Attachments

a. 2023-127 RES Human Resources Software-NeoGov (DOCX)
b. 2023-127 ATTH 01 NeoGov Order Form 2023-2026 (PDF)
c. 2023-127 ATTH 02 NEOGOV Official Sole Source Letter (PDF)
d. 2023-127 Goals & Perspectives (DOCX)

Staff Coordination

Human Resources	J.W. Bramlett 09/08/2023 1:32 PM	Department Head Review	Completed	
Public Works Department	Angela Humphrey	Reviewer	Completed	09/08/2023 1:36 PM
City Manager	David Orr	City Manager Review	Completed	09/22/2023 11:14 AM
City Council	Vicky Coopwood	Meeting	Pending	09/25/2023 6:00 PM

Meeting History

RESOLUTION NO. 2023-127

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A THREE-YEAR CONTRACT WITH NEOGOV FOR THE RENEWAL OF HUMAN RESOURCES SOFTWARE IN THE AMOUNT OF $146,228.50 WITH BUDGETED FUNDS WITHIN THE COMPUTER HARDWARE AND SOFTWARE BUDGET; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Texarkana, Texas, utilizes NeoGov as its software for the City's applicant tracking system, performance management system, and online training system; and

WHEREAS, the services provided by NeoGov are coming due for renewal in the 2023-2024 fiscal year; and

WHEREAS, bids were not required due to the NeoGov software being a sole source product; and

WHEREAS, City staff recommends renewing the subscription of the services provided by NeoGov as described in the attached order form **ATTH 01**; and

WHEREAS, funds are currently budgeted in the Human Resources Computer Hardware and Software budget for the costs of the NeoGov software; and

WHEREAS, the total costs of the NeoGov services will be in the amount of $146,228.50 over a three-year contract.

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

SECTION 1: The order details between NeoGov and the City of Texarkana, Texas, a copy of which is attached hereto as **ATTH 01**, is hereby approved.

SECTION 2: The City Manager is hereby authorized to execute the agreement to provide services as herein described above.

SECTION 3: This Resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **25th day of September, 2023.**

ATTEST:

_____ _____

VICKY COOPWOOD, ASST. CITY SECRETARY BOB BRUGGEMAN, MAYOR

Attachment: 2023-127 RES Human Resources Software-NeoGov (4090 : 2023-127 RES Approving Contract for Human Resources Software-

NEOGOV™

NEOGOV ORDER FORM

NEOGOV: GovernmentJobs.com, INC. (dba "NEOGOV") 2120 Park Place, Suite 100 El Segundo, CA 90245 billing@neogov.com		Customer Name & Address: Texarkana, City of (TX) PO Box 1967 Texarkana, TX 75504-1967	
Quote Creation Date:	9/06/2023	Contact Name:	J.W. Bramlett
Quote Expiration Date:	30 days from Quote Creation	Contact Email:	james.bramlett@txkusa.org
Payment Terms	Annual. Net 30 from NEOGOV invoice.		FTE:
Subscription Start Date: 10/01/2023			
Subscription Term (months): 36			

Fee Summary

Service Description	Term	Term Fees
Learn Subscription (LE)	10/01/2023 - 09/30/2024	$20,265.00
Insight Enterprise Subscription (IN)	11/01/2023 - 09/30/2024	$10,429.61
	2023 - 2024 Total:	**$30,694.61**
GovernmentJobs.com Subscription (GJC)	02/13/2024 - 09/30/2024	$1,076.25
Perform Subscription (PE)	03/10/2024 - 09/30/2024	$8,626.85
GovernmentJobs.com Subscription (GJC)	10/012024 - 09/30/2025	$1,768.59
Perform Subscription (PE)	10/01/2024 - 09/30/2025	$15,974.40
Learn Subscription (LE)	10/01/2024 - 09/30/2025	$21,075.60
Insight Enterprise Subscription (IN)	10/01/2024 - 09/30/2025	$11,818.15
	2024 - 2025 Total:	**$60,339.84**
GovernmentJobs.com Subscription (GJC)	10/01/2025 - 09/30/2026	$1,927.77
Perform Subscription (PE)	10/01/2025 - 09/30/2026	$17,412.10
Learn Subscription (LE)	10/01/2025 - 09/30/2026	$22,972.40
Insight Enterprise Subscription (IN)	10/01/2025 - 09/30/2026	$12,881.78
	2025 - 2026 Total:	**$55,194.05**
	Total:	**$146,228.50**

A. Terms and Conditions

1. Agreement. This Ordering Document and the Services purchased herein are expressly conditioned upon the acceptance by Customer of the terms of the NEOGOV Services Agreement either affixed hereto or the version most recently published prior to execution of this Ordering Form available at https://www.neogov.com/service-specifications. Unless otherwise stated, all capitalized terms used but not defined in this Order Form shall have the meanings given to them in the NEOGOV Services Agreement.
2. Effectiveness & Modification. The Effective Date shall be the Subscription Start Date. This Order Form may not be modified or amended except through a written instrument signed by the parties.
3. Summary of Fees. Listed above is a summary of Fees under this Order. Once placed, your order shall be non-cancelable and the sums paid nonrefundable, except as provided in the Agreement.
4. Order of Precedence. This Ordering Document shall take precedence in the event of direct conflict with the Services Agreement, applicable Schedules, and Service Specifications.

B. Special Conditions (if any).

Attachment: 2023-127 ATTH 01 NeoGov Order Form 2023-2026 (4090 : 2023-127 RES Approving Contract for Human Resources Software-

NEOGOV™

IN WITNESS WHEREOF, this Order has been executed by such party's duly authorized signatory as of the date set forth below, and such duly authorized signatory consents to the Agreement.

Customer	Governmentjobs.com, Inc. (DBA "NEOGOV")
Entity Name: Signature: _____ Print Name: Date:	

Attachment: 2023-127 ATTH 01 NeoGov Order Form 2023-2026 (4090 : 2023-127 RES Approving Contract for Human Resources Software-

NEOGOV™

Attachment: 2023-127 ATTH 02 NEOGOV Official Sole Source Letter (4090 : 2023-127 RES Approving Contract for Human Resources Software-

August 30, 2023

Subject: NEOGOV Sole Source Letter

To Whom It May Concern:

Governmentjobs.com, Inc. (d/b/a NEOGOV) is the largest provider of out-of-the-box software as a service ("SaaS") WorkforceManagement Solutions tailored for the public sector and higher education. NEOGOV is the sole source provider of an integrated suite of Workforce management tools designed exclusively for government agencies and institutions of higher education. NEOGOV's workforce management suite consists of four integrated modules Recruit, Develop, Manage, and Comply. NEOGOV products are built to support the unique needs of public sector HR teams and to automate the entire employee lifecycle while maintaining the highest standard of compliance. As a result of our investment in innovation and unique expertise working in the public sector and education, we have created a one-of-a-kind solution offering the following properties:

Insight and Governmentjobs.com

- Insight is the only applicant management platform fully integrated with the Governmentjobs.com public sector job board; both are manufactured and supported solely by NEOGOV.
- Insight is one of the only applicant tracking systems with a public sector Job Description and Salary Range Database
- Insight is an applicant tracking system with robust public sector time-to-hire data
- Insight has public sector data allowing NEOGOV to provide relevant recruiting analytics to help make informed business decisions, including benchmarking, and time-to-hire data with other area public sector agencies.
- Insight is the only applicant tracking system fully integrated with the Schooljobs.com higher education job board.
- Insight is the only public sector focused applicant tracking system integrated with "Attract", a Candidate Relationship Management tool (CRM) to better capture candidate leads, manage relationships, automate communications, and measure recruiting data. The integration with Attract allows NEOGOV customers to expand the candidate pool with Governmentjobs.com candidates that have opted-in to receive job notifications for open jobs in their area of interest.

Learn

- Learn is the only learning management system to integrate with NEOGOV's Onboard, an onboarding management solution that enables new hires to become more productive before their first day on the job by streamlining new hire paperwork, processes, and training on an easy-to-use platform.
- Learn is the only learning management system to fully integrate with NEOGOV's Perform, the only full-featured employee performance management software in the marketplace with specific public sector functionality and a mobile-friendly interface. Perform automates annual and probationary employee evaluations, allowing your HR team to automate the process of identifying skill gaps and areas of improvement in their employees.

Perform

- Perform is the only performance management tool to directly integrate with NEOGOV's Learn a learning management system that eliminates the administrative burden of managing multiple employee training programs by providing a centralized online platform
- Perform is home to one of the largest public sector specific competency banks
- Perform has one of the largest public sector specific writing assistant banks

In addition, all NEOGOV training, system documentation, hosting services, information security, and software maintenance for the products listed herein are provided by or through NEOGOV personnel.

Note, this letter is for information purposes only. Please note, this letter is not intended to serve as a legal opinion as to the availability of NEOGOV solutions through any particular procurement method. Recipients are advised to conduct independent analysis to determine whether procurement regulations applicable to their agency permit sole-source procurement.

Please let us know if you require any further information regarding our services.

Sincerely,

Joshua Snyder
NEOGOV VP of Business Development

Attachment: 2023-127 ATTH 02 NEOGOV Official Sole Source Letter (4090 : 2023-127 RES Approving Contract for Human Resources Software-

City of Texarkana, Texas

Developing Perspectives and Goals Pending Approval by the City Council:	
Perspectives	**Goals**
Serve the Community	☐ Promote an Environmentally Sensitive & Livable Community ☐ Provide a Safe Community ☑ Deliver Quality Services ☐ Foster a Healthy Community
Run the Operations	☐ Enhance Community Preparedness & Responsiveness ☐ Maximize Partnership Opportunities ☑ Provide Courteous & Responsive Customer Service ☐ Model a Positive City Image ☑ Deliver Efficient Services ☐ Cultivate Community Involvement & Access
Manage the Resources	☑ Maintain Fiscal Strength ☐ Maximize Utilization & Resources ☐ Invest in Infrastructure & Transportation
Develop Personnel	☑ Develop a Skilled & Diverse Workforce ☑ Create a Positive & Rewarding Work Culture
Perspectives and Goals Additional Comments:	

Resource Impact:	
Staff time required if item is approved:	No Additional
Other Potential Impacts:	

Public Information Plan:			
☐	Newspaper Notice (Required by Statute)	☐	Public Hearing (Required by Statute)
☐	Public Forum/Input Session	☐	Press Release
☐	E-News Distribution	☐	Website Notice
☐	Social Media (Twitter, Facebook, etc.)	☐	Special Mailing
☐	Flyers Posted	☐	Banners Posted
☐	Survey	☐	Automated Phone Call
☑	None Required	☐	
Other:			

Attachment: 2023-127 Goals & Perspectives (4090 : 2023-127 RES Approving Contract for Human Resources Software-NeoGov)

City of Texarkana, Texas

Briefing Sheet

Version:
Update Date: 9/22/2023 1:51 PM

Lead Department: Finance Department **Action Officer:** Kristin Peeples,

Subject: Resolution No. 2023-128 approving and authorizing the City Manager to execute the contract extension/renewal agreement between the City and Valley View Consulting, L.L.C. to provide professional investment advisory services for the City's investable funds for a period of two (2) years for an annual fee of 0.050% of average book value.

Briefing: 9/25/2023 **Public Hearing:** **Council Vote:** 9/25/2023

Item Schedule

Updates/History of Briefing:

Not Applicable

Executive Summary and Background Information:

The City has maintained an agreement with Valley View Consulting, L.L.C. since November 22, 2010, to provide professional investment advisory services with respect to the City's investable funds. The agreement also includes a provision for assistance in soliciting, evaluating, and completing bids for bank depository services. During the term of this agreement, Valley View has assisted the City in updating its Investment Policy to assure continued compliance with the requirements of the Public Funds Investment Act (PFIA). They have also prepared and presented a quarterly investment report, as required by the PFIA, to the Investment Committee. A copy of the report is also available on the City's website. They have assisted staff in investing available funds at the best available rate, assisted in development of cash flow models to determine levels of investable funds, and assisted staff in the preparation and issuance of a bank depository services request.

Potential Options:

- Approve
- Deny

Fiscal Implications:

The annual fee will be 0.050% of average book value, which is a reduction from the prior rate of 0.060%, and will be due and payable at the end of each investment quarter.

Staff Recommendation:

Staff recommends approval.

Advisory Board/Committee Review:

Item was discussed at the quarterly investment committee meeting held on August 9, 2023.

Board/Committee Recommendation:

The committee recommended presentation to the Council for renewal of the contract.

Advisory Board/Committee Meeting Date and Minutes:

Attachments

a. 2023-128 RES Investment Advisory Contract Extension (DOC)
b. 2023-128 EXH 'A' Investment Advisory Agreement Extension (PDF)
c. 2023-128 ATTH 01 Signed Investment Advisory Contract Signed 12.12.2018 (PDF)
d. 2023-128 Goals & Perspectives (DOCX)

Staff Coordination

Finance Department	Kristin Peeples	Department Head Review	Completed	09/13/2023 11:28 AM
Public Works Department	Angela Humphrey	Reviewer	Completed	09/13/2023 11:32 AM
City Manager	David Orr	City Manager Review	Completed	09/13/2023 4:46 PM
City Council	Vicky Coopwood	Meeting	Pending	09/25/2023 6:00 PM

Meeting History

RESOLUTION NO. 2023-128

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, AUTHORIZING THE CITY MANAGER TO APPROVE THE CONTRACT EXTENSION AGREEMENT BY AND BETWEEN THE CITY OF TEXARKANA, TEXAS, AND VALLEY VIEW CONSULTING, L.L.C., TO PROVIDE PROFESSIONAL INVESTMENT ADVISORY SERVICES WITH RESPECT TO THE CITY OF TEXARKANA, TEXAS' INVESTABLE FUNDS FOR A PERIOD OF TWO YEARS; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, from time to time, the City of Texarkana, Texas, has money available for investment and finds it prudent to consult with professional investors for the best possible advice in order to give the City quality investments to receive optimum returns on the City's money while maintaining appropriate levels of safety as required under the City's investment policy; and

WHEREAS, the City of Texarkana, Texas, is required to maintain compliance with the Public Funds Investment Act with an updated investment policy and quarterly investment reports; and

WHEREAS, Valley View Consulting, L.L.C. is an experienced, respected, and professional investment advisory consultant recommended by staff to assist the City of Texarkana, Texas, with the investment of available funds and maintaining compliance with the Public Funds Investment Act; and

WHEREAS, Valley View Consulting, L.L.C. wishes to extend the current contract, as outlined in **Exhibit "A'**, with the City of Texarkana, Texas, for a period of two years at an annual fee of 0.050% of average book value for all combined funds which is a decrease from the terms of the current existing contract.

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

SECTION 1: The contract extension agreement attached hereto as **Exhibit 'A'** between the City of Texarkana, Texas, and Valley View Consulting, L.L.C. for a period of two years at an annual fee of 0.050% of average book value for all combined funds is hereby approved.

SECTION 2: The City Manager is hereby authorized to execute said agreement to provide services as herein described above.

SECTION 3: This Resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **25th day of September, 2023.**

ATTEST:

_____ _____

VICKY COOPWOOD, ASST. CITY SECRETARY BOB BRUGGEMAN, MAYOR

Attachment: 2023-128 RES Investment Advisory Contract Extension (4091 : 2023-128 RES Investment Advisory Contract Extension/Renewal)

Valley View Consulting, L.L.C.

August 30, 2023

Kristin Peeples, Chief Financial Officer
City of Texarkana
220 Texas Boulevard
Texarkana, TX 75501

As per the current AGREEMENT BY AND BETWEEN THE CITY OF TEXARKANA AND VALLEY VIEW CONSULTING, L.L.C. dated December 12, 2018, the City has the option to extend the Agreement in one or two-year increments.

Valley View has enjoyed assisting the City and believes our assistance has added value to the City's investment program. Please consider, and accept, the extension of this Agreement under the same terms and conditions as previously agreed effective October 1, 2023 through September 30, 2025, with the exception of a fee reduction to 0.050% (five basis points) from 0.060% (6 basis points).

Valley View Consulting, L.L.C.	City of Texarkana, TX
Richard G. Long, Jr.	
Richard G. Long, Jr. Manager August 30, 2023	Title: Date:

2428 Carters Mill Road, Huddleston, VA 24104
540.297.3419
www.valleyviewconsultingllc.com

Attachment: 2023-128 EXH 'A' Investment Advisory Agreement Extension (4091 : 2023-128 RES Investment Advisory Contract

RESOLUTION NO. 2018 – 140

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, AUTHORIZING THE CITY MANAGER TO APPROVE THE AGREEMENT BY AND BETWEEN THE CITY OF TEXARKANA, TEXAS, AND VALLEY VIEW CONSULTING, L.L.C., TO PROVIDE PROFESSIONAL INVESTMENT ADVISORY SERVICES WITH RESPECT TO THE CITY OF TEXARKANA, TEXAS' INVESTABLE FUNDS FOR A PERIOD OF TWO YEARS; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, from time to time the City of Texarkana, Texas, has money available for investment and finds it prudent to consult with professional investors for the best possible advice in order to give the City quality investments to receive optimum returns on the City's money while maintaining appropriate levels of safety as required under the City's investment policy; and

WHEREAS, Valley View Consulting, L.L.C. is an experienced, respected, and professional investment advisory consultant recommended by staff to invest available City of Texarkana, Texas, funds for a period of two years at an annual fee of 0.06% of average book value for all combined funds as described in attached **Exhibit 'A'**.

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

SECTION 1: That the agreement between the City of Texarkana, Texas, and Valley View Consulting, L.L.C. to provide professional investment advisory services to invest available City of Texarkana, Texas, funds for a period of two years at an annual fee of 0.06% of average book value for all combined funds, a copy of which is attached hereto as **Exhibit 'A'**, is hereby approved.

SECTION 2: That the City Manager is hereby authorized to execute said agreement to provide services as herein described above.

SECTION 3: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **10th day of December, 2018.**

ATTEST:

VICKY COGPWOOD, ASST. CITY SECRETARY

6:12 p.m.

BOB BRUGGEMAN, MAYOR

Attachment: 2023-128 ATTH 01 Signed Investment Advisory Contract Signed 12.12.2018 (4091 : 2023-128 RES Investment Advisory Contract

2018-140 EXH 'A'

AGREEMENT
BY AND BETWEEN
CITY OF TEXARKANA, TEXAS
AND
VALLEY VIEW CONSULTING, L.L.C.

It is understood and agreed that the City of Texarkana (the *Investor*) will have from time to time money available for investment (*Investable Funds*) and Valley View Consulting, L.L.C. (*Advisor*) has been requested to provide professional services to the Investor with respect to the Investable Funds. This agreement (the *Agreement*) constitutes the understanding of the parties with regard to the subject matter hereof.

1. This Agreement shall apply to any and all Investable Funds of the Investor from time to time during the period in which this Agreement shall be effective.

2. The Advisor agrees to provide its professional services to direct and coordinate all programs of investing as may be considered and authorized by the Investor.

3. The Advisor agrees to perform the following duties:

a) Assist the Investor in developing cash flow projections,

b) Suggest appropriate investment strategies to achieve the Investor's objectives,

c) Advise the Investor on market conditions, general information and economic data,

d) Analyze risk/return relationships between various investment alternatives,

e) Attend occasional meetings as requested by the Investor,

f) Assist in the selection, purchase, and sale of investments. The Advisor shall not have discretionary investment authority over the Investable Funds and the Investor shall make all decisions regarding purchase and sale of investments. All funds shall be invested consistent with the Texas Public Funds Investment Act, Chapter 2256 Government Code and the Investor's Investment Policy. The eligible investments are listed in the Investor's Investment Policy,

g) Advise on the investment of bond funds as to provide the best possible rate of return to the Investor in a manner which is consistent with the proceedings of the Investor authorizing the investment of the bond funds or applicable federal rules and regulations,

h) Assist the Investor in creating investment reports in compliance with State legislation and the Investor's Investment Policy,

i) Assist the Investor in creating monthly portfolio accounting reports, and

j) Assist the Investor with primary depository bank selection.

Attachment: 2023-128 ATTH 01 Signed Investment Advisory Contract Signed 12.12.2018 (4091 : 2023-128 RES Investment Advisory Contract

4. The Investor agrees to: 2018-140 EXH 'A'

a) Compensate the Advisor for any and all services rendered and expenses incurred as set forth in Appendix A attached hereto,

b) Provide the Advisor with the schedule of estimated cash flow requirements related to the Investable Funds, and will promptly notify the Advisor as to any changes in such estimated cash flow projections,

c) Allow the Advisor to rely upon all information regarding schedules, investment policies and strategies, restrictions, or other information regarding the Investable Funds as provided to it by the Investor and that the Advisor shall have no responsibility to verify, through audit or investigation, the accuracy or completeness of such information,

d) Recognize that there is no assurance that recommended investments will be available or that such will be able to be purchased or sold at the price recommended by the Advisor, and

e) Not require the Advisor to place any order on behalf of the Investor that is inconsistent with any recommendation given by the Advisor or the policies and regulations pertaining to the Investor.

5. In providing the investment services in this Agreement, it is agreed that the Advisor shall have no liability or responsibility for any loss or penalty resulting from any investment made or not made in accordance with the provisions of this Agreement, except that the Advisor shall be liable for its own gross negligence or willful misconduct; nor shall the Advisor be responsible for any loss incurred by reason of any act or omission of any financial institution or broker/dealer, selected with reasonable care by the Advisor and approved by the Investor, or of the Investor's custodian or safekeeping agent. Furthermore, the Advisor shall not be liable for any investment made which causes the interest on the Investor's obligations to become included in the gross income of the owners thereof.

6. The fee due to the Advisor in providing services pursuant to this Agreement shall be calculated in accordance with Appendix A attached hereto, and shall become due and payable as specified. Any and all expenses for which the Advisor is entitled to reimbursement in accordance with Appendix A attached hereto shall become due and payable at the end of each calendar quarter in which such expenses are incurred.

7. This Agreement shall remain in effect until December 31, 2020, with the option of the Investor to extend this Agreement in additional one or two year increments. Provided, however, the Investor or Advisor may terminate this Agreement upon thirty (30) days written notice to the other party. In the event of such termination, it is understood and agreed that only the amounts due to the Advisor for services provided and expenses incurred to and including the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement. In the event this Agreement is terminated, all investments and/or funds held by the Advisor shall be returned to the Investor as soon as practicable. In addition, the parties hereto agree that upon termination of this Agreement

Attachment: 2023-128 ATTH 01 Signed Investment Advisory Contract Signed 12.12.2018 (4091 : 2023-128 RES Investment Advisory Contract

the Advisor shall have no continuing obligation to the Investor regarding the investment of funds or performing any other services contemplated herein.

8. The Advisor reserves the right to offer and perform these and other services for various other clients. The Investor agrees that the Advisor may give advice and take action with respect to any of its other clients, which may differ from advice given to the Investor. The Investor agrees to coordinate with and avoid undue demands upon the Advisor to prevent conflicts with the performance of the Advisor towards its other clients.

9. The Advisor shall not assign this Agreement without the express written consent of the Investor.

10. Investor acknowledges that:

1) ____ Investor was provided a written copy of Form ADV Part 2 not less than 48 hours prior to entering into this written contract, or

2) _____ Investor received a written copy of Form ADV Part 2 at the time of entering into this contract and has the right to terminate this contract without penalty within five business days after entering into this contract.

3) __X__ Investor is renewing an expiring contract and has received in the past, and offered annually, a written copy of Form ADV Part 2.

When accepted by the Investor, it, together with Appendix A attached hereto, will constitute the entire Agreement between the Investor and Advisor for the purposes and the consideration herein specified. Acceptance will be indicated with the return of one executed copy to Advisor.

Respectfully submitted,

Richard G. Long Jr.

Richard G. Long, Jr.
Manager, Valley View Consulting, L.L.C.

This agreement is hereby agreed to and executed on behalf of City of Texarkana, Texas.

By Shirley Faster
City of Texarkana

Date: 12-12-18

Attachment: 2023-128 ATTH 01 Signed Investment Advisory Contract Signed 12.12.2018 (4091 : 2023-128 RES Investment Advisory Contract

APPENDIX A

2018-140 EXH 'A'

FEE SCHEDULE AND EXPENSE ITEMS

In consideration for the services rendered by the Advisor in connection with the investment of the Investable Funds for the Investor, it is understood and agreed that its fee will be an annual fee equal to six basis points (0.06%) of the total portfolio's average quarter end book value.

The applicable portion of said fee shall be due and payable at the end of each investment quarter.

Should the Investor issue debt and select a bond proceeds investment strategy that incorporates a flexible repurchase agreement or other structured investment, fees will be determined by any applicable I.R.S. guidelines and industry standards.

Said fee includes all costs of services related to this Agreement, and all travel and business expenses related to attending regularly scheduled occasional meetings. With pre-trip Investor approval, the Advisor may also request reimbursement for special meeting or event travel and business expenses. The obligation of the Advisor to pay expenses shall not include any costs incident to litigation, mandamus action, test case or other similar legal actions.

Any other fees retained by Advisor in the performance of its duties shall be disclosed to the Investor.

Attachment: 2023-128 ATTH 01 Signed Investment Advisory Contract Signed 12.12.2018 (4091 : 2023-128 RES Investment Advisory Contract

City of Texarkana, Texas

Developing Perspectives and Goals Pending Approval by the City Council:

Perspectives	Goals
Serve the Community	☐ Promote an Environmentally Sensitive & Livable Community ☐ Provide a Safe Community ☐ Deliver Quality Services ☐ Foster a Healthy Community
Run the Operations	☐ Enhance Community Preparedness & Responsiveness ☐ Maximize Partnership Opportunities ☐ Provide Courteous & Responsive Customer Service ☐ Model a Positive City Image ☐ Deliver Efficient Services ☐ Cultivate Community Involvement & Access
Manage the Resources	☑ Maintain Fiscal Strength ☑ Maximize Utilization & Resources ☐ Invest in Infrastructure & Transportation
Develop Personnel	☐ Develop a Skilled & Diverse Workforce ☐ Create a Positive & Rewarding Work Culture

Perspectives and Goals Additional Comments:

NONE

Resource Impact:

Staff time required if item is approved:	Low

Other Potential Impacts:

NONE APPLICABLE

Public Information Plan:

☐	Newspaper Notice (Required by Statute)	☐	Public Hearing (Required by Statute)
☐	Public Forum/Input Session	☐	Press Release
☐	E-News Distribution	☐	Website Notice
☐	Social Media (Twitter, Facebook, etc.)	☐	Special Mailing
☐	Flyers Posted	☐	Banners Posted
☐	Survey	☐	Automated Phone Call
☑	None Required	☐	

Other:

Attachment: 2023-128 Goals & Perspectives (4091 : 2023-128 RES Investment Advisory Contract Extension/Renewal)

City of Texarkana, Texas

Briefing Sheet

Version:
Update Date: 9/22/2023 10:16 AM

Lead Department: Water Utilities **Action Officer:** Pam White,

Subject: Resolution No. 2023-129 requesting approval of the Pictometry International Corp dba EagleView contract for digital aerial photography, in a total amount not to exceed $459,955.80, with the Texas portion not to exceed $42,000. This project is budgeted in the Utility's 2023-2024 technology fund.

Briefing: 9/25/2023 **Public Hearing:** **Council Vote:** 9/25/2023

Item Schedule

Schedule 3: No briefing required (one week)

Updates/History of Briefing:

NOT APPLICABLE

Executive Summary and Background Information:

Texarkana Water Utilities (TWU) requests the approval of a contract with Pictometry International Corp. dba EagleView (ATTH 01) to provide up-to-date digital ortho and oblique imagery. The duration of this contract is six (6) years, with three (3) captures (flyovers) scheduled every two (2) years. After the first flyover project is complete, the contract may be cancelled at any time if the City chooses not to appropriate funds for any reason. TWU has been acquiring new aerial photography every two years since 2008. This digital aerial photography is used daily in all aspects of engineering, planning, and management for Texarkana and is also available for public viewing on the internet. This recurring aerial photography acquisition provides for an outstanding historical archive of the growth and change in Texarkana since the first flyover in 1994. Pictometry is contracted to fly 1,013 square miles for Bowie County. Disaster coverage imagery will be provided at no additional charge, in the event of a tornado, earthquake, etc. Pictometry will fly up to 200 square miles of the affected area to be used for disaster recovery.

This project is a continuation of the agreement between TWU and the Bowie County Appraisal District (BCAD) and is contingent on the approval of an interlocal agreement (ATTH 02) with the BCAD.

Total amount payable to TWU shall not exceed $77,659.30 annually, over a period of six years (1/6 captured flight $47,159.30 plus GIS Professional Services $30,500.00) for three captured flights. First invoice will be issued in January 2024 to the BCAD. Should the BCAD not be able to procure funding for the County's portion, TWU will renegotiate the contract with Pictometry.
This contract will obligate TWU to pay $7,000.00 annually over six years for a total of $42,000.00 for 1" aerials inside the city limits of Texarkana.

A total first capture cost for Bowie County and TWU is $108,318.60. Total cost for the three captures for Bowie County and TWU is $324,955.80. This project is budgeted in the Utility's 2023-2024 Budget Technology Fund.

Pictometry has a credit of $45,000 from Artex Council of Governments (ATCOG), which has been applied to the first capture. ATCOG intends to fund the second and third captures providing they can procure funds.

Potential Options:

- None
-

Fiscal Implications:

This project is budgeted in the Utility's 2023-2024 Budget Technology Fund

Staff Recommendation:

Utility staff recommends approval.

Advisory Board/Committee Review:

NONE

Board/Committee Recommendation:

NOT APPLICABLE

Advisory Board/Committee Meeting Date and Minutes:

NOT APPLICABLE

Attachments

a. 2023-129 RES Pictometry (DOCX)
b. 2023-129 ATTH 01 Service Agreement (PDF)
c. 2023-129 ATTH 02 Interlocal Cooperation Agreement Between TWU and BCAD (DOCX)
d. 2023-129 Goals & Perspectives (DOCX)

Staff Coordination

Water Utilities	Gary Smith	Department Head Review	Completed	09/13/2023 3:26 PM
TWU Administration	Kenny Icenhower	Review	Completed	09/13/2023 4:38 PM
TWU Finance	Tricia Briggs	Review	Completed	09/13/2023 4:43 PM
City Manager	David Orr	City Manager Review	Completed	09/13/2023 4:52 PM
City Council	Vicky Coopwood	Meeting	Pending	09/25/2023 6:00 PM

Meeting History

RESOLUTION NO. 2023-129

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH PICTOMETRY INTERNATIONAL CORP. DBA EAGLEVIEW OF ROCHESTER, NEW YORK, TO PROVIDE DIGITAL ORTHO AND OBLIQUE IMAGERY IN AN AMOUNT NOT TO EXCEED $76,659.30 PER YEAR, FOR A TOTAL SIX-YEAR AMOUNT OF $459,955.80; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the duration of the contract is six years, with three captures (flyovers) scheduled every two years, a copy of which is attached hereto as **ATTH 01**; and

WHEREAS, after the first capture is complete, the contract may be cancelled at any time if the City chooses not to appropriate funds; and

WHEREAS, the total cost for each capture (two years) is $153,318.60 to be paid annually at a total cost of $76,659.30 with Bowie County paying $47,159.30 annually, see attached **ATTH 02**, Texarkana, Texas, paying $7,000.00 annually, and ATCOG paying $22,500.00 annually for each capture; and

WHEREAS, funds currently budgeted in the Texarkana Water Utilities 2023-2024 budget in the Technology Fund are available in the amount of $76,659.30.

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

SECTION 1: The $459,955.80 for three captures with $153,318.60 due for each capture to be paid annually at a total cost of $76,659.30, submitted by Pictometry International, dba EagleView of Rochester, New York, a copy of which is attached hereto as **ATTH 01** be and is hereby approved in an amount not to exceed $459,955.80 to provide digital ortho oblique imagery.

SECTION 2: The City Manager be and is authorized to contract with Pictometry International, dba EagleView of Rochester, New York, for the above-described services.

SECTION 3: This Resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **25th day of September, 2023**.

ATTEST:

_____ _____

VICKY COOPWOOD, ASST. CITY SECRETARY BOB BRUGGEMAN, MAYOR

Attachment: 2023-129 RES Pictometry [Revision 1] (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

CUSTOMER NAME: Texarkana Water Utilities
CUSTOMER ADDRESS: 801 Wood Street, Texarkana, Texas 75501
CUSTOMER PHONE: 903-791-1769
CUSTOMER E-MAIL: gsmith@txkusa.org

MASTER SERVICES AGREEMENT

This Master Service Agreement ("Agreement") is entered into by and between the Customer identified above ("Customer") and Pictometry International Corp. dba EagleView, a corporation formed under the laws of the State of Delaware, with its principal place of business at 25 Methodist Hill Drive, Rochester, NY 14623 ("EagleView"). This Agreement is effective as of the date Customer signs the Order Form and will remain in effect during the Term, as defined below or until terminated as provided in this Agreement. In the event of a conflict between the terms of this Agreement and an Order Form, the Order Form shall prevail. Customer and EagleView may be referred to individually as "Party" and/or collectively as "Parties". EagleView shall provide the Product(s) and/or Service(s) in accordance with and subject to the conditions of this Agreement during the applicable Term as defined below.

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

1.1. **"Account"** means an account created for Customer by EagleView for the purpose of providing access to the Product(s) and/or Service(s).

1.2. **"Authorized User"** means: (i) any employee or elected or appointed official of the Customer authorized by Customer to use the Service; (ii) any additional users as may be defined in an Order Form (such as governmental subdivisions and their employees or elected or appointed officials if the Order Form indicates that governmental subdivisions are included) all of whom are considered to be agents of Customer for the purposes of Section 1.3; or (iii) a contractor of Customer (so long as Customer gives written notice of its intent to use such contractor to EagleView prior to being granted access to the Service and, unless EagleView expressly waives such requirement for any individual, has entered into a written agreement with EagleView authorizing such access).

1.3. **"Confidential Information"** means any non-public information that is identified as or would be reasonably understood to be confidential and/or proprietary as disclosed by a Party ("Discloser") to another Party ("Recipient"). Confidential Information of EagleView includes, but is not limited to: (a) the Product(s) and/or Service(s) including any related software code and Documentation; (b) the terms of this Agreement including all Order Forms and statements of work as applicable and related pricing, to the extent Customer is not required to disclose this information under a Freedom of Information Act type obligation, and (c) EagleView's roadmaps, product plans, product designs, architecture, technology and technical information, security audit reviews, business and marketing plans, and business processes, however disclosed. Confidential Information shall not include information that was (a) at the time of disclosure, through no fault of the Recipient, already known and generally available to the public; (b) at the time of disclosure to Recipient already rightfully known to the Recipient without any obligation of confidentiality; (c) disclosed to the Recipient by a third party who had the right to make the disclosure without any confidentiality restrictions; or (d) independently developed by the Recipient without access to or use of the Discloser's Confidential Information.

1.4. **"Documentation"** means the materials describing the features and functions of the Product(s) and/or Service(s) as may be updated from time to time by EagleView.

1.5. **"Fee"** means the fees charged by EagleView for the Product(s) and/or Service(s) as identified in an Order Form or an invoice issued by EagleView.

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1.6. **"Intellectual Property Rights"** means all worldwide intellectual property rights whether registered or unregistered including copyrights, patents, patent applications, trademarks, service marks, trade secrets, and all other proprietary rights.

1.7. **"Malware"** means any software program or code intended to harm, destroy, interfere with, corrupt, or cause undesired effects on program files, data, or other information, executable code, or application software macros.

1.8. **"Order Form"** means a mutually agreeable order describing the Product(s) and/or Service(s) purchased by Customer. The Parties may enter into several Order Forms with each Order Form made part of this Agreement.

1.9. **"Products and/or Services"** means EagleView's proprietary products and/or services and/or content identified in an Order Form and developed and owned by EagleView, its Affiliates (its directors, officers, employees, agents, representatives, advisors, and persons or entities which are controlled by or are under common control with EagleView) and/or their licensors.

2. ACCESS AND USE OF THE PRODUCT(S) AND/OR SERVICE(S)

2.1. **Access to the Product(s) and/or Service(s).** Subject to Customer's compliance with the terms of this Agreement, EagleView hereby grants to Customer the right to access and use the Product(s) and/or Service(s) identified on an Order Form(s) for its internal business purpose on a limited, revocable, non-exclusive, non-transferable basis in accordance with the scope of use identified in the Order Form. Unless a different term of the license grant to a Product is set forth in an Order Form, the right to access and use the Product(s) and Service(s) for its internal business purpose during the term of any Order Form(s) is the only right granted to Customer under this Agreement and any Order Form(s). EagleView will have no liability for any loss or damage arising from Customer's failure to comply with the terms of this Agreement. EagleView will provide Customer a primary Administrator Account for managing and granting access to its Authorized Users. Customer shall be responsible for activating Authorized Users through use of the Account. Customer and its Authorized Users are responsible for maintaining the confidentiality of all passwords.

2.2. **Access Restrictions.** Access by Customer and its Authorized Users to the Service is subject to the following conditions:

2.2.1. Customer shall not access the Product(s), Service(s) or Confidential Information of EagleView in a way that might adversely affect the security, stability, performance, or functions of the Service.

2.2.2. Customer will not directly or indirectly: (a) resell or sublicense the Product(s) and/or Service(s), (b) modify, disassemble, decompress, reverse compile, reverse assemble, reverse engineer, or translate any portion of the software related to the Product(s) and/or Service(s); (c) create derivative works from the Product(s) or Service(s); (d) use the Product(s) and/or Service(s) in violation of applicable law or the rights of others; (e) perform any vulnerability or penetration testing of the Service; (f) cause harm in any way to the Product(s) and/or Service(s) or cause Malware to harm the Products and/or Service(s); (g) work around the Product(s)' and/or Service(s)' technical limitations; (h) remove any proprietary notices from the Application, documentation or any other EagleView materials furnished or made available hereunder; (i) access the Application in order to build a competitive product or service; or (j) copy any features, functions or graphics of the Application.

2.2.3. Customer will not use the Product(s) and/or Service(s) in connection with any data that: (a) may create a risk of harm or loss to any person or property; (b) constitutes or contributes to a crime or tort; (c) is illegal, unlawful, harmful, pornographic, defamatory, infringing, or invasive of personal privacy or publicity rights; (d) contains any information that Customer does not have the right to use; or (e) use the Application or associated documentation or Data Products in violation of export control laws and regulations.

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

2.2.4. EagleView may suspend the Product(s) and/or Service(s) if EagleView determines, in its reasonable discretion, that suspension is necessary to protect Customer or the Service from operational, security, or other material risk, or if the suspension is ordered by a court or other tribunal. In such event(s), EagleView will provide notice of suspension to Customer as soon as reasonably practicable.

2.3. Account Use. Customer is responsible for maintaining and keeping confidential its Account information, including passwords, usernames, and email addresses. If Customer becomes aware of: (i) any violation of the terms of this Agreement by an Authorized User or unauthorized access to an Account, or (ii) any compromise to an Account including unauthorized access to or disclosure of any Account information, passwords, usernames or login credentials, Customer must promptly suspend such access or Authorized User and notify EagleView.

2.4. Reservation of Rights. Except for the limited rights expressly granted herein, EagleView and its Affiliates retain all right, title and interest in all Intellectual Property Rights and technology related to EagleView's proprietary Products and Services. Customer shall preserve and keep intact all EagleView copyright, patent, and/or trademark notices presented in connection with the Products and Services. Customer shall not assert any implied rights in or to any of EagleView's Intellectual Property Rights. From time to time, Customer may provide suggestions, ideas, enhancement requests, or other information on their use of the Products or Services ("Feedback"). Customer agrees that EagleView shall have all right, title, and interest to use such Feedback without any restrictions and without any payment to Customer.

3. PAYMENT

3.1. Fees. Customer shall pay the Fees within thirty (30) days of receipt of invoice. EagleView shall have the right to assess a late payment charge on any overdue amounts equal to the higher of: (i) one and one-half percent (1.5%) per month; or (ii) the rate allowed by applicable law. Additional payment terms may be set forth in the Order Form. All Fees paid pursuant to this Agreement and any applicable Order Form are non-refundable and all Product(s) and/or Service(s) ordered pursuant to an Order Form are non-cancelable, unless expressly stated to the contrary. In the event that EagleView seeks legal recourse for the collection of any unpaid Fees from Customer, Customer shall be responsible for all of EagleView's costs of such collection action if EagleView is the prevailing party If any Fees are overdue by more than thirty (30) days, EagleView may, without limiting its other rights and remedies, suspend the Product(s) and/or Service(s) until such amounts are paid in full, provided that, EagleView will give Customer at least ten (10) days' prior notice that its account is overdue.

3.2. Pricing Changes. EagleView shall have the option to adjust the pricing for any Products and/or Services upon any renewal or extension of an Order Form by providing one hundred and eighty (180) days' notice of such pricing change to Customer prior to the date for such renewal or extension.

3.3. Taxes. The Fees do not include any levies, duties excise, sales, use, value added or other taxes, tariffs, or duties that may apply to the Product(s) and/or Service(s) ("Taxes"). Customer is responsible for paying all Taxes associated with its purchases hereunder. If EagleView has the legal obligation to collect Taxes from Customer, Customer will pay that amount to EagleView unless Customer provides EagleView with a valid tax exemption certificate authorized by the applicable taxing authority prior to billing. For clarity, EagleView is solely responsible for taxes assessable against it based on its income, property, and employees.

4. TERM AND TERMINATION

4.1. Term. The term of this Agreement will commence on the date Customer signs an Order Form under this Agreement and will end upon the expiration date of the Order Form, or upon the expiration date of any subsequent or renewal Order Form(s) ("Term"). After expiration Customer shall not have any access to content, Product(s) or Service(s). Unless either Party gives notice of its intent not to renew the Product(s) and/or Service(s) and/or Content at least ninety (90) days prior to the end of the then current Term, access to the Services will automatically renew.

4.2. Termination. Either Party may terminate this Agreement upon written notice to the other Party if: (i) the non-terminating Party materially breaches this Agreement and fails to cure such breach within thirty (30) days of

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delivery of written notice; or (ii) if the other Party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation, or assignment for the benefit of creditors. EagleView may suspend the Product(s) and/or Service(s) in the event Customer is in material breach of this Agreement and such breach has not been cured within thirty (30) days' written notice to Customer. In the event of suspension due to Customer's material breach of this Agreement, Customer will remain liable for all Fees applicable to the Term that would have been paid had the Product(s) and/or Service(s) not been suspended.

4.3. Effect of Termination on Fees: EagleView Breach. In the event this Agreement is terminated by Customer for a material breach by EagleView, (a) where EagleView has fully delivered imagery to Customer, no refund of fees shall be made, or (b) where customer is accessing on-line imagery and data access and/or an application, EagleView will refund any unused prorated, prepaid fees for the Product(s) and/or Service(s).

4.4. Effect of Termination on Fees: Customer Breach. In the event this Agreement is terminated by EagleView for a material breach by Customer, Customer shall be responsible for all fees under any current Order Form(s).

4.5. Survival. Upon any expiration of the Product(s) and/or Services or termination of this Agreement, the following sections shall survive: 2.4 (Reservation of Rights), 3 (Payment), 5 (Confidentiality), 7 (Indemnification), 8 (Limitation of Liability), and 9 (General Provisions).

5. CONFIDENTIALITY

5.1. Obligations. Each Party will hold the other Party's Confidential Information in confidence with at least as much care as it holds its own Confidential Information, and neither Party will disclose any of the other Party's Confidential Information to any third party. Each Party may use the Confidential Information solely for purposes of its performance under this Agreement, and may disclose such information to its employees, subcontractors and professional advisors only on a need-to-know basis, provided that such employees, subcontractors and professional advisors are bound by obligations of confidentiality at least as restrictive as those set forth in this Agreement.

5.2. Required Disclosure. The Recipient may disclose Confidential Information as required by court order or otherwise by law, provided that it gives the Discloser prior written notice of such disclosure (to the extent legally permitted) as well as reasonable assistance if Discloser seeks a protective order to prevent the disclosure. Any disclosure pursuant to this Section 5.2 shall be restricted to include the least amount of Confidential Information necessary to comply with the order. All costs incurred by the Recipient in connection with complying with such order shall be reimbursed by the Discloser.

6. WARRANTIES

6.1. Mutual Warranties. Each Party represents and warrants to the other Party that: (i) it is a organization duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, has all requisite power and authority to carry on its business and to own and operate its properties and assets; and (ii) the individual signing this Master Services Agreement and/or the Order Form(s) has the requisite authority to bind the party to this Agreement.

6.2. EagleView Warranty. EagleView warrants that (i) it will provide the Product(s) and/or Service(s) with commercially reasonable care and skill; and (ii) the Product(s) and/or Service(s) will conform to the then-current Documentation in all material respects. In the event of a breach of this warranty, Customer's sole and exclusive remedy shall be as described in Section 4.3 Payments Upon Termination.

6.3. Disclaimer. EXCEPT FOR EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT, EAGLEVIEW MAKES NO ADDITIONAL REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED IN FACT OR BY OPERATION OF LAW, OR STATUTORY, AS TO ANY MATTER WHATSOEVER. EAGLEVIEW EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. EAGLEVIEW DOES NOT WARRANT THAT THE PRODUCT(S) AND/OR SERVICE(S) (INCLUDING ANY SUPPORT SERVICES)

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WILL BE ERROR FREE, WILL MEET CUSTOMER'S REQUIREMENTS, OR WILL BE TIMELY OR SECURE. CUSTOMER WILL NOT HAVE THE RIGHT TO MAKE OR PASS ON ANY REPRESENTATIONS OR WARRANTY ON BEHALF OF CUSTOMER TO ANY THIRD PARTY. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SERVICES AND SUPPORT SERVICES ARE PROVIDED "AS IS."

7. INDEMNIFICATION

7.1. EagleView Indemnification. EagleView will defend Customer against any claim, demand, suit or proceeding made by a third party alleging that the Product(s) and/or Service(s) infringes the intellectual property rights of such third party and will pay all costs or damages that are finally awarded by a court of competent jurisdiction (including reasonable attorneys' fees) or agreed to in a written settlement signed by EagleView. Customer will: (i) notify EagleView in writing within ten (10) calendar days of its receipt of notice of the claim, (ii) give EagleView sole control of the defense and settlement of the claim (except that EagleView will not settle any claim that results in liability or an admission of liability by Customer without Customer's prior written consent), and (iii) provide EagleView with all reasonable assistance, information, and authority necessary to perform EagleView's obligations under this paragraph. Notwithstanding the foregoing, EagleView will have no liability for any claim of infringement or misappropriation to the extent such claim arises from: (i) use of the Product(s) and/or Service(s) in combination with materials including software, hardware, or content not furnished by EagleView; or (ii) Customer's breach of this Agreement.

7.2. Remedies. In the event the Product(s) and/or Service(s) is held or is believed by EagleView to infringe or misappropriate any Intellectual Property Right of a third party, EagleView will have the option, at its expense, to: (i) replace the Product and/or Service with a non-infringing equivalent, (ii) modify the Product(s) and/or Service(s) to be non-infringing, (iii) obtain for Customer a license to continue using the Product(s) and/or Service(s); or (iv) terminate the Agreement and refund any prepaid, prorated fees for the remainder of the Term. The foregoing remedies constitute Customer's sole and exclusive remedies and EagleView's sole liability with respect to any third-party infringement claim.

7.3. Customer Indemnification. Customer will, at its expense, defend EagleView from and against all third party claims and will pay any costs, losses or damages that are finally awarded (including reasonable attorneys' fees) or agreed to in settlement to the extent arising out of Customer's breach of this Agreement, provided that (i) EagleView notifies Customer in writing within ten (10) calendar days of its receipt of written notice of the claim, (ii) Customer has sole control of the defense and settlement of the claim (except that Customer will not settle any claim that results in liability or an admission of liability by EagleView without EagleView's prior written consent), and (iii) EagleView provides Customer with all reasonable assistance, information, and authority necessary to perform Customer's obligations under this paragraph.

8. LIMITATION OF LIABILITY

8.1. Consequential Damages. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL EITHER PARTY OR ITS AFFILIATES BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, COVER, BUSINESS INTERRUPTION, SPECIAL, OR PUNITIVE DAMAGES OF ANY KIND OR NATURE, INCLUDING, BUT NOT LIMITED TO, LOSS OF USE, DATA, PROFITS, REVENUE, OR GOODWILL, WHETHER AN ACTION IS BASED IN CONTRACT, TORT, OR OTHERWISE, REGARDLESS OF WHETHER EITHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

8.2. Limitation of Liability. EXCLUDING EITHER PARTY'S INDEMNIFICATION OBLIGATIONS PURSUANT TO SECTION 7, TO THE EXTENT PERMITTED BY LAW, THE AGGREGATE AND CUMULATIVE LIABILITY OF EITHER PARTY INCLUDING ALL THEIR AFFILIATES REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE) SHALL IN NO EVENT EXCEED THE AMOUNT OF FEES PAID OR PAYABLE BY CUSTOMER IN THE TWELVE MONTHS PRECEDING THE ACTIONS GIVING RISE TO THE CLAIM.

9. GENERAL PROVISIONS

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

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9.1. Export Laws. The Product(s) and/or Services and derivatives thereof may be subject to export laws and regulations of the United States and other jurisdictions. EagleView and Customer each represent that it is not named on any U.S. government denied-party list. Customer will not permit any user to access or use any Product(s) and/or Service(s) or Content in a U.S.-embargoed country or region (including but not limited to Cuba, Iran, North Korea, Sudan, Syria, Crimea, or Russia) or in violation of any U.S. export law or regulation.

9.2. No Third-Party Beneficiaries. Except as specifically identified in this Agreement, nothing in this Agreement is intended to confer upon any person other than the parties and their respective successors or permitted assigns, any rights, remedies, obligations, or liabilities whatsoever.

9.3. Independent Contractors. Nothing contained in this Agreement shall be deemed or construed as creating a joint venture or partnership between any of the Parties hereto. Neither Party shall have the power nor authority to control the activities or operations of the other. At all times, the status of the Parties shall be that of independent contractors.

9.4. Force Majeure. Except with respect to Customer's payment obligations for services delivered, reports delivered, or any ongoing payment obligation, each party will be excused from performance under this Agreement, will not be deemed to be in breach hereof, and will have no liability to the other party whatsoever if either party is prevented from performing any of its obligations hereunder, in whole or in part, as a result of a Force Majeure Event. A "Force Majeure Event" means an event or occurrence beyond the control of the nonperforming party, such as an act of God or of the public enemy, embargo or other act of government in either its sovereign or contractual capacity, government regulation, travel ban or request, court order, civil disturbance, terrorism, war, quarantine restriction, epidemic, virus, fire, weather, flood, accident, strike, slowdown, delay in transportation, electrical power outage, interruption or degradation in electronic communications systems, inability to obtain necessary labor, materials or manufacturing facilities, and other similar events. In the event of any delay resulting from a Force Majeure Event, any date of delivery hereunder will be extended for a period equal to the time lost because of the delay.

9.5. Security Assessment. Upon reasonable request, EagleView will assist Customer in its EagleView security risk assessments by completing forms and/or providing reports that provide Customer with generally available information relating to EagleView's security practices, policies and procedures used to protect its systems. Such information will include high level overviews of implemented security measures, such as access controls, encryption, or other means, where appropriate, and will provide details relating to how Customer's Confidential Information is disclosed, accessed, processed, and stored (as applicable).

9.6. Assignment. Neither Party may assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the other Party's prior written consent (not to be unreasonably withheld); provided, however, either Party may assign this Agreement in its entirety (including all Order Forms), without the other Party's consent to its Affiliate or in connection with a merger, acquisition, corporate reorganization, or sale of all or substantially all of its assets. Subject to the foregoing, this Agreement will bind and inure to the benefit of the Parties, their respective successors, and permitted assigns.

9.7. Governing Law. This Agreement will be governed by the laws of the State of Customer, without regard to conflict of law principles. The Parties agree that any claims, legal proceedings, or disputes and/or litigation arising out of or in connection with this Agreement, will be brought solely in the state or federal courts located in the jurisdiction the Customer is based in, and the Parties irrevocably consent to the exclusive personal jurisdiction of such courts.

9.8. Severability & Waiver. The failure of either Party to exercise any right or the waiver by either Party of any breach, shall not prevent a subsequent exercise of such right or be deemed a waiver of any subsequent breach of the same, or any other provision of this Agreement. All waivers must be in writing and signed by the Party waiving its rights. If any section of this Agreement is held to be invalid or unenforceable, the remain sections of this Agreement will remain in force to the extent feasible.

9.9. Notices. Notwithstanding anything to the contrary in this Agreement, notices and other communications may be given or made pursuant to this Agreement via electronic mail. Notwithstanding the foregoing, any notice concerning a material breach, violation, or termination hereof must be in writing and will be delivered: (a) by

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

certified or registered mail; or (b) by an internationally recognized express courier or overnight delivery service. All written notices or other written communications to EagleView shall be provided to the address first listed above and addressed to: ATTENTION: LEGAL DEPARTMENT. All written notices to Customer shall be sent to the address identified on the Order Form and addressed to the individual signing said Order Form, and shall be deemed to have been duly given when delivered personally, when deposited in the U.S. mail, postage prepaid, or when deposited with an overnight courier or delivery service. With respect to notices and other communications regarding EagleView's privacy policy, Support Plan, or other similar provisions, such notices shall be deemed given when posted to EagleView's website (www.eagleview.com) or e-mailed to the Customer's Account administrator(s).

9.10. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute only one agreement. The execution and delivery of counterparts of this Agreement by electronic mail, electronic form (including execution by way of an electronic or other signature stamp), website submission, facsimile, or by original manual signature, regardless of the means or any such variation in pagination or appearance shall be binding upon the Parties executing this Agreement.

9.11. Entire Agreement. This Agreement, along with the Order Form(s) and Exhibit(s), contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, and all other communications between the Parties relating to such subject matter. The Parties agree that any term or condition stated in a Customer purchase order is null and void. This Agreement may not be amended or modified except by mutual written agreement. In the event that any court holds any provision of this Agreement as null, void, or otherwise ineffective or invalid, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law, and the remaining provisions shall remain in full force and effect. The unenforceability of any provision of this Agreement shall not affect the validity of the remaining provisions hereof. A waiver by either Party of a breach or failure to perform hereunder shall not constitute a waiver of any subsequent breach or failure.

Pictometry International Corp. dba EagleView	Customer
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

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EXHIBIT A

ORDER FORM

EFFECTIVE DATE (MONTH/DAY/YEAR): _____

TERM (DURATION): Six years

ORDER #
LC-10002212

BILL TO
Gary Smith, Executive Director
801 Wood Street
Texarkana, TX 75501
Email: gsmith@txkusa.org
Phone: 903-798-3821

SHIP TO
Gary Smith, Executive Director
801 Wood Street
Texarkana, TX 75501
Email: gsmith@txkusa.org
Phone: 903-798-3821

CUSTOMER ID	SALES REP	REFRESH FREQUENCY
A1241745	KBeers	Biennial

QTY	PRODUCT NAME	PRODUCT DESCRIPTION
71	EagleView Cloud - Imagery	Provides entitlement to the EagleView Platform, a secure hosted infrastructure and access to EagleView enabled workflow, analytics, and high-resolution imagery to dramatically improve efficiency for government agencies. Includes regular refreshes of ortho and oblique imagery at the GSD and frequency specified. Target capture season subject to weather and airspace permissions. Services term commences on date of activation. • GSD: 1in • Refresh Frequency: 2-Year Refresh
80	EagleView Cloud - Imagery	Provides entitlement to the EagleView Platform, a secure hosted infrastructure and access to EagleView enabled workflow, analytics, and high-resolution imagery to dramatically improve efficiency for government agencies. Includes regular refreshes of ortho and oblique imagery at the GSD and frequency specified. Target capture season subject to weather and airspace permissions. Services term commences on date of activation. • GSD: 3in • Refresh Frequency: 2-Year Refresh
862	EagleView Cloud - Imagery	Provides entitlement to the EagleView Platform, a secure hosted infrastructure and access to EagleView enabled workflow, analytics, and high-resolution imagery to dramatically improve efficiency for government agencies. Includes regular refreshes of ortho and oblique imagery at the GSD and frequency specified. Target capture season subject to weather and airspace permissions. Services term commences on date of activation. • GSD: 6in • Refresh Frequency: 2-Year Refresh
1	EagleView Cloud - Physical Delivery - Ortho	Provides an offline copy of the orthomosaic tiles and mosaics at the GSD specified in the EagleView Cloud - Imagery product once per refresh. Files to be provided in industry standard formats selectable by the customer with delivery made physically via hard drive media.
1	EagleView Cloud - Software	Provides authorized users the ability to login and access the EagleView Cloud software and analytics via the web-based EagleView Cloud platform. This software provides a robust complement of tools for engaging with imagery as well as additional project and collaboration tools, and access to mobile application. Requires the purchase of the EagleView Cloud – Core platform.

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

eagleview

1	EagleView Cloud - Comprehensive Integration Bundle	Provides activation of integrations between the EagleView Cloud platform and compatible customer environments (including compatible CAMA providers, 911/PSAP, Cityworks, and ESRI/GIS) and via the Integrated Web Application.
1	EagleView Cloud - Authorized Subdivisions	Extends the ability for a contracting county or non-state consortium of counties the ability to authorize access to their EagleView Cloud organization to any political unit or subdivision located totally or substantially within their boundary.
1	EagleView Cloud - Early Access	Provides entitlement to imagery from counties neighboring the imagery AOI as part of EagleView Cloud. Also provides entitlement to Early Access to refreshed imagery captures which allows authorized users to use new imagery immediately following its preliminary processing and quality control checks and prior to its final processing. Early Access imagery will become available incrementally as it is processed, and it will remain available until final, fully processed imagery is made available through other means.
1	EagleView Cloud - Disaster Response Program	Includes eligibility for the Disaster Response Program.
1	EagleView Cloud - FutureView Advanced Training (Full)	Full conference registration to advanced training designed to maximize deployment. Includes airfare, hotel room for up to three nights, event registration, and round-trip airfare up to $500. Customer will be provided with discount code to complete FutureView registration. (Air Travel Restrictions - 30 day advance purchase for airfare, Continental US only, per person round trip airfare at standard coach class rates through Pictometry's travel provider only.) Credit must be redeemed within three years of agreement execution date.
12	EagleView Cloud - Years Capture History	Includes access to historical ortho and oblique frame imagery from the EagleView archive. Quantity represents the number of calendar years of archive imagery available in EagleView Cloud.

FEES

Due at Initial Activation of Services*	$54,159.30
Due at First Anniversary of Initial Activation of Services*	$54,159.30
Due at Second Anniversary of Initial Activation of Services	$76,659.30
Due at Third Anniversary of Initial Activation of Services	$76,659.30
Due at Fourth Anniversary of Initial Activation of Services	$76,659.30
Due at Fifth Anniversary of Initial Activation of Services	$76,659.30

*Credit of $45,000.00 from Arktex Council of Governments to be applied to the first refresh only.

Non-appropriation of Funds: Notwithstanding anything herein to the contrary, in the event that the funds due for deliverables under the terms and conditions of this Agreement are not lawfully appropriated, the following provisions shall apply:

a. Customer shall provide EagleView with written documentation of non-appropriation of funds from its funding source ninety (90) days prior to commencement of a subsequent refresh;

b. This Agreement shall remain in full force and effect, however commencement of the subsequent refresh shall be deemed postponed until such time as funds for the subsequent refresh have been appropriated and all other sums due under the terms and conditions of this Agreement have been paid by Customer. In the event that the postponement exceeds eighteen months, EagleView reserves the right to terminate any and all obligations with respect to the postponement and all subsequent deliverables included in this Agreement; and

c. If Customer, or any party authorized under the terms and conditions of this Agreement to use the licensed products set forth in this Order Form, is in possession of licensed products for which EagleView has not been fully compensated in accordance with the payment terms of this Agreement, Customer or such authorized party shall immediately cease use of those licensed products, purge those licensed products from all Customer and authorized party computers, and return those licensed products to EagleView.

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

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PRODUCT PARAMETERS

Disaster Response Program ("DRP")

Agreement includes eligibility for the DRP described below so long as the customer remains under an active services agreement and in good standing with EagleView. Imagery captured through DRP will be captured "as-is".

A. Disaster Coverage Imagery at No Additional Charge – EagleView will, upon request of Customer and at no additional charge, provide standard quality imagery of up to 200 square miles of affected areas (as determined by EagleView) upon the occurrence of any of the following events during any period Customer is eligible for DRP:

- Hurricane: areas affected by hurricanes of Category 2 and higher.
- Tornado: areas affected by tornados rated EF4 and higher.
- Terrorist: areas affected by damage from terrorist attack.
- Earthquake: areas affected by damage to critical infrastructure resulting from earthquakes measured at 6.0 or higher on the Richter scale.
- Tsunami: areas affected by damage to critical infrastructure resulting from tsunamis.

B. Discounted Rate – Coverage for areas affected by the events set forth above exceeding 200 square miles will be, subject to EagleView resource availability, offered to Customer at the then-current DRP rates. Also, coverage for areas affected by hurricanes below Category II, tornadoes below EF4 or earthquakes rated below 6.0 on the Richter scale, flooding meeting or exceeding the major flood stage, wildfires impacting population centers, or other disasters as agreed to between the customer and EagleView, will be, subject to EagleView resource availability, offered to Customer at the then current DRP rates.

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

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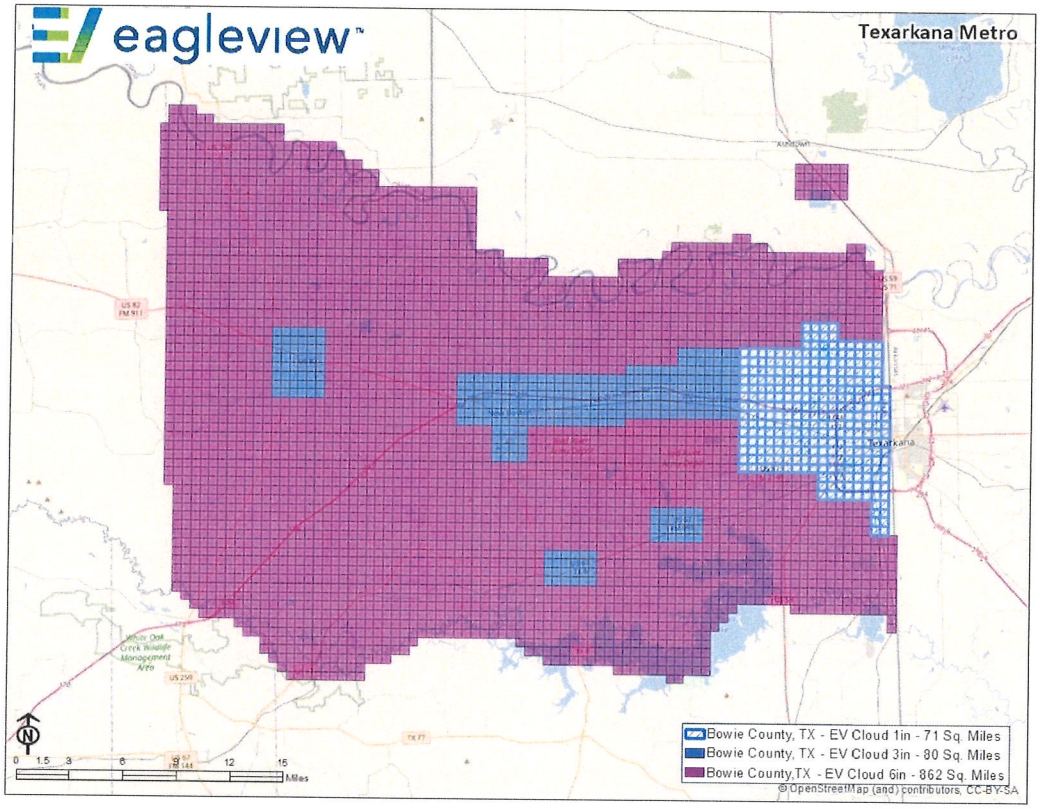
AOI(S)



[Signature page follows]

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

This Order Form is incorporated by reference into the Master Services Agreement between Pictometry International Corp. dba EagleView and Customer.

Pictometry International Corp. dba EagleView	Customer
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

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EXHIBIT B

SECURITY

1. Definitions.

1.1 "**Controls Report**" means an AICPA AT Section 101 SOC 2 Type 2 or comparable report, in each case appropriately scoped to the services provided, that will at a minimum focus on ensuring and testing the existence of controls related to the confidentiality, integrity, availability, security, and privacy of Customer Confidential Information.

1.2 "**Critical Issue**" means an issue that does, or has the potential to, compromise the confidentiality, integrity, availability, security, or privacy of Customer Confidential Information.

1.3 "**Highly Sensitive Information**" means an individual's first and last name or first initial and last name in combination with (a) government-issued identification number (including Social Security number, driver's license number, or state-issued identification number); (b) financial account number, credit card number, debit card number, or credit report information, with or without any required security code, access code, personal identification number, or password that would permit access to an individual's financial account; or (c) biometric, genetic, health, medical, medical insurance, or precise location data.

1.4 "**Security Incident**" means any (a) access to Customer's Confidential Information in the possession or control of EagleView or any Subcontractors, by an unauthorized party or by an authorized party for unauthorized purposes; (b) unauthorized use of any such Confidential Information; or (c) event involving data or information that results in a material impact to EagleView's services or to Customer.

1.5 "**Subcontractor**" means a subcontractor of EagleView.

2 Security Compliance. EagleView will meet the security requirements set forth in this Agreement or, alternatively, demonstrate and implement to Customer's reasonable satisfaction appropriate compensating controls.

2.1 To the extent applicable, EagleView will: (a) take all steps necessary to maintain its status as a PCI DSS compliant; (b) promptly notify Customer if EagleView ceases to be PCI DSS compliant, explaining the cause for non-compliance and the target date for becoming compliant; and (c) annually provide to Customer its current PCI DSS Attestation of Compliance report upon request.

2.2 At least annually, EagleView will conduct an assessment of the information technology and information security controls for all facilities used in complying with its obligations under this Exhibit, will prepare a Controls Report that includes the results of such assessment, and, upon request, will provide a current Controls Report to Customer.

2.3 If EagleView learns of any Critical Issues, EagleView will use all reasonable efforts to remediate such Critical Issues promptly.

3. Data Security. EagleView will:

3.1 Upon request, provide to Customer a report identifying where Customer Confidential Information is processed and stored, and how access is controlled. For any material changes in data center hosting, including, without limitation, outsourcing of data center hosting, such report will be accompanied by the most recent Controls Report for such data center. Any new or newly configured data center will be at least as secure as it was prior to the changes and, if requested by Customer, EagleView will cooperate with Customer to perform a security assessment of such changes.

3.2 Not allow Customer Confidential Information to be disclosed, accessed, processed, or stored outside the United States, its territories, and possessions ("**U.S.**") without Customer's prior written consent, and will cooperate with Customer's security assessment of such non-U.S. based activities. EagleView will be responsible for any such non-U.S. based activities and will ensure that such non-U.S. based activities are in compliance with applicable law and this Agreement, including, without limitation, all security requirements.

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

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3.3 When transmitting and storing Customer Highly Sensitive Information as defined in Sections 1.3 (a) and (b), encrypt such information using persistent encryption that is applied to such Highly Sensitive Information and maintains its protection throughout the lifecycle of such Highly Sensitive Information. Use encryption keys unique to Customer and use encryption and key management techniques that comply with security industry standards published by the National Institute of Standards and Technology ("NIST").

3.4 Where practicable, store Customer Confidential Information on a separate server, virtual server image, tenant, separate database instance, or, if applicable, comparable cloud storage.

3.5 Ensure that Customer Confidential Information is not stored on any portable removable media (such as USB mass storage, external hard drives, and CD/DVDs), except as necessary to support the services provided under this Agreement and provided that such Customer Confidential Information is encrypted as described in Section 3.3.

3.6 Remove all Customer Confidential Information from any media taken out of service and destroy or securely erase such media to make it unreadable, undecipherable, and unrecoverable by any means consistent with data destruction practices recommended by NIST.

3.7 Conduct a security risk assessment based upon an industry standard security framework of all EagleView's Subcontractors. Ensure Subcontractors have and follow appropriate security processes and remediate any Critical Issues promptly.

Failure to comply with this Section 3 within 20 business days after notice of breach will constitute a material breach of this Agreement.

4. **Secure Application Development.** When EagleView makes a material enhancement or major release to any application used in connection with the services provided under this Agreement, EagleView will:

4.1 Conduct an application security assessment prior to placing such application into production. Application vulnerabilities, such as those referenced in OWASP Top 10, must be evaluated by a qualified employee or contractor to determine exploitability. EagleView will not place into production any applications that have vulnerabilities that are defined as Critical Issues.

4.2 Upon request, provide application source code that has been specifically developed as a deliverable for the sole benefit of Customer or, alternatively, provide process documentation that supports review of such code.

4.3 Not use Customer Confidential Information for any testing, unless Customer has given its prior written consent and such test use is subject to the same security policies and procedures as implemented in the production environment.

4.4 No more than once per year while this Exhibit is in effect and with no less than thirty (30) days prior written notice to EagleView, Customer will be permitted to conduct a penetration test at Customer's expense on a EagleView replicated, non-production testing site that includes all production security controls, in order to verify that EagleView has and continues to comply with the security and data requirements set forth in this Agreement. Customer may elect to use a qualified third-party vendor to conduct such penetration test. In no event will any such test exceed ten (10) business days in duration. Upon completion of such test, Customer will provide EagleView with a copy of the results of such test.

5. **Information Security Program**. Without limiting EagleView's obligation of confidentiality under this Agreement, EagleView will establish and maintain a written information security program, together with adequate administrative, technical, and physical safeguards, to:

5.1 Ensure the confidentiality, integrity, availability, security, or privacy of all Customer Confidential Information that is accessed, processed, stored, or controlled by EagleView;

5.2 Protect against anticipated threats or hazards to the confidentiality, integrity, availability, security, or privacy of such Customer Confidential Information;

5.3 Protect against unauthorized access to or use of such Customer Confidential Information; and

5.4 Ensure the secure disposal of such Customer Confidential Information by shredding, erasing, or otherwise modifying the data to make it unreadable, undecipherable, and unrecoverable by any means consistent with the data destruction practices recommended by NIST.

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

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Such written information security program and administrative, technical, and physical safeguards must be no less rigorous than accepted industry practices (such as applicable security standards published by ISO, ITIL, and/or NIST), and will ensure that all such safeguards, including the manner in which Customer Confidential Information is collected, accessed, used, stored, processed, disposed of, and disclosed, comply with applicable data protection and privacy laws, as well as the terms and conditions of this Agreement.

6. **Vulnerability Management.** EagleView will:

6.1 Maintain an asset management process covering hardware and software.

6.2 Maintain a patch management procedure that deploys security patches for systems used to access or process Customer Confidential Information that includes a defined timeframe to implement all patches based on a risk assessment (not to exceed thirty (30) days for patches rated critical or forty-five (45) days for patches rated high).

6.3 Maintain a malware management process in accordance with industry standards for EagleView's entire infrastructure.

6.4 Document and follow a formal change management/change control process that covers both systems and infrastructure and application programs to ensure only authorized changes are implemented.

6.5 Engage a third-party vendor to perform an annual network-level penetration test that includes the following environments as applicable: production, non-production, multi-tenant, and shared services. The third-party vendor must follow industry best practices and be certified to conduct penetration testing. EagleView will also ensure all Critical Issues identified by such testing are remediated and retested promptly but in any event within 30 days. Upon completion of such test, EagleView will provide Customer with a letter from the third-party stating that testing was performed, and all critical/high issues were addressed.

6.6 Conduct bi-annual vulnerability assessments to identify publicly known security vulnerabilities.

7. **Disaster Recovery and Business Continuity**. EagleView will maintain a backup of Customer Confidential Information, for an orderly and timely recovery thereof if access to or use of the services hereunder may be interrupted.

8. **Security Incident Process**. EagleView will notify Customer of any Security Incident within 48 hours of confirming that a Security Incident has occurred. EagleView will continue to notify Customer daily until Customer acknowledges receipt of such notification, which Customer agrees to do promptly upon receipt. Promptly following any such notice, the parties will coordinate to investigate the Security Incident. Unless otherwise agreed to in writing, EagleView will remediate the cause of such Security Incident immediately.

8.1 EagleView agrees to fully cooperate with Customer in responding to the Security Incident, including, without limitation, by: (a) designating an employee and a backup who each will be available to Customer 24 hours per day, 7 days per week as a contact regarding obligations under this Section; and (b) assisting with any investigation of the nature or cause of such Security Incident.

8.2 If Customer determines that applicable law or regulation requires notification to any person of a Security Incident, such notification will be carried out by EagleView at EagleView's cost, including any costs for credit monitoring or other mitigation services, unless otherwise directed by Customer in writing; provided, however, that in all cases Customer will have sole control over the content, timing, and method of any such notification to persons affected by a Security Incident involving Customer's Confidential Information.

8.3 EagleView will maintain Security Incident handling and reporting processes that ensure: (a) server logs are maintained; (b) all Security Incidents are appropriately logged; (c) all information associated with a Security Incident and all server access and audit logs are retained for at least 3 years; and (d) all such logs and information are appropriately protected to ensure the integrity of such logs and information.

9. **Human Resources Security**. EagleView will: (a) unless agreed otherwise in the Agreement, perform criminal background checks covering charges and convictions of any felony or any misdemeanor involving violence, dishonesty, or breach of trust for all employees of EagleView and any Subcontractors who perform services at Customer facilities and/or access or process Customer Confidential Information and/or access Customer information systems; (b) ensure that physical and logical access for each employee of EagleView and of any

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

Subcontractors are deactivated within twenty-four (24) hours of such employee's termination of employment or such Subcontractor's termination of engagement; and (c) provide regular security awareness training to all EagleView employees and require Subcontractors to provide such training for their employees.

10. **Facility Requirements**. EagleView will employ physical security procedures to ensure that only authorized individuals have access to corporate facilities. Such procedures will include, but not be limited to, the use of CCTV, cardkey access, process to log and monitor visitors. Surveillance records will be maintained for at least 30 days or, if Highly Sensitive Information is accessed or stored by EagleView, 3 months.

11. **Record Retention and Return.** EagleView will retain Customer Confidential Information only as long as EagleView is required to by applicable law. Customer may request earlier destruction of all or a portion of such Customer Confidential Information. If Customer so requests, then EagleView will promptly destroy or arrange for the destruction of any and all retained copies of such Customer Confidential Information in EagleView's or any Subcontractor's possession or control by shredding, erasing, or otherwise modifying such Customer Confidential Information to make it unreadable, undecipherable, and unrecoverable by any means consistent with data destruction practices recommended by NIST and will certify in writing that the foregoing has been completed. Except as may be required by applicable law, the requirement to destroy Customer Confidential Information will not apply to Customer Confidential Information that has been, stored for backup or archiving purposes, but EagleView will continue to comply with the provisions of this Agreement regarding such Customer Confidential Information.

Attachment: 2023-129 ATTH 01 Service Agreement (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

Interlocal Cooperation Agreement
Between Texarkana Water Utilities and Bowie Central Appraisal District

This Interlocal Cooperation Agreement ("Agreement") is entered into by and between Texarkana Water Utilities ("TWU") and the Bowie Central Appraisal District ("BCAD")

WHEREAS, TWU and BCAD desire to continue to develop and maintain a GIS parcel database for Bowie County, and up-to-date digital ortho and oblique imagery is required to develop and maintain the database and

WHEREAS, Bowie County, wishes to have its map-based information system include the most current digital ortho and oblique imagery, and has determined that the creation of this resource provides information for a multitude of uses throughout Bowie County and thus serves a valid public purpose

WHEREAS, TWU and BCAD have agreed that such GIS services will be provided by EagleView Technologies ("EagleView"); and

WHEREAS, TWU has entered into, or will enter into, a contract with EagleView to provide ortho and oblique imagery (the "Contract") and BCAD agrees to reimburse TWU for the sums expended under the contract with EagleView;

WHEREAS, BCAD requires this information to accomplish this purpose and has determined that TWU can fulfill this need, and TWU is willing to reciprocate; and

NOW THEREFORE, the parties, BCAD and TWU, agree to the following terms and conditions regarding the creation of digital ortho and oblique imagery.

1. TWU will enter into a contract with EagleView for the acquisition of digital ortho and oblique imagery under the terms set forth in the Contract attached hereto as Exhibit "A".

2. Under the terms of the contract, digital ortho and oblique imagery acquisition will be performed in three (3) separate captures, with the cost of each capture not to exceed One Hundred Fifty-Three Thousand Three Hundred Eighteen and 60/100 Dollars ($153,318.60)

3. BCAD agrees to reimburse TWU the cost of all three captures with the amount not to exceed Ninety-Four Thousand Three Hundred Eighteen and 60/100 Dollars ($94,318.60) per capture.

4. BCAD also agrees to reimburse Texarkana for professional GIS services including personnel and administrative cost not to exceed Thirty Thousand Five Hundred and no/100 Dollars ($30,500.00), annually, for as long as it is deemed mutually beneficial to Texarkana and BCAD, but not less than a period of two years.

5. TWU and BCAD each find and determine that adequate consideration supports this Agreement.

Attachment: 2023-129 ATTH 02 Interlocal Cooperation Agreement Between TWU and BCAD (4092 : 2023-129 RES Pictometry Contract for

I. LICENSE AGREEMENT

The personnel specified in **Appendix A** will serve as points of contact for their respective organizations. The following provisions are a license agreement between TWU and BCAD with respect to data products that are identified in Section II. TWU is the license holder of and has the right to grant a license to BCAD to use the said data products for their use. BCAD may only use and distribute the said data products in accordance with TWU license agreement with EagleView as "Authorized Subdivision".

A. Licensed Operating Environment

(1) Operating Equipment. In exchange for monetary consideration listed in section III, BCAD will be granted an exclusive operation license to install, store, load, execute, and display (collectively, "Use") the TWU data product on as many local area networks and/or end-user workstations as BCAD reasonably needs in support of its own operation (the "Licensed Operating Environment"). Any software components of the TWU data product are provided in machine- readable executable format only.

(2) Authorized Users. Unless otherwise agreed in writing, the TWU data product will be used by BCAD officials, officers, employees, and authorized contractors only ("Authorized Users"). A contractor shall be deemed authorized to Use the data products by BCAD or TWU if such Use is incidental to a larger relationship between the contractor and BCAD and is used for the purpose no greater than reasonably needed to achieve the objectives of an actual project undertaken in connection with that relationship. The contractor must agree in writing to be bound by the provisions of this Agreement.

B. Permitted Uses

(1) Use of TWU Products. BCAD's Authorized Users may Use the TWU data product in the Licensed Operation Environment for any use that furthers BCAD internal operations or in furtherance of BCAD's mission.

(2) Use of Generated Output or Other Data. Except as stated, BCAD will own all original works of authorship it may independently create. Digital output from BCAD's Use of the TWU Data Product may be resized as desired and printed on black and white, color printers, or map plotters. Such printed hardcopies may be distributed to BCAD's officers, employees, citizens, contractors, or other persons in the regular course of business for their internal use or in connection with an actual transaction. Such printed output may be further copied, photographed, or reproduced digitally on the Internet. BCAD may charge a fee for such hardcopy printouts that exceed the actual direct cost of production. Without the consent of TWU, BCAD may not otherwise provide copied, digitized, reproduced, transmitted or disseminated, in whole or in part, any of the original digital data product in any form.

Attachment: 2023-129 ATTH 02 Interlocal Cooperation Agreement Between TWU and BCAD (4092 : 2023-129 RES Pictometry Contract for

II. DELIVERABLES

The items listed in section II are the deliverables as agreed to by Texarkana and BCAD.
Bowie County Coverage Area - See Exhibit A

Digital Aerial Oblique and Orthophotography Resolution
Bowie County, TX – EV Cloud 1 in – 71 sq. Miles (City of Texarkana, TX)
Bowie County, TX – EV Cloud 3 in - 80 sq. Miles (Incorporated Cities except Texarkana)
Bowie County, TX – EV Cloud 6 in – 862 sq. Miles (County)

Other:
1 EagleView Cloud - Physical Delivery - Ortho Mosaic – Coordinate System State Plane Texas
1 EagleView Cloud - Software – Connect, WMTS and WMS Image Service
1 EagleView Cloud - Comprehensive Integration Bundle – ArcGIS Pro – ArcGIS Online
1 EagleView Cloud - Authorized Subdivisions
1 EagleView Cloud - Early Access EagleView Cloud - Disaster Response Program
1 EagleView Cloud - FutureView Advanced Training (Full)
12 EagleView Cloud - Years Capture History

III. OBLIGATIONS

Payment to TWU shall be as follows for the products listed in Section II, TWU shall invoice BCAD for the stipulated amounts.

Total amount payable to TWU shall not exceed $77,659.30 annually, over a period of six years. (1/6 captured flight $47,159.30 plus GIS Professional Services $30,500.00)

The full annual amount due will be divided into twelve equal monthly payments. All payments will be remitted to Texarkana Water Utilities, P.O. Box 2008, Texarkana TX, 75504.

Upon receipt of the invoice, BCAD has thirty (30) days to review the products and pay said invoice amount owed to TWU.

IV. TERMINATION

The parties agree that BCAD or TWU may terminate this Agreement by providing (30) days written notice to either party. Such notice shall be given to both parties at the address set forth under **Appendix A**

Attachment: 2023-129 ATTH 02 Interlocal Cooperation Agreement Between TWU and BCAD (4092 : 2023-129 RES Pictometry Contract for

Authority is hereby delegated by each party to their respective officers to implement and effectuate the purposes of the Agreement, including the execution of any documents necessary to accomplish the terms and conditions of this Agreement.

This Agreement shall be effective on _____, or on the date all parties have approved this Agreement, whichever is later.

City of Texarkana, Texas

Attest:

By: _____ _____
David Orr
City Manager
City of Texarkana, Texas

Texarkana Water Utilities (TWU)

Attest:

By: _____ _____
Gary Smith
Executive Director
Texarkana Water Utilities

Bowie County Appraisal District (BCAD)

Attest:

By:_____ _____
Mike Brower
Chief Appraiser
Bowie County Appraisal District

Attachment: 2023-129 ATTH 02 Interlocal Cooperation Agreement Between TWU and BCAD (4092 : 2023-129 RES Pictometry Contract for

APPENDIX A

TEXARKANA WATER UTILITIES

	MAIN CONTACT
Name:	Gary Smith, P.E.
Title:	Executive Director
Department:	Administration
Street Address:	801 Wood Street
City, Zip	Texarkana, Texas 75501
Phone/Fax:	903.798.3821
E-mail:	gsmith@txkusa.org

BOWIE CENTRAL APPRAISAL DISTRICT

	MAIN CONTACT
Name:	Mike Brower
Title:	Chief Appraiser
Department:	Bowie Central Appraisal District
Street Address:	122A Plaza West
City, Zip	Texarkana, TX 75501
Phone:	903.793.8936
E-mail:	mbrower@bowieappraisal.org

Attachment: 2023-129 ATTH 02 Interlocal Cooperation Agreement Between TWU and BCAD (4092 : 2023-129 RES Pictometry Contract for

City of Texarkana, Texas

Developing Perspectives and Goals Pending Approval by the City Council:	
Perspectives	**Goals**
Serve the Community	☐ Promote an Environmentally Sensitive & Livable Community ☐ Provide a Safe Community ☑ Deliver Quality Services ☐ Foster a Healthy Community
Run the Operations	☐ Enhance Community Preparedness & Responsiveness ☐ Maximize Partnership Opportunities ☐ Provide Courteous & Responsive Customer Service ☐ Model a Positive City Image ☑ Deliver Efficient Services ☐ Cultivate Community Involvement & Access
Manage the Resources	☐ Maintain Fiscal Strength ☑ Maximize Utilization & Resources ☐ Invest in Infrastructure & Transportation
Develop Personnel	☐ Develop a Skilled & Diverse Workforce ☐ Create a Positive & Rewarding Work Culture
Perspectives and Goals Additional Comments:	

Resource Impact:	
Staff time required if item is approved:	No Additional
Other Potential Impacts:	

Public Information Plan:			
☐	Newspaper Notice (Required by Statute)	☐	Public Hearing (Required by Statute)
☐	Public Forum/Input Session	☐	Press Release
☐	E-News Distribution	☐	Website Notice
☐	Social Media (Twitter, Facebook, etc.)	☐	Special Mailing
☐	Flyers Posted	☐	Banners Posted
☐	Survey	☐	Automated Phone Call
☐	None Required	☐	
Other:			

Attachment: 2023-129 Goals & Perspectives (4092 : 2023-129 RES Pictometry Contract for Digital Aerial Photography)

City of Texarkana, Texas

Briefing Sheet

Version: B
Update Date: 9/22/2023 10:41 AM

Lead Department: Public Works Department **Action Officer:** Jonathan Wade,

Subject: Resolution No. 2023-130 authorizing the City Manager to execute a contract with Contech Contractors, Inc of Texarkana, Texas, for an amount not to exceed $138,880.67, for the 4th & Main Street sidewalk project, with funds budgeted in the 2023 general fund.

Briefing: 9/25/2023 **Public Hearing:** **Council Vote:** 9/25/2023

Item Schedule

Schedule 3: No briefing required (one week)

Updates/History of Briefing:

NOT APPLICABLE

Executive Summary and Background Information:

Date of Invitation for Bid (IFB 23-2001-09) posted on website: July 31, 2023
Dates published in Texarkana Gazette: July 30, 2023 and August 6, 2023
Opened bids: August 17, 2023
Bids received: Contech Contractors, Inc
Lowest Responsive Bidder: Contech Contractors, Inc - See EXH "A"
Budget: 2023 General Fund
Policy Exceptions: None
Scope of Work: This project consists of a sidewalk on the southeast corner of 4th Street and Main Street.

Potential Options:

- Approve
- Not Approve

Fiscal Implications:

Funds available in 2023 General Fund.

Staff Recommendation:

Staff Recommends approval.

Advisory Board/Committee Review:

NONE

Board/Committee Recommendation:

NOT APPLICABLE

City of Texarkana, Texas

Advisory Board/Committee Meeting Date and Minutes:

NOT APPLICABLE

Attachments

a. 2023-130 RES 4th & Main Street Sidewalk Project (DOCX)
b. 2023-130 EXH 'A' Bid Tab (PDF)
c. 2023-130 Goals & Perspectives (DOCX)

Staff Coordination

Public Works Department	Completed	Dusty Henslee 09/18/2023 3:05 PM	Department Head Review	
Public Works Department	09/18/2023 3:31 PM	Angela Humphrey	Reviewer	Completed
Planning and Community Development	09/18/2023 3:40 PM	Vashil Fernandez	Review	Completed
City Manager	David Orr	City Manager Review	Completed	09/22/2023 11:16 AM
City Council	Vicky Coopwood	Meeting	Pending	09/25/2023 6:00 PM

Meeting History

RESOLUTION NO. 2023-130

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH CONTECH CONTRACTORS, INC. OF TEXARKANA, TEXAS, IN AN AMOUNT NOT TO EXCEED ONE HUNDRED THIRTY-EIGHT THOUSAND EIGHT HUNDRED EIGHTY DOLLARS AND SIXTY-SEVEN CENTS ($138,880.67) FOR THE 4TH & MAIN STREET SIDEWALK PROJECT TO BE PAID FROM THE 2023 GENERAL FUND; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Texarkana, Texas, is creating enhancements to 4th & Main Street with new sidewalks being installed; and

WHEREAS, on August 17, 2023, one (1) bid was received and Contech Contractors, Inc. of Texarkana, Texas, submitted the lowest and most responsible bid summarized on the bid tab sheet **(Exhibit 'A')**; and

WHEREAS, funds are available in the 2023 General Fund.

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

SECTION 1: The lowest most responsible bidder for sidewalks for the City is hereby declared to be Contech Contractors, Inc. of Texarkana, Texas.

SECTION 2: The City Manager is hereby authorized to execute a contract with Contech Contractors, Inc. of Texarkana, Texas, in an amount not to exceed $138,880.67, with funds budgeted in the 2023 General Fund.

SECTION 3: This resolution shall be in full force and in effect from and after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **25th day of September, 2023**.

_____ _____

VICKY COOPWOOD, ASST. CITY SECRETARY BOB BRUGGEMAN, MAYOR

Attachment: 2023-130 RES 4th & Main Street Sidewalk Project [Revision 1] (4093 : 2023-130 RES 4th & Main Street Sidewalk Project)

Bid Tabulation
for
4th & Main Street Sidewalks Project

				Contech Contractors Inc.			
				4003 W 7th. Street			
				Texarkana, TX 75501			
				WB Douglas 903-831-4515			
				wb@contechcontractorsinc.com			
	#23-2001-09						
	AUGUST 17,2023 10:30 AM						
Item #	Description	ESTIMATED QTY	UNIT OF MEASURE	UNIT PRICE	EXTENDED AMOUNT	UNIT PRICE	EXTENDED AMOUNT
1	PREPARING ROW	1	LS	$4,218.75	$4,218.75		
2	MOBILIZATION	1	LS	$9,562.50	$9,562.50		
3	BARRICADES, SIGNS, & TRAFFIC HANDLING	1	LS	$1,687.50	$1,687.50		
4	REMOVE EXISTING PAVEMENT STRUCTURES	375	SY	$28.13	$10,548.75		
5	SUBGRADE PREPARATION	375	SY	$10.13	$3,798.75		
6	MILL EXISTING ASPHALT SURFACE	155	LF	$33.75	$5,231.25		
7	ASPHALT OVERLAY (VARIABLE DEPTH, 0"-4")	153	SY	$90.00	$13,770.00		
8	INSTALL CONCRETE DRIVEWAY (REINF) (6")	145	SY	$124.28	$18,020.60		
9	INSTALL CONCRETE SIDEWALK (4")	180	SY	$107.21	$19,297.80		
10	INSTALL TYPE 7 CURB RAMP	3	EA	$1,068.75	$3,206.25		
11	INSTALL CONCRETE CURB & GUTTER	272	LF	$39.38	$10,711.36		
12	INSTALL TREE GRATES (3'X4')	3	EA	$4,590.00	$13,770.00		
13	INSTALL TREE GRATES (4'X4')	4	EA	$5,701.79	$22,807.16		
14	INSTALL EROSION CONTROL	1	LS	$225.00	$225.00		
15	INSTALL PAVEMENT MARKINGS (TY II)	1	LS	$337.50	$337.50		
16	RESET BRICK PAVERS	15	SY	$112.50	$1,687.50		
4th & Main Street Sidewalks Project Base Bid Amount:				**$27,937.17**	**$138,880.67**		**$0.00**

Attachment: 2023-130 EXH 'A' Bid Tab (4093 : 2023-130 RES 4th & Main Street Sidewalk Project)

City of Texarkana, Texas

Developing Perspectives and Goals Pending Approval by the City Council:		
Perspectives		**Goals**
Serve the Community	☑	Promote an Environmentally Sensitive & Livable Community
	☑	Provide a Safe Community
	☑	Deliver Quality Services
	☑	Foster a Healthy Community
Run the Operations	☐	Enhance Community Preparedness & Responsiveness
	☑	Maximize Partnership Opportunities
	☑	Provide Courteous & Responsive Customer Service
	☑	Model a Positive City Image
	☑	Deliver Efficient Services
	☐	Cultivate Community Involvement & Access
Manage the Resources	☑	Maintain Fiscal Strength
	☑	Maximize Utilization & Resources
	☑	Invest in Infrastructure & Transportation
Develop Personnel	☐	Develop a Skilled & Diverse Workforce
	☐	Create a Positive & Rewarding Work Culture
Perspectives and Goals Additional Comments:		

Resource Impact:	
Staff time required if item is approved:	No Additional
Other Potential Impacts:	

Public Information Plan:			
☑	Newspaper Notice (Required by Statute)	☐	Public Hearing (Required by Statute)
☐	Public Forum/Input Session	☐	Press Release
☐	E-News Distribution	☐	Website Notice
☐	Social Media (Twitter, Facebook, etc.)	☐	Special Mailing
☐	Flyers Posted	☐	Banners Posted
☐	Survey	☐	Automated Phone Call
☐	None Required	☐	
Other:			

Attachment: 2023-130 Goals & Perspectives (4093 : 2023-130 RES 4th & Main Street Sidewalk Project)

City of Texarkana, Texas

Version: A

Briefing Sheet

Update Date: 9/22/2023 10:44 AM

Lead Department: Public Works Department **Action Officer:** Angela Humphrey,

Subject: Resolution No. 2023-131 authorizing the City Manager to execute a contract with Gibson Asphalt Construction Inc. of Wake Village, Texas, for the City's seal coat and 1" and 2' overlay paving services contract, with funds not to exceed budgeted funds in the FY24 major street maintenance fund (Fund 120), FY24 street maintenance general fund (Fund 101), and 2022 bond fund (Fund 425), to reconstruct city streets.

Briefing: 9/25/2023 **Public Hearing:** **Council Vote:** 9/25/2023

Item Schedule

Schedule 3: No briefing required (one week)

Updates/History of Briefing:

NOT APPLICABLE

Executive Summary and Background Information:

Date of Invitation for Bid (IFB 23-1901-09) posted on website: August 17, 2023
Dates published in Texarkana Gazette: August 20, 2023, and August 27, 2023
Opened Bids: September 6, 2023
Bids received: Gibson Asphalt Construction, Inc.
Lowest Responsive Bidder: Gibson Asphalt Construction, Inc.; See EXH "A"
Budget: FY24 Major Street Maintenance Fund, FY24 Street Maintenance General Fund, and 2022 Bond Fund
Policy Exceptions: None
Scope of Work: Providing Seal Coat and 1 and 2 Overlay Paving Services for City Streets for purpose of making roadway repairs and improvements. (1) one-year renewal up to (4) four years.

Potential Options:

- Approve CM to enter into contract
- Not approve CM to enter into contract

Fiscal Implications:

Funds available in the FY24 Major Street Maintenance Fund, FY24 Street Maintenance General Fund, and 2022 Bond Fund

Staff Recommendation:

Recommends Approval

Advisory Board/Committee Review:

None

Board/Committee Recommendation:

NOT APPLICABLE

Advisory Board/Committee Meeting Date and Minutes:

NOT APPLICABLE

Attachments

a. 2023-131 Goals & Perspectives (DOCX)
b. 2023-131 RES EXH A (PDF)
c. 2023-131 RES Paving Services Contract (DOCX)

Staff Coordination

Public Works Department	Dusty Henslee	Reviewer	Skipped	09/20/2023 10:02 AM
Public Works Department	Dusty Henslee	Department Head Review	Completed	09/20/2023 10:02 AM
Finance Department	Kristin Peeples	Review	Completed	09/20/2023 10:24 AM
City Manager	David Orr	City Manager Review	Completed	09/22/2023 11:13 AM
City Council	Vicky Coopwood	Meeting	Pending	09/25/2023 6:00 PM

Meeting History

City of Texarkana, Texas

Developing Perspectives and Goals Pending Approval by the City Council:

Perspectives	Goals
Serve the Community	☑ Promote an Environmentally Sensitive & Livable Community ☑ Provide a Safe Community ☑ Deliver Quality Services ☑ Foster a Healthy Community
Run the Operations	☑ Enhance Community Preparedness & Responsiveness ☑ Maximize Partnership Opportunities ☑ Provide Courteous & Responsive Customer Service ☑ Model a Positive City Image ☑ Deliver Efficient Services ☑ Cultivate Community Involvement & Access
Manage the Resources	☑ Maintain Fiscal Strength ☑ Maximize Utilization & Resources ☑ Invest in Infrastructure & Transportation
Develop Personnel	☐ Develop a Skilled & Diverse Workforce ☐ Create a Positive & Rewarding Work Culture

Perspectives and Goals Additional Comments:

NONE

Resource Impact:

Staff time required if item is approved:	Low

Other Potential Impacts:

NONE APPLICABLE

Public Information Plan:

☐	Newspaper Notice (Required by Statute)	☐	Public Hearing (Required by Statute)
☐	Public Forum/Input Session	☐	Press Release
☐	E-News Distribution	☐	Website Notice
☐	Social Media (Twitter, Facebook, etc.)	☐	Special Mailing
☐	Flyers Posted	☐	Banners Posted
☐	Survey	☐	Automated Phone Call
☑	None Required	☐	

Other:

Attachment: 2023-131 Goals & Perspectives (4094 : 2023-131 RES Seal Coat and Overlay Paving Services)

Bid Tabulation
for
Seal Coat 1" and 2" Overlay Paving Services Contract

9/6/2023 10:00 AM IFB # 23-1901-09			Gibson Asphalt (903-838-6851) P O Box 3921 Wake Village, TX 75501	
Item #	Description		500 - 1,000 SY	OVER 1,000 SY
1	1" Overlay 500-1,000	Square Yard	$15.25	
2	1" Overlay Over 1,000	Square Yard		$12.10
3	2" Overlay 500-1,000	Square Yard	$19.25	
4	2" Overlay over 1,000	Square Yard		$16.40
5	Seal Coat 500-1,000	Square Yard	$13.20	
6	Seal Coat Over 1,000	Square Yard		$9.25

Attachment: 2023-131 RES EXH A (4094 : 2023-131 RES Seal Coat and Overlay Paving Services)

RESOLUTION NO. 2023-131

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, AUTHORIZING THE CITY MANAGER TO ENTER INTO A ONE (1) YEAR CONTRACT WITH FOUR (4) ADDITIONAL ONE (1) YEAR RENEWAL OPTIONS WITH GIBSON ASPHALT CONSTRUCTION, INC. OF WAKE VILLAGE, TEXAS, FOR THE CITY'S SEAL COAT AND 1" AND 2" OVERLAY PAVING SERVICES CONTRACT AS NEEDED BY THE PUBLIC WORKS AND STREET DEPARTMENT; TO BE PAID FROM THE MAJOR STREET MAINTENANCE FUND (120) AND STREET MAINTENANCE GENERFAL FUND (101) BUDGET FOR FISCAL YEAR 2024 AND 2022 BOND FUND (425); AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, these maintenance operations require various amounts of street improvement work on a varied schedule, the City announced a request for bid for unit pricing of different street reconstruction work to be replaced on the City's roadways; and

WHEREAS, on September 6, 2023, one (1) bid was received and Gibson Asphalt Construction, Inc. of Wake Village, Texas, submitted the lowest and most responsible bid summarized on the bid tabulation sheet, and proposal, as **Exhibit "A"**; and

WHEREAS, the bidder met the specifications for a one (1) year contract with four (4) additional one (1) year renewal options; and

WHEREAS, funds are available through the FY 2024 Major Street Maintenance Fund (Fund 120), FY24 Street Maintenance General Fund (Fund 101), and 2022 Bond Fund (Fund 425).

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

SECTION 1: The lowest most responsible bidder for street reconstruction for the City is hereby declared to be Gibson Asphalt Construction, Inc. of Wake Village, Texas.

SECTION 2: The City Manager be and is hereby authorized to execute a one (1) year contract with four (4) additional one (1) year renewal options with Gibson Asphalt Construction, Inc. of Wake Village, Texas.

SECTION 3: This resolution shall be in full force and in effect from and after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **25th day of September, 2023**.

ATTEST:

VICKY COOPWOOD, ASST. CITY SECRETARY

BOB BRUGGEMAN, MAYOR

Attachment: 2023-131 RES Paving Services Contract [Revision 1] (4094 : 2023-131 RES Seal Coat and Overlay Paving Services)

City of Texarkana, Texas

Version: A

Briefing Sheet

Update Date: 9/21/2023 2:57 PM

Lead Department: Economic Development **Action Officer:** Lisa Thompson, Economic Development/PIO

Subject: Resolution No. 2023-117 authorizing the City Manager to execute a business incentive agreement with Sterno Group, LLC, for expansion of a local manufacturing business, and authorizing business incentives based upon job creation and salary level criteria in an amount not to exceed $450,000.

Briefing: 9/25/2023 **Public Hearing:** 10/9/2023 **Council Vote:** 10/9/2023

Item Schedule

Schedule 2: Brief once - vote once (two weeks)

Updates/History of Briefing:

Not Applicable

Executive Summary and Background Information:

Staff has been in discussion with Sterno Group, LLC to expand an existing local manufacturer in Texarkana, Texas. Sterno plans to add 100 new jobs over the next three years, which will pay at or above the per capita income for Texarkana, Texas.

This project qualifies for our Chapter 380 Business Incentive Program as approved by City Council in Resolution No. 2015-120. The business incentive as proposed will offer $4,500 per new job created up to 100 jobs for an aggregate total of $450,000 over the next three years.

Potential Options:

- Approve
- Deny

Fiscal Implications:

Business Incentive is budgeted in the Economic Development Fund. No negative fiscal implications will be experienced.

Staff Recommendation:

Staff recommends approval.

Advisory Board/Committee Review:

NONE

Board/Committee Recommendation:

NOT APPLICABLE

Advisory Board/Committee Meeting Date and Minutes:

NOT APPLICABLE

Attachments

a. 2023-117 RES Chapter 380 (DOCX)
b. 2023-117 ATTH 01 Chap. 380 App - Sterno (PDF)
c. 2023-117 Goals & Perspectives (DOCX)

Staff Coordination

City Attorney	Jennifer Evans	Review	Skipped	08/23/2023 2:56 PM
Economic Development	Completed	Lisa Thompson 08/23/2023 3:05 PM	Department Head Review	
Finance Department	Kristin Peeples	Finance Review	Completed	08/23/2023 4:08 PM
City Manager	David Orr	City Manager Review	Completed	08/31/2023 1:57 PM
City Council	Vicky Coopwood	Meeting	Pending	09/25/2023 6:00 PM

Meeting History

RESOLUTION NO. 2023-117

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE AN INCENTIVE AGREEMENT AND ANY NECESSARY DOCUMENTATION WITH STERNO GROUP, LLC, FOR EXPANSION OF A LOCAL MANUFACTURING BUSINESS UPON THE RECEIPT AND APPROVAL OF AN APPLICATION FOR BUSINESS INCENTIVE PURSUANT TO AND IN COMPLIANCE WITH THE CITY'S CHAPTER 380 PROGRAM REQUIREMENTS; AUTHORIZING BUSINESS INCENTIVES BASED UPON JOB CREATION AND SALARY LEVEL CRITERIA, TOTAL AGGREGATE BUSINESS INCENTIVES NOT TO EXCEED $450,000; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, by Resolution No. 2015-120, the City Council established a program pursuant to Chapter 380 of the Texas Local Government Code to extend business incentives for the promotion of local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the program requirements established by the City Council provide the criteria for City administrative review and City Council consideration when exercising discretion to grant business incentives; and

WHEREAS, Sterno Group, LLC, has verbally committed to creating at least 100 new jobs in Texarkana, Texas over the next three years, at an annual salary level of at least $30,000, which is higher than the median average income of the City; and

WHEREAS, the City has determined that the creation of these new jobs at the stated salary level will promote local economic development, add to the economic base of the city, stimulate business and commercial activity, and be beneficial to and in the best interests of the citizens of Texarkana, Texas.

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

SECTION 1: Upon receipt and review of an Application for Business Incentive pursuant to and in compliance with the criteria of the City's Chapter 380 Program and consistent with the recitals set forth in this Resolution, the City Manager is delegated authority, within his discretion, to approve said application; and upon such approval, the City Manager is hereby authorized to negotiate and execute a written business incentive agreement with Sterno Group, LLC or its members, successors, assigns or affiliates to provide business incentives as follows: (i) the authorized incentive shall not exceed $4,500 per new job created, one person per job, at an annual gross salary of at least $30,000 [the specified salary level]; (ii) an aggregate total of 50 new jobs at the specified salary level must be created and maintained during the incentive term as a condition for City's initial payment of a $225,000 business incentive, with subsequent City business incentive payments conditioned upon the creation of each set of additional 25 new jobs at the specified salary level; (iii) the incentive term shall extend for a period of three years or 36 months, or the creation of 100 jobs at the specified salary level, whichever occurs first; and (iv) the agreement may provide for agreed-upon extensions of time, as may be determined in the discretion of the City Manager, if any unachieved incentive remains at the conclusion of the three-year incentive term. The details of the authorized business incentive set out in this Section 1 shall be essential terms of the business incentive agreement.

SECTION 2: The business incentive agreement authorized by this Resolutions shall contain provisions for City confirmation of the incentive recipient's job creation at required payroll levels.

Attachment: 2023-117 RES Chapter 380 (4079 : 2023-117 RES Ch. 380 for existing local business)

SECTION 3: The City Manager or designee is further authorized to complete and execute any necessary documents to further the incentive agreement and application process authorized by this Resolution.

SECTION 4: This Resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **9th day of October, 2023**.

ATTEST:

_____	_____
JENNIFER EVANS, CITY SECRETARY	BOB BRUGGEMAN, MAYOR

Attachment: 2023-117 RES Chapter 380 (4079 : 2023-117 RES Ch. 380 for existing local business)

Application for Business Incentive Chapter 380 Program (Res. # 2015-120)

Office of Economic Development
City of Texarkana, Texas

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Introduction:

First, thank you so much for your interest in investing in Texarkana, Texas. We are excited about every new project that surfaces in our community and eager to hear how we can help make your venture a success. The following application is designed to help us learn more about your project, and help you decide if the Chapter 380 business incentive is something that can benefit your project. Please reach out if you need assistance completing the application, or there are details that you're unable to provide. We want to make doing business with the City easy, and are ready to work out an agreement that benefits everyone.

Overview of Chapter 380 Incentives:

Policy Statement:
The City Council chooses to extend business incentives as authorized by Texas law when such incentives improve the quality of life for all citizens through the creation and retention of job opportunities within the community. The program requirements provide the criteria for City administrative review and City Council consideration when exercising discretion to grant business incentives. This program neither requires nor binds the City Council to grant any business incentive.

Threshold Prerequisites.
As a condition for application filing and City administrative evaluation, the project must:

- Conform to the City's Comprehensive Zoning Ordinance;
- Comply with all City ordinances and state and federal laws and regulations;
- Meet at least one of the following:
  - The project value, including land, construction and fixed improvements, totals at least $10,000,000 for new Construction or at least $5,000,000 for an Existing Facility;
  - The City deems the project an Exceptional Project;
  - The project contributes to the retention or expansion of employment;
  - The project contributes substantially to redevelopment efforts as opposed to merely transferring employment from one business in the City to another;
  - At least fifty (50) jobs will be created or retained that meet or exceed the per capita income level in the Texarkana MSA.
  - At least $5,000,000 in annual payroll will be paid by the project; or
  - At least $400,000 in local sales taxes are to be directly generated by the project.

References and Definitions:
For more information about the City's Chapter 380 Policy, definitions and exclusions, please reference City Council Resolution 2015-120 adopted on January 25, 2016. It can be found here: **http://texarkanacitytx.iqm2.com/Citizens/Detail_LegiFile.aspxID=1393&highlightTerms=2015-120**

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Business Incentive Prospect ("BIP") Information:

BIP Name [*see below if BIP is an entity] : Sterno Group

Primary Contact Person: Shane Peck

Physical Address of Potential Project: 303 Falvey Ave. Texarkana, Texas 75501

Primary Address of BIP: 6900 North Dallas PKWY, Ste. 870 Plano, Texas 75024

Primary Office Phone : 951-248-4199

Primary Email Address: speck@sterno.com & tvan@sterno.com

Primary Cell Phone: Shane Peck 951-235-7685 Terrie Van 951-233-3985

Source of referral: (Chamber, realtor, direct, etc.): Mayor Bruggeman

BIP's NAICS Code: 339900

*If BIP is an entity: Attach documentation that identifies the legal status, verifies the entity's right to transact business in the State of Texas, and discloses the entity's officers, directors, and owners.

Project Description
Describe your project with sufficient detail so that a determination may be made as to its eligibility for a business incentive according to the definition of "Eligible Project" in the program requirements. Attach documentation if necessary.

The application **must** include a detailed map and property description along with a timeline for project completion.

Sterno, a local manufacturing business that has operate in Texarkana, Texas and been located in Falvey Indust Park for many years, will relocate up to 100 Jobs fro Memphis, TN to Texarkana. This move will make Texarkana the largest manufacturer of Sterno products in North America.

Type text here

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Exclusions:

(*Note: If the answer to the following is yes, please attach an explanation or documentation.)*

	YES	No
Has any proposed project activity (not including the BIP's planning and due diligence) occurred prior to the filing of this application?	YES	No
Does the BIP, including any business or property owned or leased in whole or in part by the BIP, have an outstanding tax lien owing to any governmental entity?	YES	No
Has the BIP, including any business or property owned or leased in whole or in part by the BIP, within the five-year period preceding the date of filing this application, been cited, noticed, or fined for noncompliance or violation of a federal law or regulation, a state law or regulation, or a Texarkana, Texas, city code, ordinance, or resolution?	YES	No
Is the BIP, including any business or property owned or leased in whole or in part by the BIP, a party to a claim or proceeding against the City of Texarkana, Texas, or is implicated in a claim or proceeding against a third party that may hinder or interfere with the efficacy of the Business Incentive requested?	YES	No

Qualifications:

The project value, including land, construction and fixed improvements, totals at least $10,000,000 for new Construction or at least $5,000,000 for an Existing Facility.	YES	No
The project contributes to the retention or expansion of employment.	YES	NO
The project contributes substantially to redevelopment efforts as opposed to merely transferring employment from one business in the City to another.		
At least fifty (50) jobs will be created or retained that meet or exceed the per capita income level in the Texarkana MSA.	YES	NO
At least $5,000,000 in annual payroll will be paid by the project.	YES	No
At least $400,000 in local sales taxes are to be directly generated by the project.	YES	No

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Exceptions:

The project should be deemed an Exceptional Project if it makes use of an underutilized asset, diversifies the local economic base, creates leverage with local economic interests, expands the local market for a good or service, or is located in a designated redevelopment or historical area or neighborhood.

If this project should be deemed as Exceptional, please provide justification:

Compliance:

Describe how the proposed project conforms to the Comprehensive Zoning Ordinance of the City of Texarkana, Texas, and complies with all City ordinances and state and federal laws and regulations. Include in your response whether the project will require any zoning changes or special use permits. Attach descriptions/maps/site plans if necessary.

No zoning or planning issues will arrise from this project.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Requests:

Describe the incentive that would make the project viable, whether it be gap financing, tax relief, skills development funding, or another tool. Also, provide information about requested length of agreement, payback terms, and timeline if available or known.

Company is seeking per job incentive to expand manufacturing base in Texarkana, Texas. City has offered up to $450,000 for 100 new jobs over the next three years, not to exceed $150,000 each year. These jobs will pay at or above the median income for Texarkana, Texas.

Describe your efforts, if any, to request similar incentives from any other public or private entity, and the progress of those efforts.

Tennessee and Indiana are actively competing for this work. Georgia is also in the running.

Review Criteria and Disclosures:
Provide responses to each of the criteria below, or explain why a particular criterion should not apply to your project.

Disclose the BIP's **financial capacity and available resources** to fund, develop, and complete the proposed project, excluding consideration of any Business Incentive. Attach documentation. (Note: Disclosure of financial capacity and available resources typically involves providing business plans together with audited financial statements and tax returns from the preceding three years.)

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Review Criteria and Disclosures (continued):

Disclose the **assessed, taxable value of land and existing improvements**, if any, associated with the project, separately stated for real and personal property, for the tax year immediately preceding the year of application.

$8,858,723 in invetory and supplies, $5,354,633 in machinery and equipment, $215,332 in 1-ton vehic,
furnitures and fixtures, and portable buildings. $1,459,695 at 303 Falvey, $1,241,907 at 304 Falvey

Disclose the type, value, and productive life of **proposed project improvements**.

N/A at this time, but we are doing exploratory research and feasibility study to bring in manufacturing of components we currently buy that is not produced in Texas currently

Identify the number of **existing jobs** that meet or exceed the per capita income level for the Texarkana MSA to be retained by the proposed project. 64

Identify the number and type of **new jobs** that meet or exceed the per capita income level for the Texarkana MSA to be created by the proposed project, and whether the new jobs will be filled by persons residing or projected to reside within the Texarkana MSA.

New positions will generate $1,564,160 (50 jobs) to $3.128MM (100 jobs) in payroll without fringe.

Disclose the dollar amount of **payroll within the territorial jurisdiction of the City** of Texarkana, Texas, to be created or retained by the proposed project.

Disclose the dollar amount of **payroll within the extraterritorial jurisdiction of the City** of Texarkana, Texas, to be created or retained by the proposed project.

Disclose the dollar amount of **local sales tax** to be generated directly by the proposed project.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Review Criteria and Disclosures (continued):

Identify or otherwise disclose **costs to be incurred by the City of Texarkana, Texas,** to provide facilities or services directly resulting from the proposed project.

Disclose the amount of **ad valorem taxes to be paid to the City of Texarkana, Texas**, during the Business Incentive Period, taking into consideration the pre-application values, the amount and type of the Business Incentive, the Business Incentive Period, and the value after expiration of the Business Incentive Period.

Identify the number of **existing jobs** that meet or exceed the per capita income level for the Texarkana MSA to be retained by the proposed project. _____

Identify the number and type of **new jobs** that meet or exceed the per capita income level for the Texarkana MSA to be created by the proposed project, and whether the new jobs will be filled by persons residing or projected to reside within the Texarkana MSA.

New positions will generate $1,564,160 (50 jobs) to $3.128MM (100 jobs) in payroll without fringe.

Type text here

Disclose the dollar amount of **payroll within the territorial jurisdiction of the Cit**y of Texarkana, Texas, to be created or retained by the proposed project.

Disclose the dollar amount of **payroll within the extraterritorial jurisdiction of the City** of Texarkana, Texas, to be created or retained by the proposed project.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Review Criteria and Disclosures (continued):

Disclose the dollar amount of **local sales tax** to be generated directly by the proposed project.

_____

_____

Disclose the amount of **property tax base valuation** that will be increased during and after the Business Incentive Period.

_____

_____

Identify or otherwise disclose **costs to be incurred by the City of Texarkana, Texas,** to provide facilities or services directly resulting from the proposed project.

_____

_____

Disclose the amount of **ad valorem taxes to be paid to the City of Texarkana, Texas,** during the Business Incentive Period, taking into consideration the pre-application values, the amount and type of the Business Incentive, the Business Incentive Period, and the value after expiration of the Business Incentive Period.

_____

_____

Disclose your projection of the **population growth** of the City of Texarkana, Texas, that will occur directly as a result of the proposed project.

_____

_____

Identify the **types and values of public improvements**, if any, to be made by the BIP.

_____

_____

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Review Criteria and Disclosures (continued):

Disclose whether the proposed project **restricts or enhances the business opportunities of existing businesses** within the City of Texarkana, Texas.

N/A

Disclose whether the proposed project **attracts other new business** or new economic development to the area.

Disclose whether the project is **environmentally compatible** with the City of Texarkana, Texas, as it exists prior to receipt of the application.

Yes

Disclose whether the proposed project will **generate a negative impact on the quality of life within the City of Texarkana, Texas, constitute a nuisance, or constitute a hazard** to public safety, health, and welfare.

No

Disclose whether and to what extent the proposed project makes a **substantial contribution to redevelopment efforts or special area plans** by enhancing either functional or visual characteristics (examples include historical structures, traffic circulation, parking, facades, signs, materials, and urban design).

This project is important to bolstering the Falvey Industrial area and 7th Street.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Review Criteria and Disclosures (continued):

Disclose whether the location of the proposed project furthers the **mission, vision and values** of the City of Texarkana, Texas. *Note: M,V and V can be found at https://ci.texarkana.tx.us/140/Human-Resources*

Yes

Disclose whether the proposed project or requested Business Incentive would result in an **adverse effect on government services or the local tax base.**

No

Disclose whether the proposed project or requested Business Incentive would **decrease or exclude the amount of the tax increment of any taxing unit or any deposit made by any taxing unit to the tax increment fund for the Tax Increment Reinvestment Zones** of the City of Texarkana, Texas.

No

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

The City may contact the BIP for additional information specific to the proposed project and Business Incentive as deemed necessary by the City Manager and City Attorney (see § 4.1.15 of the Program Requirements).

Acknowledgement of Business Incentive Prospect

The undersigned, whether individually as the Business Incentive Prospect or in a representative capacity as authorized by the Business Incentive Prospect, acknowledges reading the Chapter 380 Program Requirements, including but not limited to the specific provisions pertaining to Confidential or Proprietary Information and required Agreement provisions in the event the City Council authorizes an Agreement for a Business Incentive. The undersigned affirms having full authority to submit this application, that the Business Incentive Prospect shall comply fully with all Program Requirements, and that the information attached to this application and answers provided herein are true and correct.

Signature: _____

Printed Name: Shane Peck

Dated: 31 August 2023

Return completed application form and requested information to:

Lisa Thompson
Economic Developer
City of Texarkana, Texas
220 Texas Blvd.
Texarkana Texas 75504-1967
Office 903.798.1743 Cell 903.244.5591

Required attachments:

- Business Plan
- Financial statements (corporate, partnership, and/or personal)
- Project costs documentation

For Internal Use Only:

Received Date: _____ By: _____

Proposed Incentive: _____

Terms: _____

Length: _____

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

2021 TAX RETURN FILING INSTRUCTIONS

TEXAS FORM 05-158-A/05-158-B AND 05-102

FOR THE YEAR ENDING

DECEMBER 31, 2020

Prepared for	STERNOCANDLELAMP HOLDINGS INC 1880 COMPTON AVE 101 CORONA, CA 92881
Prepared by	WYSON & COMPANY INC 2900 BRISTOL ST, STE D209 COSTA MESA, CA 92626
To be signed and dated by	THE APPROPRIATE CORPORATE OFFICER(S).
Amount of tax	Total tax $ 40,057.55 Less: payments and credits $ 40,057.55 Plus: other amount $ 0.00 Plus: interest and penalties $ 0.00 NO PMT REQUIRED $
Overpayment	Credited to your estimated tax $ 0.00 Other amount $ 0.00 Refunded to you $ 0.00
Make check payable to	NOT APPLICABLE
Mail tax return and check (if applicable) to	TEXAS COMPTROLLER OF PUBLIC ACCTS P.O. BOX 149348 AUSTIN, TX 78714-9348
Return must be mailed on or before	JUNE 15, 2021
Special Instructions	PLEASE, DO NOT STAPLE ANY PART OF THE RETURN TOGETHER. THE APPROPRIATE CORPORATE OFFICER(S) SHOULD SIGN AND DATE THE 05-102 - PUBLIC INFORMATION REPORT AND MAIL IT WITH THE RETURN.

000090 04-01-20

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 080701
TX2021 05-102
Ver. 12.0 (Rev.9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ Tcode 13196

■ Taxpayer number 32059066467

■ Report year 2021

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name	STERNOCANDLELAMP HOLDINGS INC	■ ☐ Check box if the mailing address has changed.
Mailing address	1880 COMPTON AVE 101	Secretary of State (SOS) file number or Comptroller file number
City	CORONA	State CA ZIP code plus 4 92881

☒ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	1880 COMPTON AVE 101, CORONA, CA 92881
Principal place of business	1880 COMPTON AVE 101, CORONA, CA 92881

3205906646721

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director ☐ YES	Term expiration (m m d d y y)
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration (m m d d y y)
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration (m m d d y y)
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
THE STERNO GROUP LLC		800762197	100.00
CANDLE LAMP COMPANY, LLC			100.00

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
	CFO	5/6/21	(951) 248-4100

Texas Comptroller Official Use Only

VE/DE	☐	PIR IND	☐

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 080701

TX2021 05-102

Ver. 12.0 (Rev.9-15/33)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ **Tcode** 13196

■ Taxpayer number 12056255545

■ Report year 2021

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name THE STERNO GROUP LLC			■ ☐ Check box if the mailing address has changed.
Mailing address 1880 COMPTON AVE, STE 101			Secretary of State (SOS) file number or Comptroller file number
City CORONA	State CA	ZIP code plus 4 928812780	0800762197

☒ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	1880 COMPTON AVE, STE 101 CORONA, CA 92881
Principal place of business	1880 COMPTON AVE, STE 101 CORONA, CA 92881

1205625554521

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director ☐ YES	Term expiration m m d d y y	
Mailing address	City		State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y	
Mailing address	City		State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y	
Mailing address	City		State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
	CFO	2021/06/11	(951) 248-4100

Texas Comptroller Official Use Only

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 080701

TX2021 05-102

Ver. 12.0 (Rev.9-15/33)

2023-117 ATTH 01

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ **Tcode** 13196

■ Taxpayer number 32067360696

■ Report year 2021

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name STERNO HOME			■ ☐ Check box if the mailing address has changed.
Mailing address 1880 COMPTON AVE, STE 101			Secretary of State (SOS) file number or Comptroller file number
City CORONA	State CA	ZIP code plus 4 928812780	

☒ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	1880 COMPTON AVE, STE 101 CORONA, CA 92881
Principal place of business	1 BURBIDGE ST, STE 101 COQUITLAM BC, CANADA

3206736069621

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
	CFO	2021/06/11	(951) 248-4100

Texas Comptroller Official Use Only

VE/DE	☐	PIR IND	☐

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 080701

TX2021 05-102

Ver. 12.0 (Rev.9-15/33)

2023-117 ATTH 01

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ Tcode 13196

■ Taxpayer number 32069826355

■ Report year 2021

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name RIMPORTS LLC			■ ☐ Check box if the mailing address has changed.
Mailing address 1880 COMPTON AVE, STE 101			Secretary of State (SOS) file number or Comptroller file number
City CORONA	State CA	ZIP code plus 4 928812780	

☒ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	1880 COMPTON AVE, STE 101 CORONA, CA 92881
Principal place of business	201 E BAY BLVD PROVO, UT 84606

3206982635521

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
	CFO	2021/06/11	(951) 248-4100

Texas Comptroller Official Use Only

VE/DE	☐	PIR IND	☐

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 080711
TX2021 05-158-A
Ver. 12.0 (Rev.9-16/9)

Texas Franchise Tax Report - Page 1

Tcode 13250 ANNUAL

Taxpayer number	Report year	Due date
32059066467	2021	06/15/2021

Taxpayer name: STERNOCANDLELAMP HOLDINGS INC
Secretary of State file number or Comptroller file number:
Mailing address: 1880 COMPTON AVE 101
City: CORONA | State: CA | Country: USA | ZIP code plus 4: 92881 | Check box if the address has changed:
Check box if this is a combined report: [X]
Check box if Total Revenue is adjusted for Tiered Partnership Election, see instructions: [ ]
Is this entity a corporation, limited liability company, professional association, limited partnership or financial institution? [X] Yes [ ] No

** If not twelve months, see instructions for annualized revenue

Accounting year begin date** (m m d d y y)	Accounting year end date (m m d d y y)	SIC code	NAICS code
0 1 0 1 2 0	1 2 3 1 2 0		339900

REVENUE *(Whole dollars only)*

1. Gross receipts or sales	1.	319538549.00
2. Dividends	2.	0.00
3. Interest	3.	2096.00
4. Rents *(can be negative amount)*	4.	0.00
5. Royalties	5.	0.00
6. Gains/losses *(can be negative amount)*	6.	0.00
7. Other income *(can be negative amount)*	7.	0.00
8. Total gross revenue *(Add items 1 thru 7)*	8.	319540645.00
9. Exclusions from gross revenue *(see instructions)*	9.	0.00
10. TOTAL REVENUE *(item 8 minus item 9 if less than zero, enter 0)*	10.	319540645.00

COST OF GOODS SOLD *(Whole dollars only)*

11. Cost of goods sold	11.	201637634.00
12. Indirect or administrative overhead costs *(Limited to 4%)*	12.	0.00
13. Other *(see instructions)*	13.	0.00
14. TOTAL COST OF GOODS SOLD *(Add items 11 thru 13)*	14.	201637634.00

COMPENSATION *(Whole dollars only)*

15. Wages and cash compensation	15.	26493523.00
16. Employee benefits	16.	2795993.00
17. Other *(see instructions)*	17.	0.00
18. TOTAL COMPENSATION *(Add items 15 thru 17)*	18.	29289516.00

Texas Comptroller Official Use Only

VE/DE	
PM Date	

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 080712
TX2021 05-158-B
Ver. 12.0 (Rev.9-16/9)

Texas Franchise Tax Report - Page 2

■ Tcode 13251 ANNUAL

■ Taxpayer number	■ Report year	Due date	Taxpayer name
32059066467	2021	06/15/2021	STERNOCANDLELAMP HOLDINGS INC

MARGIN *(Whole dollars only)*

19. **70% revenue** *(item 10 X .70)*	19. ■	223678452.00
20. **Revenue less COGS** *(item 10 - item 14)*	20. ■	117903011.00
21. **Revenue less compensation** *(item 10 - item 18)*	21. ■	290251129.00
22. **Revenue less $1 million** *(item 10 - $1,000,000)*	22. ■	318540645.00
23. **MARGIN** *(see instructions)*	23. ■	117903011.00

APPORTIONMENT FACTOR

24. **Gross receipts in Texas** *(Whole dollars only)*	24. ■	14466182.00
25. **Gross receipts everywhere** *(Whole dollars only)*	25. ■	319538550.00
26. **APPORTIONMENT FACTOR** *(Divide item 24 by item 25, round to 4 decimal places)*	26. ■	0.0453

TAXABLE MARGIN *(Whole dollars only)*

27. **Apportioned margin** *(Multiply item 23 by item 26)*	27. ■	5341006.00
28. **Allowable deductions** *(see instructions)*	28. ■	0.00
29. **TAXABLE MARGIN** *(item 27 minus item 28)*	29. ■	5341006.00

TAX DUE

30. **Tax rate** *(see instructions for determining the appropriate tax rate)*	X X X 30. ■	0.007500
31. **Tax due** (Multiply item 29 by the tax rate in item 30) (Dollars and cents)	31. ■	40057.55

TAX ADJUSTMENTS *(Dollars and cents) (Do not include prior payments)*

32. **Tax credits** *(item 23 from Form 05-160)*	32. ■	0.00
33. **Tax due before discount** *(item 31 minus item 32)*	33. ■	40057.55
34. **Discount** (see instructions, applicable to report years 2008 and 2009)	34. ■	0.00

TOTAL TAX DUE *(Dollars and cents)*

35. **TOTAL TAX DUE** *(item 33 minus item 34)*	35. ■	40057.55

Do not include payment if item 35 is less than $1,000 or if annualized total revenue is less than the no tax due threshold (see instructions). If the entity makes a tiered partnership election, ANY amount in item 35 is due. Complete Form 05-170 if making a payment.

Print or type name	Area code and phone number
STEVE PELLEGRINI	(951) 248-4100
I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.	**Mail original to:** Texas Comptroller of Public Accounts P.O. Box 149348 Austin, TX 78714-9348
sign here ▶ [signature] Date 5/6/21	

Instructions for each report year are online at www.comptroller.texas.gov/taxes/franchise/forms/. If you have any questions, call 1-800-252-1381.

Texas Comptroller Official Use Only

VE/DE

PM Date

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 080781
TX2021 05-166
Ver. 12.0 (Rev.9-16/7)

Texas Franchise Tax Affiliate Schedule

■ Tcode 13253 ANNUAL

■ Reporting entity taxpayer number	■ Report year	Reporting entity taxpayer name
32059066467	2021	STERNOCANDLELAMP HOLDINGS INC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
STERNOCANDLELAMP HOLDINGS INC	32059066467	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☐	■ ☐	0 1 0 1 2 0	1 2 3 1 2 0

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	319538550.00

■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
14466182.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
THE STERNO GROUP LLC	12056255545	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ X	■ X	0 1 0 1 2 0	1 2 3 1 2 0

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00

■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
STERNO HOME	32067360696	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☐	■ X	0 1 0 1 2 0	1 2 3 1 2 0

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00

■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

The reporting entity of a combined group with a temporary credit for business loss and carryforwards preserved for itself and/or affiliates must submit common owner information. **This information must be provided to satisfy franchise tax reporting requirements.** Learn more at www.comptroller.texas.gov/taxes/franchise/.
An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only

VE/DE ☐ FM ☐

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 080781
TX2021 05-166
Ver. 12.0 (Rev.9-16/7)

Texas Franchise Tax Affiliate Schedule

Tcode 13253 ANNUAL

Reporting entity taxpayer number	Report year	Reporting entity taxpayer name
32059066467	2021	STERNOCANDLELAMP HOLDINGS INC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate	2. Affiliate taxpayer number (if none, use FEI number)	3. Affiliate NAICS code
RIMPORTS LLC	32069826355	451120

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	6. Affiliate reporting begin date (m m d d y y)	7. Affiliate reporting end date (m m d d y y)
[X]	[ ]	0 1 0 1 2 0	1 2 3 1 2 0

8. Gross receipts subject to throwback in other states (before eliminations)	9. Gross receipts everywhere (before eliminations)
0.00	0.00

10. Gross receipts in Texas (before eliminations)	11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	2. Affiliate taxpayer number (if none, use FEI number)	3. Affiliate NAICS code

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	6. Affiliate reporting begin date (m m d d y y)	7. Affiliate reporting end date (m m d d y y)
[ ]	[ ]		

8. Gross receipts subject to throwback in other states (before eliminations)	9. Gross receipts everywhere (before eliminations)
0.00	0.00

10. Gross receipts in Texas (before eliminations)	11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	2. Affiliate taxpayer number (if none, use FEI number)	3. Affiliate NAICS code

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	6. Affiliate reporting begin date (m m d d y y)	7. Affiliate reporting end date (m m d d y y)
[ ]	[ ]		

8. Gross receipts subject to throwback in other states (before eliminations)	9. Gross receipts everywhere (before eliminations)
0.00	0.00

10. Gross receipts in Texas (before eliminations)	11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

The reporting entity of a combined group with a temporary credit for business loss and carryforwards preserved for itself and/or affiliates must submit common owner information. **This information must be provided to satisfy franchise tax reporting requirements.** Learn more at www.comptroller.texas.gov/taxes/franchise/.
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Texas Comptroller Official Use Only

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

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City, State, ZIP+4®: Austin, TX 78714-9348

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7021 0950 0000 5174 6887

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

2022 TAX RETURN FILING INSTRUCTIONS

TEXAS FORM 05-158-A/05-158-B AND 05-102

FOR THE YEAR ENDING

DECEMBER 31, 2021

Prepared for	STERNOCANDLELAMP HOLDINGS INC 1880 COMPTON AVE 101 CORONA, CA 92881
Prepared by	WYSON & COMPANY INC 2900 BRISTOL ST, STE D209 COSTA MESA, CA 92626
To be signed and dated by	THE APPROPRIATE CORPORATE OFFICER(S).
Amount of tax	Total tax $ 35,236.78 Less: payments and credits $ 0.00 Plus: other amount $ 0.00 Plus: interest and penalties $ 0.00 BALANCE DUE $ 35,236.78
Overpayment	Credited to your estimated tax $ 0.00 Other amount $ 0.00 Refunded to you $ 0.00
Make check payable to	WHEN THE RETURN IS FILED THE AMOUNT DUE SHOULD BE ELECTRONICALLY TRANSFERRED.
Mail tax return and check (if applicable) to	TEXAS COMPTROLLER OF PUBLIC ACCTS P.O. BOX 149348 AUSTIN, TX 78714-9348
Return must be mailed on or before	MAY 16, 2022
Special Instructions	PAYMENT OF TAX MUST BE MADE ELECTRONICALLY VIA THE TEXAS COMPTROLLER WEBSITE AT: WWW.COMPTROLLER.TEXAS.GOV /TAXES/FRANCHISE/FILING-REQUIREMENTS.PHP PLEASE, DO NOT STAPLE ANY PART OF THE RETURN TOGETHER. THE APPROPRIATE CORPORATE OFFICER(S) SHOULD SIGN AND DATE THE 05-102 - PUBLIC INFORMATION REPORT AND MAIL IT WITH THE RETURN.

100090 04-01-21

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 180701

TX2022 05-102

Ver. 13.0 (Rev.9-15/33)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ Tcode 13196

■ Taxpayer number 32059066467

■ Report year 2022

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name STERNOCANDLELAMP HOLDINGS INC			■ ☐ Check box if the mailing address has changed.
Mailing address 1880 COMPTON AVE 101			Secretary of State (SOS) file number or Comptroller file number
City CORONA	State CA	ZIP code plus 4 92881	

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	1880 COMPTON AVE 101, CORONA, CA 92881
Principal place of business	1880 COMPTON AVE 101, CORONA, CA 92881

3205906646722

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration (m m d d y y)
CRAIG CARNES	CEO & PRESIDENT	☐ YES	
Mailing address 1880 COMPTON AVE 101	City CORONA	State CA	ZIP Code 92881
ALEX COPPERSMITH	CFO	☐ YES	
Mailing address 1880 COMPTON AVE 101	City CORONA	State CA	ZIP Code 92881
PATRICK MACIARIELLO	TREASURER	☒ YES	1 2 3 1 2 4
Mailing address 1880 COMPTON AVE 101	City CORONA	State CA	ZIP Code 92881

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
THE STERNO GROUP LLC	DE	800762197	100.00
CANDLE LAMP COMPANY, LLC	DE		100.00

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
Alex Coppersmith	CFO	05/13/2022	(951) 248-4100

Texas Comptroller Official Use Only

VE/DE	☐	PIR IND	☐

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

TX 05-102 (Section A Continuation)

STERNOCANDLELAMP HOLDINGS INC 32059066467

Name	Title	Director	Term expiration	
SHANE PECK	SVP OPERATIONS	☐ YES		
Mailing address 1880 COMPTON AVE 101	City CORONA		State CA	ZIP Code 92881

Name	Title	Director	Term expiration	
SCOTT RYLKO	OFFICER	☐ YES		
Mailing address 1880 COMPTON AVE 101	City CORONA		State CA	ZIP Code 92881

Name	Title	Director	Term expiration	
DAVID AMIRAULT	OFFICER	☐ YES		
Mailing address 1880 COMPTON AVE 101	City CORONA		State CA	ZIP Code 92881

Name	Title	Director	Term expiration	
		☐ YES		
Mailing address	City		State	ZIP Code

Name	Title	Director	Term expiration	
		☐ YES		
Mailing address	City		State	ZIP Code

Name	Title	Director	Term expiration	
		☐ YES		
Mailing address	City		State	ZIP Code

Name	Title	Director	Term expiration	
		☐ YES		
Mailing address	City		State	ZIP Code

Name	Title	Director	Term expiration	
		☐ YES		
Mailing address	City		State	ZIP Code

Name	Title	Director	Term expiration	
		☐ YES		
Mailing address	City		State	ZIP Code

Name	Title	Director	Term expiration	
		☐ YES		
Mailing address	City		State	ZIP Code

Name	Title	Director	Term expiration	
		☐ YES		
Mailing address	City		State	ZIP Code

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

TX 05-102 (Section B Continuation) STERNOCANDLELAMP HOLDINGS INC 32059066467

Name of owned (subsidiary) corporation or limited liability company	State of formation	Texas SOS file number, if any	Percentage of Ownership
RIMPORTS LLC	DE		100.00

142654C 180701

TX2022 05-102

Ver. 13.0 (Rev.9-15/33)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ **Tcode** 13196

■ Taxpayer number 12056255545

■ Report year 2022

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name THE STERNO GROUP LLC			■ ☐ Check box if the mailing address has changed.
Mailing address 1880 COMPTON AVE, STE 101			Secretary of State (SOS) file number or Comptroller file number
City CORONA	State CA	ZIP code plus 4 928812780	0800762197

☒ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	1880 COMPTON AVE, STE 101 CORONA, CA 92881
Principal place of business	1880 COMPTON AVE, STE 101 CORONA, CA 92881

1205625554522

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director ☐ YES	Term expiration m m d d y y	
Mailing address	City		State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y	
Mailing address	City		State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y	
Mailing address	City		State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
Alex Coppersmith	CFO	05/13/2022	(951) 248-4100

Texas Comptroller Official Use Only

VE/DE	☐	PIR IND	☐

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 180701

TX2022 05-102

Ver. 13.0 (Rev.9-15/33)

2023-117 ATTH 01

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ Tcode 13196

■ Taxpayer number 32067360696

■ Report year 2022

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name STERNO HOME			■ ☐ Check box if the mailing address has changed.
Mailing address 1880 COMPTON AVE, STE 101			Secretary of State (SOS) file number or Comptroller file number
City CORONA	State CA	ZIP code plus 4 928812780	

☒ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	1880 COMPTON AVE, STE 101 CORONA, CA 92881
Principal place of business	1 BURBIDGE ST, STE 101 COQUITLAM BC, CANADA

3206736069622

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
Alex Coppersmith	CFO	05/13/2022	(951) 248-4100

Texas Comptroller Official Use Only

VE/DE	☐	PIR IND	☐

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 180701

TX2022 05-102

Ver. 13.0 (Rev.9-15/33)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ **Tcode** 13196

■ Taxpayer number 32069826355

■ Report year 2022

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name RIMPORTS LLC			■ ☐ Check box if the mailing address has changed.
Mailing address 1880 COMPTON AVE, STE 101			Secretary of State (SOS) file number or Comptroller file number
City CORONA	State CA	ZIP code plus 4 928812780	

☒ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	1880 COMPTON AVE, STE 101 CORONA, CA 92881
Principal place of business	201 E BAY BLVD PROVO, UT 84606

3206982635522

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director ☐ YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

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sign here	Title	Date	Area code and phone number
Alex Coppersmith	CFO	05/13/2022	(951) 248-4100

Texas Comptroller Official Use Only

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1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 180711

TX2022 05-158-A

Ver. 13.0 (Rev.9-16/9)

Texas Franchise Tax Report - Page 1

■ Tcode 13250 ANNUAL

■ Taxpayer number	■ Report year	Due date
32059066467	2022	05/16/2022

Taxpayer name: STERNOCANDLELAMP HOLDINGS INC				Secretary of State file number or Comptroller file number
Mailing address: 1880 COMPTON AVE 101				
City: CORONA	State: CA	Country: USA	ZIP code plus 4: 92881	Check box if the address has changed ■ ☐
Check box if this is a combined report ■ [X]	Check box if Total Revenue is adjusted for Tiered Partnership Election, see instructions ■ ☐			

Is this entity a corporation, limited liability company, professional association, limited partnership or financial institution? [X] Yes ☐ No

** If not twelve months, see instructions for annualized revenue

Accounting year begin date** ■ (m m d d y y)	Accounting year end date ■ (m m d d y y)	SIC code ■	NAICS code ■
0 1 0 1 2 1	1 2 3 1 2 1		339900

REVENUE *(Whole dollars only)*

1. **Gross receipts or sales**	1.■		329472909.00
2. **Dividends**	2.■		0.00
3. **Interest**	3.■		729.00
4. **Rents** *(can be negative amount)*	4.■		0.00
5. **Royalties**	5.■		0.00
6. **Gains/losses** *(can be negative amount)*	6.■		0.00
7. **Other income** *(can be negative amount)*	7.■		0.00
8. **Total gross revenue** *(Add items 1 thru 7)*	8.■		329473638.00
9. **Exclusions from gross revenue** *(see instructions)*	9.■		0.00
10. **TOTAL REVENUE** *(item 8 minus item 9 if less than zero, enter 0)*	10.■		329473638.00

COST OF GOODS SOLD *(Whole dollars only)*

11. **Cost of goods sold**	11.■		208696319.00
12. **Indirect or administrative overhead costs** *(Limited to 4%)*	12.■		0.00
13. **Other** *(see instructions)*	13.■		0.00
14. **TOTAL COST OF GOODS SOLD** *(Add items 11 thru 13)*	14.■		208696319.00

COMPENSATION *(Whole dollars only)*

15. **Wages and cash compensation**	15.■		13449843.00
16. **Employee benefits**	16.■		3469788.00
17. **Other** *(see instructions)*	17.■		0.00
18. **TOTAL COMPENSATION** *(Add items 15 thru 17)*	18.■		16919631.00

Texas Comptroller Official Use Only

VE/DE	☐
PM Date	

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 180712

TX2022 05-158-B

Ver. 13.0 (Rev.9-16/9)

2023-117 ATTH 01

Texas Franchise Tax Report - Page 2

■ Tcode 13251 ANNUAL

■ Taxpayer number	■ Report year	Due date	Taxpayer name
32059066467	2022	05/16/2022	STERNOCANDLELAMP HOLDINGS INC

MARGIN *(Whole dollars only)*

19. 70% revenue *(item 10 X .70)*	19. ■	230631547.00
20. Revenue less COGS *(item 10 - item 14)*	20. ■	120777319.00
21. Revenue less compensation *(item 10 - item 18)*	21. ■	312554007.00
22. Revenue less $1 million *(item 10 - $1,000,000)*	22. ■	328473638.00
23. MARGIN *(see instructions)*	23. ■	120777319.00

APPORTIONMENT FACTOR

24. Gross receipts in Texas *(Whole dollars only)*	24. ■	14183878.00
25. Gross receipts everywhere *(Whole dollars only)*	25. ■	364895729.00
26. APPORTIONMENT FACTOR *(Divide item 24 by item 25, round to 4 decimal places)*	26. ■	0.0389

TAXABLE MARGIN *(Whole dollars only)*

27. Apportioned margin *(Multiply item 23 by item 26)*	27. ■	4698238.00
28. Allowable deductions *(see instructions)*	28. ■	0.00
29. TAXABLE MARGIN *(item 27 minus item 28)*	29. ■	4698238.00

TAX DUE

30. Tax rate *(see instructions for determining the appropriate tax rate)*	X X X 30. ■	0.007500
31. Tax due (Multiply item 29 by the tax rate in item 30) (Dollars and cents)	31. ■	35236.78

TAX ADJUSTMENTS *(Dollars and cents) (Do not include prior payments)*

32. Tax credits *(item 23 from **Form 05-160**)*	32. ■	0.00
33. Tax due before discount *(item 31 minus item 32)*	33. ■	35236.78
34. Discount (see instructions, applicable to report years 2008 and 2009)	34. ■	0.00

TOTAL TAX DUE *(Dollars and cents)*

35. TOTAL TAX DUE *(item 33 minus item 34)*	35. ■	35236.78

Do not include payment if item 35 is less than $1,000 or if annualized total revenue is less than the no tax due threshold (see instructions). If the entity makes a tiered partnership election, ANY amount in item 35 is due. Complete Form 05-170 if making a payment.

Print or type name	Area code and phone number
ALEX COPPERSMITH	(951) 248-4100

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.

sign here ▶ Alex Coppersmith Date 05/13/2022

Mail original to:
Texas Comptroller of Public Accounts
P.O. Box 149348
Austin, TX 78714-9348

Instructions for each report year are online at www.comptroller.texas.gov/taxes/franchise/forms/. If you have any questions, call 1-800-252-1381.

Texas Comptroller Official Use Only

VE/DE

PM Date

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 180781

TX2022 05-166

Ver. 13.0 (Rev.9-16/7)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Affiliate Schedule

■ Tcode 13253 ANNUAL

■ Reporting entity taxpayer number	■ Report year	Reporting entity taxpayer name
32059066467	2022	STERNOCANDLELAMP HOLDINGS INC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
STERNOCANDLELAMP HOLDINGS INC	32059066467	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☐	■ ☐	0 1 0 1 2 1	1 2 3 1 2 1

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	364895728.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
18244786.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
THE STERNO GROUP LLC	12056255545	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☒	■ ☒	0 1 0 1 2 1	1 2 3 1 2 1

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
STERNO HOME	32067360696	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☐	■ ☒	0 1 0 1 2 1	1 2 3 1 2 1

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

The reporting entity of a combined group with a temporary credit for business loss and carryforwards preserved for itself and/or affiliates must submit common owner information. **This information must be provided to satisfy franchise tax reporting requirements.** Learn more at www.comptroller.texas.gov/taxes/franchise/.
An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 180781

TX2022 05-166

Ver. 13.0 (Rev.9-16/7)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Affiliate Schedule

■ Tcode 13253 ANNUAL

■ Reporting entity taxpayer number	■ Report year	Reporting entity taxpayer name
32059066467	2022	STERNOCANDLELAMP HOLDINGS INC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
RIMPORTS LLC	32069826355	451120

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ [X]	■ [ ]	0 1 0 1 2 1	1 2 3 1 2 1

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ [ ]	■ [ ]		

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ [ ]	■ [ ]		

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

The reporting entity of a combined group with a temporary credit for business loss and carryforwards preserved for itself and/or affiliates must submit common owner information. **This information must be provided to satisfy franchise tax reporting requirements.** Learn more at www.comptroller.texas.gov/taxes/franchise/.
An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only

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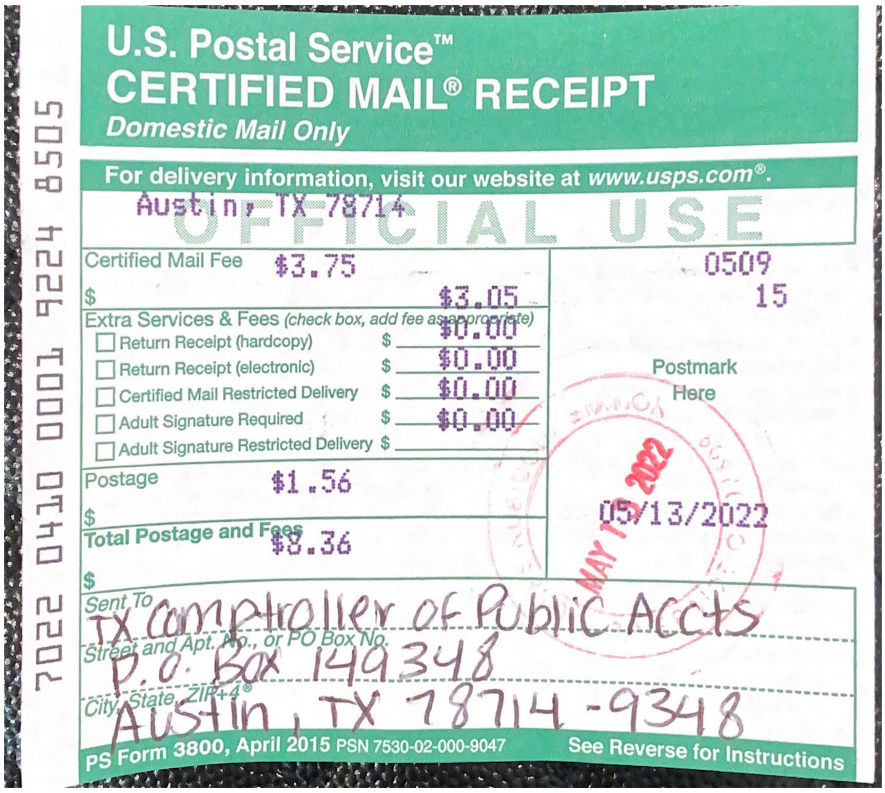
Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SCHEDULE OF COMBINED INCOME AND DEDUCTIONS

2023-117 ATTH 01

General Information					
	COMBINED AFFILIATE AMOUNT	PARENT AMOUNT			
Legal name of affiliate	STERNOCANDLELAMP HOLDINGS	STERNOCANDLELAMP HOLDINGS INC	THE STERNO GROUP LLC	STERNO HOME	RIMPORTS LLC
Affiliate taxpayer number (if none, use FEIN)	32059066467	32059066467	12056255545	32067360696	32069826355
Affiliate NAICS Code	339900	339900	339900	339900	451120
Check if disregarded entity			X		X
Check if no Nexus in Texas			X	X	
Corp or LLC Code - (Y), (N)	Y	Y	Y		Y
Affiliate reporting begin date	010121	010121	010121	010121	010121
Affiliate reporting end date	123121	123121	123121	123121	123121
Gross receipts subject to throwback in other states					
Revenue					
Gross receipts of sales	329,472,909.	329,472,909.	0.	0.	0.
Dividends	0.	0.	0.	0.	0.
Interest	729.	0.	0.	0.	0.
Rents	0.	0.	0.	0.	0.
Royalties	0.	0.	0.	0.	0.
Gains/losses	0.	0.	0.	0.	0.
Other income	0.	0.	0.	0.	0.
Exclusions from gross revenue	0.	0.	0.	0.	0.
Cost of Goods Sold					
Cost of goods sold	208,696,319.				
Indirect or admin. overhead costs (4% of total costs)	0.		0.	0.	0.
Other cost of goods sold	0.		0.	0.	0.
Compensation					
Wages and cash compensation	13,449,843.	13,449,843.	0.	0.	0.
Employee benefits	3,469,788.	3,469,788.	0.	0.	0.
Other compensation	0.		0.	0.	0.
Apportionment					
Gross receipts in Texas	14,183,878.	18,244,786.			
Gross receipts everywhere	364,895,729.	364,895,728.			
Allowable deductions	0.		0.	0.	0.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local



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☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$1.56
$	
Total Postage and Fees	$8.36
$	

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05/13/2022

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City, State, ZIP+4®: Austin, TX 78714-9348

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

2023 TAX RETURN FILING INSTRUCTIONS

TEXAS FORM 05-158-A/05-158-B AND 05-102

FOR THE YEAR ENDING

DECEMBER 31, 2022

Prepared for	STERNOCANDLELAMP HOLDINGS INC 6900 NORTH DALLAS PKWY, STE 870 PLANO, TX 75024
Prepared by	WYSON & COMPANY INC 2900 BRISTOL ST, STE D209 COSTA MESA, CA 92626
To be signed and dated by	THE APPROPRIATE CORPORATE OFFICER(S).
Amount of tax	Total tax $ 22,975.75 Less: payments and credits $ 0.00 Plus: other amount $ 0.00 Plus: interest and penalties $ 0.00 BALANCE DUE $ 22,975.75
Overpayment	Credited to your estimated tax $ 0.00 Other amount $ 0.00 Refunded to you $ 0.00
Make check payable to	WHEN THE RETURN IS FILED THE AMOUNT DUE SHOULD BE ELECTRONICALLY TRANSFERRED.
Mail tax return and check (if applicable) to	TEXAS COMPTROLLER OF PUBLIC ACCTS P.O. BOX 149348 AUSTIN, TX 78714-9348
Return must be mailed on or before	MAY 15, 2023
Special Instructions	PAYMENT OF TAX MUST BE MADE ELECTRONICALLY VIA THE TEXAS COMPTROLLER WEBSITE AT: WWW.COMPTROLLER.TEXAS.GOV /TAXES/FRANCHISE/FILING-REQUIREMENTS.PHP PLEASE, DO NOT STAPLE ANY PART OF THE RETURN TOGETHER. THE APPROPRIATE CORPORATE OFFICER(S) SHOULD SIGN AND DATE THE 05-102 - PUBLIC INFORMATION REPORT AND MAIL IT WITH THE RETURN.

200090 04-01-22

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 280701

TX2023 05-102

Ver. 14.0 (Rev.9-15/33)

2023-117 ATTH 01

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ Tcode 13196

■ Taxpayer number 32059066467

■ Report year 2023

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name STERNOCANDLELAMP HOLDINGS INC			■ [X] Check box if the mailing address has changed.
Mailing address 6900 NORTH DALLAS PKWY, STE 870			Secretary of State (SOS) file number or Comptroller file number
City PLANO	State TX	ZIP code plus 4 75024	

[ ] Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	6900 NORTH DALLAS PKWY, STE 870, PLANO, TX 75024
Principal place of business	6900 NORTH DALLAS PKWY, STE 870, PLANO, TX 75024

3205906646723

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name PATRICK MACIARIELLO	Title CHAIRMAN & PRES	Director [X] YES	Term expiration m m d d y y	
Mailing address 6900 N DALLAS PKWY, 870	City PLANO		State TX	ZIP Code 75024
Name ZACH SAWTELLE	Title TREASURER	Director [X] YES	Term expiration m m d d y y	
Mailing address 6900 N DALLAS PKWY, 870	City PLANO		State TX	ZIP Code 75024
Name	Title	Director [ ] YES	Term expiration m m d d y y	
Mailing address	City		State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
THE STERNO GROUP COMPANIES LLC	DE	0800762197	100.00
RIMPORTS LLC	DE		100.00

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
Alex Coppersmith	CFO	5-9-2023	(951) 248-4100

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VE/DE	[ ]	PIR IND	[ ]

1019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

TX 05-102 (Section B Continuation) STERNOCANDLELAMP HOLDINGS INC 32059066467

Name of owned (subsidiary) corporation or limited liability company	State of formation	Texas SOS file number, if any	Percentage of Ownership
STERNO HOME INC			100.00

142654C 280701

TX2023 05-102

Ver. 14.0 (Rev.9-15/33)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ **Tcode** 13196

■ Taxpayer number 12056255545

■ Report year 2023

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name THE STERNO GROUP COMPANIES LLC			■ ☐ Check box if the mailing address has changed.
Mailing address 6900 NORTH DALLAS PKWY, STE 870			Secretary of State (SOS) file number or Comptroller file number
City PLANO	State TX	ZIP code plus 4 75024	0800762197

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	6900 NORTH DALLAS PKWY, STE 870 PLANO, TX 75024
Principal place of business	6900 NORTH DALLAS PKWY, STE 870 PLANO, TX 75024

1205625554523

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name PATRICK MACIARIELLO	Title CHAIRMAN	Director ☒ YES	Term expiration m m d d y y	
Mailing address 6900 N DALLAS PKWY 870	City PLANO		State TX	ZIP Code 75024
Name CRAIG CARNES	Title PRESIDENT	Director ☒ YES	Term expiration m m d d y y	
Mailing address 6900 N DALLAS PKWY 870	City PLANO		State TX	ZIP Code 75024
Name ALEX COPPERSMITH	Title CFO	Director ☒ YES	Term expiration m m d d y y	
Mailing address 6900 N DALLAS PKWY 870	City PLANO		State TX	ZIP Code 75024

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here ▶ Alex Coppersmith	Title CFO	Date 5-9-2023	Area code and phone number (951) 248-4100

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 280701

TX2023 05-102

Ver. 14.0 (Rev.9-15/33)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ Tcode 13196

■ Taxpayer number 32067360696

■ Report year 2023

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name STERNO HOME INC			■ ☐ Check box if the mailing address has changed.
Mailing address 6900 NORTH DALLAS PKWY, STE 870			Secretary of State (SOS) file number or Comptroller file number
City PLANO	State TX	ZIP code plus 4 75024	

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	6900 NORTH DALLAS PKWY, STE 870 PLANO, TX 75024
Principal place of business	201 E BAY BLVD PROVO, UT 84606

3206736069623

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration (m m d d y y)
CRAIG CARNES	PRESIDENT	X YES	
Mailing address 6900 N DALLAS PKWY 870	City PLANO	State TX	ZIP Code 75024
ALEX COPPERSMITH	CFO	☐ YES	
Mailing address 6900 N DALLAS PKWY 870	City PLANO	State TX	ZIP Code 75024
PATRICK MACIARIELLO	TREAS	X YES	
Mailing address 6900 N DALLAS PKWY 870	City PLANO	State TX	ZIP Code 75024

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
Alex Coppersmith	CFO	5-9-2023	(951) 248-4100

Texas Comptroller Official Use Only

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 280701

TX2023 05-102

Ver. 14.0 (Rev.9-15/33)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

■ **Tcode** 13196

■ Taxpayer number 32069826355

■ Report year 2023

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name RIMPORTS LLC			■ ☐ Check box if the mailing address has changed.
Mailing address 6900 NORTH DALLAS PKWY, STE 870			Secretary of State (SOS) file number or Comptroller file number
City PLANO	State TX	ZIP code plus 4 75024	

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office	6900 NORTH DALLAS PKWY, STE 870 PLANO, TX 75024
Principal place of business	201 E BAY BLVD PROVO, UT 84606

3206982635523

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below!

This report must be signed to satisfy franchise tax requirements.

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name CRAIG CARNES	Title CEO	Director ☒ YES	Term expiration m m d d y y	
Mailing address 6900 N DALLAS PKWY 870	City PLANO		State TX	ZIP Code 75024
Name ALAN FARRELL	Title PRESIDENT	Director ☐ YES	Term expiration m m d d y y	
Mailing address 6900 N DALLAS PKWY 870	City PLANO		State TX	ZIP Code 75024
Name ALEX COPPERSMITH	Title TREAS	Director ☐ YES	Term expiration m m d d y y	
Mailing address 6900 N DALLAS PKWY 870	City PLANO		State TX	ZIP Code 75024

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
STERNOCANDLELAMP HOLDINGS	DE	32059066467	100.00

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent:			
Office:	City	State	ZIP Code

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
Alex Coppersmith	CFO	5-9-2023	(951) 248-4100

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 280711

TX2023 05-158-A

Ver. 14.0 (Rev.9-16/9)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Report - Page 1

■ Tcode 13250 ANNUAL

■ Taxpayer number	■ Report year	Due date
32059066467	2023	05/15/2023

Taxpayer name				Secretary of State file number or Comptroller file number
STERNOCANDLELAMP HOLDINGS INC				
Mailing address 6900 NORTH DALLAS PKWY, STE 870				
City: PLANO	State: TX	Country: USA	ZIP code plus 4: 75024	Check box if the address has changed ■ [X]
Check box if this is a combined report ■ [X]	Check box if Total Revenue is adjusted for Tiered Partnership Election, see instructions ■ [ ]			
Is this entity a corporation, limited liability company, professional association, limited partnership or financial institution? [X] Yes [ ] No				

** If not twelve months, see instructions for annualized revenue

Accounting year begin date** ■	Accounting year end date ■	SIC code ■	NAICS code ■
m m d d y y: 0 1 0 1 2 2	m m d d y y: 1 2 3 1 2 2	5199	339900

REVENUE *(Whole dollars only)*

1. **Gross receipts or sales**	1. ■		352151451.00
2. **Dividends**	2. ■		0.00
3. **Interest**	3. ■		2477.00
4. **Rents** *(can be negative amount)*	4. ■		0.00
5. **Royalties**	5. ■		0.00
6. **Gains/losses** *(can be negative amount)*	6. ■		0.00
7. **Other income** *(can be negative amount)*	7. ■		0.00
8. **Total gross revenue** *(Add items 1 thru 7)*	8. ■		352153928.00
9. **Exclusions from gross revenue** *(see instructions)*	9. ■		0.00
10. **TOTAL REVENUE** *(item 8 minus item 9 if less than zero, enter 0)*	10. ■		352153928.00

COST OF GOODS SOLD *(Whole dollars only)*

11. **Cost of goods sold**	11. ■	223708058.00
12. **Indirect or administrative overhead costs** *(Limited to 4%)*	12. ■	0.00
13. **Other** *(see instructions)*	13. ■	0.00
14. **TOTAL COST OF GOODS SOLD** *(Add items 11 thru 13)*	14. ■	223708058.00

COMPENSATION *(Whole dollars only)*

15. **Wages and cash compensation**	15. ■	35640478.00
16. **Employee benefits**	16. ■	5693128.00
17. **Other** *(see instructions)*	17. ■	0.00
18. **TOTAL COMPENSATION** *(Add items 15 thru 17)*	18. ■	41333606.00

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142654C 280712

TX2023 05-158-B

Ver. 14.0 (Rev.9-16/9)

2023-117 ATTH 01

Texas Franchise Tax Report - Page 2

■ Tcode 13251 ANNUAL

■ Taxpayer number	■ Report year	Due date	Taxpayer name
32059066467	2023	05/15/2023	STERNOCANDLELAMP HOLDINGS INC

MARGIN *(Whole dollars only)*

19. 70% revenue *(item 10 X .70)*	19. ■	246507750.00
20. Revenue less COGS *(item 10 - item 14)*	20. ■	128445870.00
21. Revenue less compensation *(item 10 - item 18)*	21. ■	310820322.00
22. Revenue less $1 million *(item 10 - $1,000,000)*	22. ■	351153928.00
23. MARGIN *(see instructions)*	23. ■	128445870.00

APPORTIONMENT FACTOR

24. Gross receipts in Texas *(Whole dollars only)*	24. ■	18989980.00
25. Gross receipts everywhere *(Whole dollars only)*	25. ■	398333790.00
26. APPORTIONMENT FACTOR *(Divide item 24 by item 25, round to 4 decimal places)*	26. ■	0.0477

TAXABLE MARGIN *(Whole dollars only)*

27. Apportioned margin *(Multiply item 23 by item 26)*	27. ■	6126868.00
28. Allowable deductions *(see instructions)*	28. ■	0.00
29. TAXABLE MARGIN *(item 27 minus item 28)*	29. ■	6126868.00

TAX DUE

30. Tax rate *(see instructions for determining the appropriate tax rate)*	Y Y N	30. ■	0.003750
31. Tax due (Multiply item 29 by the tax rate in item 30) (Dollars and cents)		31. ■	22975.75

TAX ADJUSTMENTS *(Dollars and cents) (Do not include prior payments)*

32. Tax credits *(item 23 from **Form 05-160**)*	32. ■	0.00
33. Tax due before discount *(item 31 minus item 32)*	33. ■	22975.75
34. Discount (see instructions, applicable to report years 2008 and 2009)	34. ■	0.00

TOTAL TAX DUE *(Dollars and cents)*

35. TOTAL TAX DUE *(item 33 minus item 34)*	35. ■	22975.75

Do not include payment if item 35 is less than $1,000 or if annualized total revenue is less than the no tax due threshold (see instructions). If the entity makes a tiered partnership election, ANY amount in item 35 is due. Complete Form 05-170 if making a payment.

Print or type name	Area code and phone number
ALEX COPPERSMITH	(951) 248-4100

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.

sign here ▶ Alex Coppersmith Date 5-9-2023

Mail original to:
Texas Comptroller of Public Accounts
P.O. Box 149348
Austin, TX 78714-9348

Instructions for each report year are online at www.comptroller.texas.gov/taxes/franchise/forms/. If you have any questions, call 1-800-252-1381.

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

142654C 280781

TX2023 05-166

Ver. 14.0 (Rev.9-16/7)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Affiliate Schedule

■ Tcode 13253 ANNUAL

■ Reporting entity taxpayer number	■ Report year	Reporting entity taxpayer name
32059066467	2023	STERNOCANDLELAMP HOLDINGS INC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
STERNOCANDLELAMP HOLDINGS INC	32059066467	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☐	■ ☐	0 1 0 1 2 2	1 2 3 1 2 2

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	189820192.00

■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
15991092.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
THE STERNO GROUP COMPANIES LLC	12056255545	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☒	■ ☒	0 1 0 1 2 2	1 2 3 1 2 2

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00

■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
STERNO HOME	32067360696	339900

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☐	■ ☒	0 1 0 1 2 2	1 2 3 1 2 2

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00

■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

The reporting entity of a combined group with a temporary credit for business loss and carryforwards preserved for itself and/or affiliates must submit common owner information. **This information must be provided to satisfy franchise tax reporting requirements.** Learn more at www.comptroller.texas.gov/taxes/franchise/.
An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

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TX2023 05-166

Ver. 14.0 (Rev.9-16/7)

2023-117 ATTH 01

10.1.b

Texas Franchise Tax Affiliate Schedule

■ Tcode 13253 ANNUAL

■ Reporting entity taxpayer number	■ Report year	Reporting entity taxpayer name
32059066467	2023	STERNOCANDLELAMP HOLDINGS INC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
RIMPORTS LLC	32069826355	451120

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ X	■ ☐	0 1 0 1 2 2	1 2 3 1 2 2

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☐	■ ☐		

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code

4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have **NEXUS** in Texas	■ 6. Affiliate reporting begin date (m m d d y y)	■ 7. Affiliate reporting end date (m m d d y y)
■ ☐	■ ☐		

■ 8. Gross receipts subject to throwback in other states (before eliminations)	■ 9. Gross receipts everywhere (before eliminations)
0.00	0.00
■ 10. Gross receipts in Texas (before eliminations)	■ 11. Cost of goods sold or compensation (before eliminations)
0.00	0.00

The reporting entity of a combined group with a temporary credit for business loss and carryforwards preserved for itself and/or affiliates must submit common owner information. **This information must be provided to satisfy franchise tax reporting requirements.** Learn more at www.comptroller.texas.gov/taxes/franchise/.
An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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General Information					
	COMBINED AFFILIATE AMOUNT	PARENT AMOUNT			
Legal name of affiliate	STERNOCANDLELAMP HOLDINGS	STERNOCANDLELAMP HOLDINGS INC	THE STERNO GROUP COMPANIES LLC	STERNO HOME	RIMPORTS LLC
Affiliate taxpayer number (if none, use FEIN)	32059066467	32059066467	12056255545	32067360696	32069826355
Affiliate NAICS Code	339900	339900	339900	339900	451120
Check if disregarded entity			X		X
Check if no Nexus in Texas			X	X	
Corp or LLC Code - (Y), (N)	Y	Y	Y		Y
Affiliate reporting begin date	010122	010122	010122	010122	010122
Affiliate reporting end date	123122	123122	123122	123122	123122
Gross receipts subject to throwback in other states					
Revenue					
Gross receipts of sales	352,151,451.	352,151,451.	0.	0.	0.
Dividends	0.	0.	0.	0.	0.
Interest	2,477.	0.	0.	0.	0.
Rents	0.	0.	0.	0.	0.
Royalties	0.	0.	0.	0.	0.
Gains/losses	0.	0.	0.	0.	0.
Other income	0.	0.	0.	0.	0.
Exclusions from gross revenue	0.	0.	0.	0.	0.
Cost of Goods Sold					
Cost of goods sold	223,708,058.				
Indirect or admin. overhead costs (4% of total costs)	0.		0.	0.	0.
Other cost of goods sold	0.		0.	0.	0.
Compensation					
Wages and cash compensation	35,640,478.	35,640,478.	0.	0.	0.
Employee benefits	5,693,128.	5,693,128.	0.	0.	0.
Other compensation	0.		0.	0.	0.
Apportionment					
Gross receipts in Texas	18,989,980.	15,991,092.			
Gross receipts everywhere	398,333,790.	189,820,192.			
Allowable deductions	0.		0.	0.	0.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local

Consolidated Financial Statements and Report of Independent Certified Public Accountants

SternoCandleLamp Holdings, Inc. and Subsidiaries

As of and for the years ended December 31, 2020 and 2019

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

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Report of Independent Certified Public Accountants	1
Consolidated balance sheets	3
Consolidated statements of income and comprehensive income	4
Consolidated statements of stockholder's equity	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Grant Thornton

GRANT THORNTON LLP
4695 MacArthur Ct #1600
Newport Beach, Ca 92660

D +1 949 553-1600

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SternoCandleLamp Holdings, Inc.

We have audited the accompanying consolidated financial statements of SternoCandleLamp Holdings, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income and comprehensive income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

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Grant Thornton

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SternoCandleLamp Holdings, Inc. and Subsidiaries, as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Newport Beach, California
March 10, 2021

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31

(in thousands, except share data)

ASSETS

Current assets	2020	2019
Cash and cash equivalents	$ 3,358	$ 2,073
Trade receivables, net of allowances	64,968	58,235
Inventories	92,979	84,807
Prepaid expenses and other current assets	2,145	4,550
Total current assets	163,450	149,665
Property and equipment, net	19,821	19,001
Intangible assets, net	118,746	135,491
Goodwill	55,336	55,336
Operating lease right-of-use assets, net	11,931	14,856
Other assets	794	790
Total assets	$ 370,078	$ 375,139

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities		
Current portion, long-term debt - related party	$ 9,230	$ 9,230
Accounts payable	36,438	29,561
Accrued and other expenses	14,195	15,848
Operating lease liabilities, short term	4,605	3,622
Total current liabilities	64,468	58,261
Deferred taxes	899	2,629
Line of credit - related party	16,000	7,611
Long-term debt, net of current portion - related party	204,862	223,352
Long-term liabilities	-	649
Operating lease liabilities, long-term	7,970	11,758
Total liabilities	294,199	304,260
Commitments and contingencies (refer to Note 8)		
Stockholder's equity		
Common stock - $0.001 par value, 1,500,000 shares authorized, 1,033,653 shares issued and 1,000,000 shares outstanding at December 31, 2020 and 2019	1	1
Additional paid-in capital	81,291	80,124
Treasury stock at cost (33,653 shares)	(6,013)	(6,013)
Accumulated other comprehensive income (loss)	2	(12)
Accumulated earnings (deficit)	598	(3,221)
Total stockholder's equity	75,879	70,879
Total liabilities and stockholder's equity	$ 370,078	$ 375,139

See notes to consolidated financial statements.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(in thousands)

	2020	2019
Net sales	$ 369,981	$ 395,444
Cost of goods sold	291,778	293,445
Gross profit	78,203	101,999
Selling, general and administrative expenses	52,421	57,156
Operating income	25,782	44,843
Related party interest expense	19,017	22,632
Amortization of debt issuance costs	451	451
Loss (gain) on disposal of assets	81	(18)
Other expense (income), net	71	(58)
Income before income taxes	6,162	21,836
Provision for income taxes	2,343	5,388
Net income	$ 3,819	$ 16,448
Foreign currency translation adjustment	14	257
Comprehensive income	$ 3,833	$ 16,705

See notes to consolidated financial statements.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

For the years ended December 31, 2020 and 2019

(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated other comprehensive income (loss)	Accumulated Earnings (Deficit)	Total Stockholder's Equity
	Shares Issued	Amount					
Balance, January 1, 2019	1,033,653	$ 1	$ 78,941	$ (6,013)	$ (269)	$ (19,669)	$ 52,991
Stock compensation expense	-	-	1,183	-	-	-	1,183
Net income	-	-	-	-	-	16,448	16,448
Foreign currency translation gain	-	-	-	-	257	-	257
Balance, December 31, 2019	1,033,653	$ 1	$ 80,124	$ (6,013)	$ (12)	$ (3,221)	$ 70,879
Stock compensation expense	-	-	1,167	-	-	-	1,167
Net income	-	-	-	-	-	3,819	3,819
Foreign currency translation gain	-	-	-	-	14	-	14
Balance, December 31, 2020	1,033,653	$ 1	$ 81,291	$ (6,013)	$ 2	$ 598	$ 75,879

See notes to consolidated financial statements.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(in thousands)

	2020	2019
Cash flows from operating activities:		
Net income	$ 3,819	$ 16,448
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	5,048	5,086
Amortization expense	17,012	16,949
Amortization of debt issuance costs	451	451
Stock-based compensation expense	1,167	1,183
Deferred taxes	(1,730)	(1,392)
Provision for inventory reserve	(1,167)	642
Provision for doubtful accounts	3,213	526
Loss (gain) on disposal of assets	81	(18)
Changes in operating assets and liabilities:		
Trade receivables	(9,945)	11,838
Prepaid expenses and other current assets	2,379	(2,073)
Inventories	(7,005)	(16,644)
Accounts payable	4,445	(7,382)
Accrued and other expenses	130	(5,436)
Operating lease asset, net	119	524
Net cash provided by operating activities	18,017	20,702
Cash flows from investing activities:		
Purchases of property and equipment	(6,130)	(5,770)
Intangibles	(86)	(20)
Net cash used in investing activities	(6,216)	(5,790)
Cash flows from financing activities:		
Borrowings on loans and line of credit, net loan origination fees	57,200	42,100
Payments on loans and line of credit	(67,730)	(63,630)
Net cash used in financing activities	(10,530)	(21,530)
Foreign currency impact on cash	14	257
Net increase (decrease) in cash and equivalents	1,285	(6,361)
Cash and cash equivalents beginning of period	2,073	8,434
Cash and cash equivalents end of period	$ 3,358	$ 2,073
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest expense - related party	$ 18,914	$ 22,672
Income taxes	$ 4,104	$ 7,468

See notes to consolidated financial statements.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SternoCandleLamp Holdings, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

SternoCandleLamp Holdings, Inc. (the "Company"), headquartered in Corona, California, is the ultimate parent company of Sterno, LLC ("Sterno" f.k.a. Sterno Products, LLC), Sterno Home, Inc. ("Sterno Home"), Sterno Delivery, LLC ("Sterno Delivery") and Rimports, LLC ("Rimports"). The Company operates via three product divisions:

- Sterno – Sterno offers a broad range of wick and gel chafing fuels, liquid and traditional wax candles, butane stoves and accessories, and catering equipment and lamps for restaurants, hotel and home entertainment uses, selling both Sterno Brand and private label. Sterno also has a division called Sterno Delivery, which develops, manufactures, and delivers hot and cold carriers and coolers for school nutrition, catering events, pizza delivery, meal and drink delivery, and stadiums.

- Sterno Home - Sterno Home's product offerings include a full line of innovative patented flameless candles, traditional house and garden lighting including path lights, spotlights, bollards, coach and security lights as well as emerging décor categories of illuminated products such as post caps, deck, patio and fence lighting and other novelty products including stick lights, string lights, baskets and lanterns. The flameless candles and novelty lighting are powered by solar or battery power, and the more traditional outdoor lighting fixtures are driven via solar power or low voltage technologies.

- Rimports - Rimports is a manufacturer and distributor of branded and private label wickless candle products used for home decor and fragrance systems under the ScentSationals, Better Home & Garden, AmbiEscents, Oak & Rye, Estate and Ador brands. Rimports offers lines of wickless candle products including ceramic wax warmers, scented wax cubes and essential oil and diffusers. The Company acquired Rimports in February 2018.

The Company operates out of its corporate headquarters in Corona, California; two manufacturing facilities in Texarkana, Texas and Memphis, Tennessee; Sterno Delivery's facility in La Porte, Indiana; and Rimports' facility in Provo, Utah.

The Company's significant accounting policies are as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (Sterno, Sterno Delivery, Sterno Home and Rimports) and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany transactions and accounts have been eliminated.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates and assumptions made by management are used for, but not limited to, the fair value of identifiable intangible assets, the recoverability of the carrying value of long-lived and intangible assets and goodwill, the realization of trade receivables, the accrual for rebates, reserves for slow-moving or obsolete inventory, and the establishment of valuation allowance on deferred income taxes. Actual results could differ from these estimates.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods and excludes any sales incentives or taxes collected from customers which are subsequently remitted to government authorities.

Performance Obligations - Revenues are recognized when control of the promised goods is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. Each product represents a separate performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. The standalone selling price is directly observable as it is the price at which the Company sells its products separately to the customer. As the Company does not meet any of the requirements for over time recognition for any of its products, it will recognize revenue based on the point in time criteria based on the definition of control, which is generally upon shipment terms for products.

Shipping and Handling Costs - Costs associated with shipment of products to a customer are accounted for as a fulfillment cost and are included in cost of goods sold. The Company has elected to apply the practical expedient for shipping costs under the new revenue guidance and accounted for shipping and handling activities performed after control of a good has been transferred to the customer as a fulfillment cost and not a performance obligation. Therefore, both revenue and costs of shipping and handling are recorded at the same time. As a result, any consideration (including freight and landing costs) related to these activities is included as a component of the overall transaction consideration and allocated to the performance obligations of the contract.

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Warranty - For product sales, the Company provides standard assurance-type warranties as the Company only warrants its products against defects in materials and workmanship (i.e., manufacturing flaws). Although the warranties are not required by law, the tasks performed over the warranty period are only to remediate instances when products do not meet the promised specifications. Customers do not have the option to purchase warranties separately. The Company's warranty periods generally range from 90 days to one year depending on the nature of the product and are consistent with industry standards. The periods are reasonable to assure that products conform to specifications. The Company does not have a history of performing activities outside the scope of the standard warranty.

Variable Consideration - Upon adoption of the new revenue guidance, the Company's policy around estimating variable consideration related to sales incentives (early pay discounts, rights of return, rebates, chargebacks, and other discounts) included in certain customer contracts remained consistent with previous guidance. These incentives are recorded as a reduction in the transaction price. Under the new guidance, variable consideration is estimated and included in total consideration at contract inception based on either the expected value method or the most likely outcome method. The method was applied consistently among each type of variable consideration and the Company applies the expected value method to estimate variable consideration. These estimates are based on historical experience, anticipated performance and the Company's best judgment at the time and as a result, reflect applicable constraints. The Company includes in the transaction price an amount of variable consideration estimated in accordance with the new guidance only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from product sales is presented net of rebates, returns and other allowances. The Company recorded approximately $30.3 million and $49.8 million for rebates and incentive allowances against revenue during the years ended December 31, 2020 and 2019, respectively. The accrual for rebates and incentive allowances is based on terms of contractual arrangements and historical experience and is recorded in accrued expenses in the Company's consolidated balance sheets.

Sales and Other Similar Taxes - The Company notes that under its contracts with customers, the customer is responsible for all sales and other similar taxes, which the Company will invoice the customer for if they are applicable. The new revenue guidance allows entities to make an accounting policy election to exclude sales taxes and other similar taxes from the measurement of the transaction price. The scope of this accounting policy election is the same as the scope of the policy election in the previous guidance.

Disaggregated Revenue - Revenue Streams and Timing of Revenue Recognition - The Company disaggregates revenue by strategic business unit and by product for each strategic business unit which are categories that depict how the nature, amount and uncertainty of revenue and cash flows are affected by economic factors. This disaggregation also represents how the Company evaluates its financial performance, as well as how the Company communicates its financial performance to the other users of its financial statements. Each strategic business unit represents the Company's different products.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

The following table sets forth the Company's net sales by product for the years ended December 31, 2020 and 2019 (in thousands):

	2020	2019
Canned heat, table lighting, and hand sanitizer	$ 65,819	$ 145,505
Flameless and outdoor lighting	51,615	73,262
Wickless candle products, diffusers and essential oils	252,547	176,677
	$ 369,981	$ 395,444

Cash and Cash Equivalents

The Company maintains its cash and cash equivalents in bank deposit accounts. The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. As of December 31, 2020 and 2019, the Company had issued $0 and $385 thousand of checks in excess of funds available, respectively.

Trade Receivables

Credit is extended in the form of trade receivables based on an evaluation of each customer's financial condition, and collateral is not required. Trade receivables are carried at original invoice amount less estimates made for doubtful receivables, customer chargebacks, markdowns and returns. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. No interest is charged on customer accounts. The Company's Rimports unit maintains an allowance for customer chargebacks for items such as markdowns and defective units based on historical experience and management's knowledge of its customers' receiving and payment practices. As of December 31, 2020 and 2019, the allowance for chargebacks was $4.5 million and $1.9 million, respectively. As of December 31, 2020 and 2019, the allowance for doubtful accounts was $1.0 million and $430 thousand, respectively.

Inventories

Inventories are stated at the lower of cost (determined on a weighted-average method) or net realizable value. Inventory consists of raw materials, work in progress, shipping supplies and finished goods. The Company reserves for slow-moving and obsolete inventory when management determines an item should be reserved based on historical movement.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

Property, plant and equipment are recorded at cost. The cost of major additions or betterments is capitalized, while maintenance and repairs that do not improve or extend the useful lives of the related assets are expensed as incurred. Leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives.

Depreciation is recorded primarily by the straight-line method over the following estimated lives of the related assets:

	Years
Buildings	25
Machinery, tooling and equipment	2-15
Office furniture and equipment	3-7

Long-Lived Assets

Long-lived assets, which include property, equipment and amortizable intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that an asset may not be recoverable. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest charges) is less than the carrying value of the assets, the assets are written down to the estimated fair value, and such loss is recognized in income from continuing operations in the period in which the determination is made. Management determined that no impairment of long-lived assets was identified in the years ended December 31, 2020 and 2019.

Amortization of Intangible Assets

Intangible assets subject to amortization are amortized on the straight-line method over their estimated useful lives. Changes in circumstance, such as a significant decline in the Company's viability, could result in the actual useful lives differing from initial estimates. In those cases where the Company determines that the useful life of a long-lived asset should be revised, the Company will amortize the net book value over its revised remaining useful life.

The Company believes that the "Sterno" trade name is an indefinite life intangible asset. An intangible asset is determined to have an indefinite useful life when there are no legal, regulatory, contractual, competitive, economics, or any other factors that may limit the period over which the asset is expected to contribute directly or indirectly to future cash flows. The evaluation of impairment for indefinite life intangible assets is performed by a comparison of the asset's carrying value to the asset's fair value. When the carrying value exceeds fair value, an impairment charge is recorded for the amount of the difference. Management determined that no impairment of its trade name had occurred in the years ended December 31, 2020 and 2019.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Goodwill

The Company evaluates goodwill for impairment on an annual basis or whenever events or circumstances have indicated that the carrying amount of an asset may be impaired. The Company has determined that it has one reporting unit, which is subject to impairment testing. The Company assesses qualitative factors to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its' carrying amount. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount using a qualitative approach, then an additional analysis is performed using the reporting unit's discounted cash flows to further determine whether the fair value is less than the reporting unit's carrying value. If the excess of the fair value of the reporting unit over the fair value of the identifiable assets and liabilities is less than the carrying value of the unit's goodwill, an impairment charge is recorded for the difference. There was no impairment of goodwill in the years ended December 31, 2020 and 2019.

Income Taxes

The Company accounts for income taxes under the asset and liability method under which it recognizes deferred income taxes, net of valuation allowances, if any, for the estimated future tax effects of temporary differences between the financial statement carrying amounts of existing assets and liabilities and its tax bases and net operating loss and tax credit carryforwards. The Company may, from time to time, be assessed interest or penalties by tax jurisdictions, although any such assessments historically have been minimal and immaterial to its financial results. In the event the Company has such an assessment from a taxing authority, it is its accounting policy to recognize any interest and penalties as a component of income tax.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which included a range of tax relief provisions for corporations, individuals and other taxpaying entities.

The 2017 Tax Cuts and Jobs Act, as further discussed below, created a new limitation on the deduction of corporate interest under Section 163(j). In simple terms, interest expense for any given year is limited to 30% of "tax EBITDA". Any disallowed amount was carried forward indefinitely to future periods and subject that year's limitation. The CARES Act increased the 163(j) limitation from 30% to 50%. As a result, we estimate that the Company will have no current year limitation and retroactively allowed the Company a full deduction for prior deductions deferred under the provision. As a result, the Company shows no deferral of interest deductions as of December 31, 2020.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "2017 Act"). In connection with the 2017 Act, the Company was subject to the transition tax on unrepatriated foreign earnings, pursuant to Section 965. The Company's total resulting tax under Section 965 was $321 thousand. The Company elected to pay the tax in installments. As of December 31, 2020, a balance of $218 thousand is to be paid via installments through 2024.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2020 and 2019, advertising expense was approximately $1.1 million and $1.3 million, respectively.

Debt Issuance Costs

Debt issuance costs are amortized over the life of the respective loans using the effective interest method as it related to term debt and the straight-line method related to the revolving credit agreement. Issuance costs related to debt are presented in the consolidated balance sheets as a direct deduction from the carrying amount of the associated debt liability. Issuance costs related to a revolving credit facility are included in prepaid expenses and other current assets in the consolidated balance sheets.

For the years ended December 31, 2020 and 2019, amortization of debt issuance costs was $451 thousand. See Note 5 Related Party Debt.

Accounting for Stock-Based Compensation

Stock-based compensation cost is calculated on the date of grant using the estimated fair value of the option as determined using the Black-Scholes option pricing model. The compensation cost is then amortized ratably over the vesting period of the individual option grants. The Black-Scholes valuation calculation requires the Company to estimate key assumptions including the expected term, volatility and interest rates to determine the fair value of the stock options. The estimate of these key assumptions is based on an analysis of comparable companies, the Company's leverage and judgment regarding market factors and trends. Authoritative guidance also requires that forfeitures be estimated at the date of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

COVID-19 Risks Relating to our Business

The COVID-19 pandemic resulted in additional risks that may adversely affect our business, financial condition, results of operations and cash flows.

In December 2019, there was an outbreak of a new strain of coronavirus, COVID-19. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic has negatively impacted the global economy, lowered equity valuations, disrupted global supply chains and workforce participation due to "shelter-in-place" restrictions by various governments worldwide, decreased consumer confidence generally and created significant volatility and disruption of financial markets.

The Company's operations and business has been negatively affected and could be materially and adversely affected by the COVID-19 pandemic and related weak, or weakening of, economic or other negative conditions. The extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected timeframe, will depend on future developments. The significance of the impact on the Company's operations is not yet certain and depends on numerous evolving factors that the Company may not be able to accurately predict or effectively respond to, including, without limitation: the duration and scope of the outbreak; actions taken by governments, businesses, and individuals in response to the outbreak; the effect on economic activity and actions taken in response; the effect on customers and their demand for the Company's products; and the Company's ability to manufacture, and sell its products, including without limitation as a result of supply chain challenges, facility closures, social distancing, restrictions on travel, and shelter-in-place orders. These and other factors relating to or arising from the outbreak could have a material adverse effect on the Company's business, results of operations, and cash flows. The degree to which COVID-19 and related actions ultimately impact our business, financial position, results of operations and cash flows will depend on factors which are highly uncertain, difficult to predict and beyond our control including the duration, spread and severity of the outbreak, the actions taken to contain COVID-19 and mitigate its public health effects, the impact on the U.S. and global economies and demand for our products, and how quickly and to what extent normal economic and operating conditions resume. Even after COVID-19 has subsided, we may continue to experience materially adverse impacts to our business as a result of the virus' global economic impact and any recession that has occurred or may occur in the future.

There are no comparable recent events that provide guidance as to the effect the spread of COVID-19 as a global pandemic may have, and, as a result, the ultimate impact of the outbreak is highly uncertain and subject to change. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Concentration of Credit Risk

The Company maintains cash balances at various banks where balances are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, the Company maintains cash balances in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. The Company performs periodic credit evaluations of its customers. The Company maintains allowances for potential credit losses and such losses have historically been within management's expectation. In 2020 and 2019, the Company's top ten customers accounted for 80% and 73% of net sales, respectively. One customer accounted for 65% and 47% of the Company's net sales for the years ended December 31, 2020 and 2019, and the top two customers combined accounted for 68% and 53% respectively. Three customers accounted for approximately 74% and 58% of trade receivables, net at December 31, 2020 and 2019, respectively. One customer accounted for 60% and 45% of the Company's trade receivables, net at December 31, 2020 and 2019, respectively. The top two customers combined accounted for 68% and 53% of trade receivables, net at December 31, 2020 and 2019, respectively.

Comprehensive Income

The Company's Rimports unit has operations outside the United States, and the local currency is the functional currency. The financial statements of this foreign unit are translated into U.S. dollars using exchange rates in effect at year-end for assets and liabilities and average exchange rates during the year for results of operations. The resulting translation gain or loss is included in stockholder's equity as other comprehensive income or loss. For all other foreign operations, the Company's functional currency is the U.S. dollar. For the years ended December 31, 2020 and 2019, the transaction gains and losses aggregated to a loss of approximately $239 thousand and $260 thousand, respectively. Foreign currency gains and losses are recorded in other expenses in the accompanying consolidated statements of income and comprehensive income.

Fair Value Measurement

The Company uses a framework for measuring fair value of all financial instruments that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods, including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to each valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

value. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The estimated fair values of the Company's short-term financial instruments, including cash, trade receivables and accounts payable arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The fair value of the line of credit approximates its carrying amount, as the fair value is estimated based on current rates offered to the Company for similar debt of the same remaining maturities. For liabilities such as long-term debt not accounted for at fair value and without quoted market prices, fair value is based upon estimated cash flows adjusted for credit risk, which are discounted using an interest rate appropriate for the maturity of the applicable loans. As such, the fair value of long-term debt approximates its carrying value.

Foreign Assets

The carrying value of the net assets located outside the United States for the Company was approximately $35.9 million and $47.9 million at December 31, 2020 and 2019, respectively. Additionally, net sales from foreign operations approximated $15.6 million and $19.9 million for 2020 and 2019, respectively. This accounted for approximately 4% and 5% of the total net sales for the years ended December 31, 2020 and 2019, respectively.

Leases

As of January 1, 2019, the Company adopted FASB ASU No. 2016-02, *Leases* ("Topic 842"). The new standard requires an entity to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. The standard update offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of financial statements

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued two updates to Topic 842 to clarify how to apply certain aspects of the new lease standard, to give entities another option for transition, and to provide lessors with a practical expedient to reduce the cost and complexity of implementing the new standard. The transition option allows entities to not apply the new lease standard in the comparative periods presented in the financial statements in the year of adoption. The Company adopted the new standard using the optional transition method. The reported results for reporting periods after January 1, 2019 are presented under the new lease guidance while prior period amounts were prepared under the previous lease guidance.

The new standard provides a number of optional practical expedients in transition. The Company elected to use the package of practical expedients that allows us to not reassess: (i) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases and (iii) initial direct costs for any expired or existing leases. The Company additionally elected to use the practical expedient that allows lessees to treat the lease and non-lease components of leases as a single lease component and the practical expedient pertaining to land easements. In addition, the new standard provides for an accounting election that permits a lessee to elect not to apply the recognition requirements of Topic 842 to short-term leases by class of underlying asset. The Company adopted this accounting election for all classes of assets.

The Company has performed an assessment of the impact of the adoption of Topic 842 on the Company's consolidated financial position and results of operations for the Company's leases, which consist of manufacturing facilities, warehouses, office facilities, equipment and vehicle leases. The adoption of the new lease standard on January 1, 2019 resulted in the recognition of right-of-use assets of approximately $14.9 million and lease liabilities for operating leases of approximately $15.4 million on the consolidated balance sheets, with no material impact on the consolidated statements of income and comprehensive income or consolidated statements of cash flows. The Company implemented processes and a lease accounting system to ensure adequate internal controls were in place to assess its leasing arrangements and enable proper accounting and reporting of financial information upon adoption. No cumulative effect adjustment was recognized as the amount was not material. Refer to Note 8 Commitments and Contingencies for additional information regarding the Company's adoption of Topic 842.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses*, which will require companies to present assets held at amortized cost and available for sale debt securities at the net amount expected to be collected. The guidance requires the measurement of expected credit losses to be based on relevant information from past events, including historical experiences, current conditions and reasonable and supportable forecasts that affect collectability. The guidance became effective for fiscal years and interim periods beginning after December 15, 2019 and primarily affects the Company's estimates of accounts receivable provisions. The adoption of this guidance did not have a material impact on the consolidated financial statements.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Recently Issued Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This guidance removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. This guidance also clarifies and simplifies other areas of ASC 740. The guidance will be effective for fiscal years and interim periods beginning after December 15, 2021, and early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the consolidated financial statements.

NOTE 2 – INVENTORIES

Inventories consisted of the following at December 31, (in thousands):

	2020	2019
Raw materials	$ 29,678	$ 19,889
Work in progress	546	242
Finished goods	62,755	64,676
Inventories	$ 92,979	$ 84,807

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31, (in thousands):

	2020	2019
Land	$ 680	$ 680
Buildings, machinery, tooling and equipment	33,949	29,657
Leasehold improvements	1,068	748
Office furniture and equipment	3,231	2,957
Construction in progress	5,250	4,282
Total	44,178	38,324
Accumulated depreciation and amortization	(24,357)	(19,323)
Property and equipment, net	$ 19,821	$ 19,001

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2020 and 2019 was approximately $5.0 million and $5.1 million, respectively.

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NOTE 4 – GOODWILL AND INTANGIBLE ASSETS, NET

The carrying value of goodwill as of December 31, 2020 and 2019 is $55.3 million

At December 31, 2020 and 2019, approximately $31.0 million and $34.2 million of goodwill is deductible for tax purposes.

Intangible assets are comprised of the following at December 31, 2020 and 2019 (in thousands):

	2020	2019	Weighted Average Useful Life
Amortizable intangible assets			
Customer relationships	$145,990	$145,990	9
Tradenames - Sterno Home and Rimports	7,800	7,800	8
Developed technology	5,200	5,200	10
Patent	313	46	15
Accumulated amortization – customer relationships	(65,807)	(50,264)	
Accumulated amortization – tradenames	(2,938)	(1,993)	
Accumulated amortization – developed technology	(2,600)	(2,080)	
Accumulated amortization – patent	(22)	(18)	
Total amortizable intangible assets, net	87,936	104,681	
Tradename, not subject to amortization - Sterno	30,810	30,810	
Total	$118,746	$135,491	

Amortization expense of intangibles was approximately $17.0 million and $16.9 million for the years ended December 31, 2020 and 2019, respectively. Estimated charges to amortization expense of intangible assets over the next five years are as follows (in thousands):

Years ending December 31,	
2021	$ 17,012
2022	16,968
2023	16,882
2024	15,544
2025	10,866
Thereafter	10,664
Total	$ 87,936

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NOTE 5 – RELATED-PARTY DEBT

On October 10, 2014, Compass Group Diversified Holdings, LLC ("Compass") purchased all of the equity of Sterno for approximately $160.0 million (the "Sterno acquisition"). In connection with the Sterno acquisition, the Company obtained a $30.0 million revolving line of credit ("Line of Credit") from Compass, the sole shareholder, originally maturing on October 10, 2020. The Company also obtained a $45.0 million loan ("Term A Loan") from Compass, originally maturing on October 10, 2020 or such earlier date pursuant to an event of default as defined. In addition, the Company obtained a $25.0 million Term B Loan ("Term B Loan") from Compass in connection with the Sterno acquisition which had an original maturity date of October 10, 2021 or such earlier date pursuant to event of default as defined. The Term B Loan had an interest rate of 12% per annum.

On January 22, 2016, Sterno purchased all of the equity of Northern International, Inc. ("NII"). NII changed its name to Sterno Home, Inc. ("Sterno Home"). In connection with the Sterno Home acquisition, the first amendment to the Credit Agreement, dated as of January 22, 2016, was executed and extended an additional $26.0 million toward the Term A Loan. On September 28, 2016, the second amendment to the Credit Agreement was executed and increased the capital expenditures limit for fiscal year 2016 to $3.9 million and increased the capital expenditures limit for any fiscal year thereafter to $2.5 million. On December 1, 2016, the third amendment to the Credit Agreement was executed which (i) approved an increase to the Term A Loan Commitment of $8.0 million (the "Additional Term A Loan Commitment"), (ii) advanced an additional Term Loan in an amount equal to the Additional Term A Loan Commitment (the "Additional Term A Loan Proceeds"), (iii) permitted the use of the Additional Term A Loan Proceeds and $17.0 million of the Line of Credit proceeds to prepay a portion of the Term B Loans then outstanding, and (iv) waived any and all Defaults or Event of Defaults that would otherwise occur as a result of such prepayment of the Term B Loan. As a result, the additional $8.0 million of the Term A Loan and the $17.0 million from the Line of Credit was used to pay off the $25.0 million Term B Loan.

On January 5, 2018, the Company completed a recapitalization whereby the Company entered into an amendment to the related party loan agreement. The fourth amendment to the Credit Agreement was executed which (i) provided for term loan borrowings of $56.8 million to fund a distribution to Compass, which owned 100% of the outstanding equity of the Company at the time of the recapitalization, and (ii) extended the maturity dates of the Line of Credit and Term A Loan to January 5, 2024 and Term B Loan to January 5, 2025. In connection with the recapitalization, the Company's management team exercised all of their vested 58,000 stock options, which represented 33,653 shares of the Company in a cashless exercise. The Company then used a portion of the loan proceeds to repurchase the 33,653 shares from management for a total purchase price of $6.0 million. Acquired shares are held as treasury shares carried at cost in the consolidated balance sheets as of December 31, 2020 and 2019. In addition, the Company issued new stock options to replace the exercised options, thus maintaining the same percentage of fully diluted non-controlling interest that existed prior to the recapitalization.

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NOTE 5 – RELATED-PARTY DEBT – Continued

On February 26, 2018, the Company completed the acquisition of Rimports for a purchase price of approximately $145.0 million. Concurrent with the closing of the acquisition of Rimports, the fifth amendment to the Credit Agreement was executed for the advance of additional term loans in the aggregate amount of $136.0 million, and revolving loans in the amount of $10.0 million.

On January 9, 2019, the eighth amendment to the Credit Agreement was executed and increased the capital expenditures limit for fiscal year 2019 to $6.1 million. On March 31, 2019, the ninth amendment to the Credit Agreement was executed and redefined the fiscal year from 2014 to 2019 in relation to the original loan agreement for Mandatory Prepayment clause (2.9.2). On March 30, 2020, the tenth amendment to the Credit Agreement was executed and waived the Excess Cash Flow Prepayment clause (2.9.2) and waived any and all defaults or event of defaults that would occur as a result of such waiver. On October 30, 2020, the eleventh amendment to the Credit Agreement was executed and increased the capital expenditures limit for fiscal year 2020 to $7.0 million.

As of December 31, 2020 and 2019, the outstanding balance of Term A Loan totaled $146.2 million and $165.1 million, respectively. The Term A Loan requires annual payments of $9.2 million to be paid in quarterly installments of $2.3 million. As of December 31, 2020 and 2019, the balance for the Term B Loan was $69.2 million.

The Company pays an unused availability fee quarterly equal to 0.5% of the unused portion of the Line of Credit. At December 31, 2020, $16.0 million was outstanding under the Line of Credit at an interest rate of 7.3%. At December 31, 2019, $7.6 million was outstanding under the Line of Credit at an interest rate of 7.1%. As of December 31, 2020 and 2019 the unused portion of the Line of Credit was $24.0 million and $32.4 million, respectively.

The Line of Credit and Term A Loan allow for loans at either the base rate or London InterBank Offered Rate ("LIBOR"), as defined. Base rate loans bear interest at a fluctuating rate per annum equal to the greater of (i) the prime rate of interest published by the Wall Street Journal or (ii) the sum of the Federal Funds Rate plus 0.5% for the relevant period, plus the applicable margin below. The base rate at December 31, 2020 for Line of Credit and Term A loan was 3.25%, plus the Applicable Margin of 4.00%.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

NOTE 5 – RELATED-PARTY DEBT – Continued

LIBOR loans bear interest at a fluctuating rate per annum equal to the LIBOR for the relevant period, plus the applicable margin below:

	Line of Credit and Term A	
Total debt to EBITDA ratio:	Base Loan	LIBOR
Less than 2.0:1.00	3.50	4.50
Greater than 2.0:1.0 but less than 3.0:1.0	3.75	4.75
Greater than 3.0:1.0 but less than 4.0:1.1	4.00	5.00
Greater than 4.0:1.0 but less than 5.0:1.2	4.25	5.25
Greater than 5.0:1.0	4.50	5.50

The Company also has a $63 thousand letter of credit from an external bank which is backed by a $63 thousand letter of credit from Compass. Letters of credit under this separate facility totaling $63 thousand were outstanding at December 31, 2020 and 2019. The Company is required to pay letter of credit fees equal to 1.75% per annum.

The loans and Line of Credit with Compass are collateralized by the Company's right, title and interest in the Company's net assets. The loan agreements also include certain financial covenants including, but not limited to, requirements to maintain certain fixed charges and leverage ratios. The Company was in compliance with all financial covenants at December 31, 2020 and 2019.

Long-term debt and the related current portion as of December 31, 2020 and 2019 consist of the following (in thousands):

	2020	2019
Term A Loan	$146,226	$165,144
Term B Loan	69,213	69,213
Debt issuance costs	(1,347)	(1,775)
Total	214,092	232,582
Less: current portion	9,230	9,230
Total long-term portion	$204,862	$223,352

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NOTE 5 – RELATED-PARTY DEBT – Continued

Schedule of future maturities of long-term debt is as follows at December 31, (in thousands):

2021	$ 9,230
2022	9,230
2023	9,230
2024	118,536
2025	69,213
Total	$ 215,439

As of December 31, 2020 and 2019, debt issuance costs included on the accompanying consolidated balance sheets totaled $1.6 million and $2.0 million, respectively. Debt issuance costs consist of loan fees associated with the related party debt. Loan fee amortization expense included in the accompanying consolidated statements of income and comprehensive income was $451 thousand for the years ended December 31, 2020 and 2019, respectively.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at December 31, (in thousands):

	2020	2019
Accounts payable	$ 36,438	$ 29,561
Accrued payroll, commissions and benefits	5,090	4,951
Accrued rebates, returns and other	5,170	6,783
Accrued interest	450	347
Income taxes payable and other taxes	2,694	3,121
Other accrued expenses	791	646
Total	$ 50,633	$ 45,409

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NOTE 7 – INCOME TAXES

The provision for income taxes at December 31, 2020 and 2019 is as follows (in thousands):

	2020	2019
Current income tax expense		
Federal	$ 2,637	$ 5,117
State	992	924
Foreign	444	464
Total current income tax expense	4,073	6,505
Deferred income tax expense (benefit)		
Federal	158	(761)
State	(79)	(128)
Foreign	(1,809)	(228)
Total deferred income tax benefit	(1,730)	(1,117)
Total income tax expense	$ 2,343	$ 5,388

At December 31, 2020 and 2019, the Company's federal and state income tax payable totaled $2.0 million and $2.4 million, respectively, and was included in accounts payable and accrued expenses on the accompanying consolidated balance sheets.

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NOTE 7 – INCOME TAXES – Continued

The tax effects of temporary differences that have resulted in the creation of deferred tax assets and deferred tax liabilities at December 31, 2020 and 2019, are as follows (in thousands):

Deferred tax assets	2020	2019
Accrued expenses	$ 92	$ 485
Inventory reserve	1,933	1,312
Stock options	1,692	1,230
Unicap	215	182
Allowance for doubtful accounts	62	34
Deferred interest	-	604
Operating lease right-of-use assets	2,602	2,935
Deferred tax assets	$ 6,596	$ 6,782
Deferred tax liabilities		
Intangible assets	$ (2,419)	$ (4,065)
Depreciation	(2,235)	(2,063)
Prepaid expenses	(284)	(383)
Operating lease right-of-use liabilities	(2,520)	(2,878)
Other	(37)	(22)
Deferred tax liabilities	$ (7,495)	$ (9,411)
Total net deferred tax liabilities	$ (899)	$ (2,629)

At December 31, 2020 and 2019, the Company had no material federal or state net operating loss carryforwards. The Company had no foreign net operating loss carryforwards.

The Company applies a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit or obligation as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments. As of December 31, 2020, the Company continued to have no material unrecognized tax benefits in its consolidated financial statements and, therefore, did not record a liability for unrecognized tax benefits.

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NOTE 7 – INCOME TAXES – Continued

Interest and penalties related to unrecognized tax benefits will be recognized in income tax expense. As of December 31, 2020 and 2019, no interest or penalties were included in income tax expense.

The Company is subject to U.S. federal, state, local and foreign income tax, and in the normal course of business, its income tax returns are subject to examination by the relevant taxing authorities. In December 2020, the Company was notified of a pending audit of its 2017 and 2018 California Franchise Tax Returns. As of the date of the financial statements, the Company is unaware of any specific issues or areas of exposure that will arise in this audit. The Company is unaware of any additional ongoing or pending income tax audits.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Leases

The Company entered into a lease for its Corona, California facility during December 2012. The lease term is through March 2023, and the maximum lease payment under the agreement is approximately $21 thousand per month.

For Sterno, the Company leases several facilities in Memphis, Tennessee. For the first facility, the lease term is through March 2023, and the maximum lease payment under the agreement is approximately $18 thousand per month. A second facility was leased on July 2020 through June 2021, and the maximum lease payment under the agreement is approximately $5 thousand per month. On October 2020, a third facility was leased through September 2021, and the maximum lease payment under the agreement is approximately $6 thousand per month. The Company also leases its facility in Texarkana, Texas. The lease term is through July 2026, and the maximum lease payment under the agreement is approximately $18 thousand per month. The Company also leases a second facility in Texarkana, Texas. The lease term is through February 2023, and the maximum lease payment under the agreement is approximately $23 thousand per month.

For Sterno Home, the Company leases a facility in Coquitlam, British Columbia. The lease term is through December 2023, and the maximum lease payment under the agreement is approximately $93 thousand per month. The Company also leases its facility in Toronto. The lease term is through April 2021, and the maximum lease payment under the agreement is approximately $15 thousand per month. The Company also leases an office facility in Montreal. The lease term is through August 2021, and the maximum lease payment under the agreement is approximately $6 thousand per month. The Company also leases its facility in Yuyao, China. The lease term is through March 2021, and the maximum lease payment under the agreement is less than $1 thousand per month. The Company also leases another facility in Yuyao, China. The lease term is through June 2023, and the maximum lease payment under the agreement is less than $2 thousand per month.

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NOTE 8 – COMMITMENTS AND CONTINGENCIES – Continued

For Rimports, the Company leases a facility in Provo, Utah. The lease term is through May 2023, and the maximum lease payment under the agreement is approximately $83 thousand per month. The Company also leases its facility in Spanish Fork, Utah. The lease term is through March 2023, and the maximum lease payment under the agreement is approximately $164 thousand per month. The Company also leases its facility in Calgary, Canada. The lease term is through July 2024, and the maximum lease payment under the agreement is approximately $22 thousand per month. The Company also leases its facility in Bentonville, Arkansas. The lease term is through April 2023, and the maximum lease payment under the agreement is approximately $4 thousand per month.

The Company and its subsidiaries lease manufacturing facilities, warehouses, office facilities, equipment and vehicles under various operating agreements. Certain of the leases are subject to escalation clauses and renewal periods. The Company and its subsidiaries recognize lease expense, including predetermined fixed escalations, on a straight-line basis over the initial term of the lease including reasonably certain renewal periods from the time that the Company and its subsidiaries control the leased property. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets. A lease expense for these leases is recognized over the lease term on a straight-line basis.

Rent expense for the years ended December 31, 2020 and 2019 totaled $5.7 million and $5.5 million, respectively.

The maturities of lease liabilities at December 31, 2020 were as follows (in thousands):

2021	$ 5,349
2022	5,337
2023	2,555
2024	432
2025	303
Thereafter	135
Total undiscounted lease payments	14,111
Less: Interest	1,536
Present value of lease liabilities	$ 12,575

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NOTE 8 – COMMITMENTS AND CONTINGENCIES – Continued

The calculated amount of the right-of-use assets and liabilities in the table above are impacted by the length of the lease term and discount rate used to calculate the present value of the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion. Regarding the discount rate, Topic 842 requires the use of a rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Company utilizes the incremental borrowing rate of the subsidiary entering into the lease arrangement, on a collateralized basis, over a similar term as adjusted for any country-specific risk. For operating leases existing prior to January 1, 2019, the rate for the remaining lease term as of January 1, 2019 was used.

The weighted average remaining lease terms and discount rates for all of our operating leases were as follows as of December 31, 2020 and 2019:

	2020	2019
Weighted-average remaining lease term	2.76 years	4.58 years
Weighted-average discount rate	6.76%	7.11%

Supplemental cash flow information related to leases were as follows as of December 31, 2020 and 2019 (in thousands):

	2020	2019
Cash paid for amounts included in the measurement of lease liabilities: Operating cash flows from operating leases	$5,182	$4,980
Right of use assets obtained in exchange for lease obligations: Operating leases	$794	$3,408

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NOTE 8 – COMMITMENTS AND CONTINGENCIES – Continued

Litigation

The Company is subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of the Company's management, the outcome of such matters will not have a significant adverse effect on the financial position or results of operations of the Company.

NOTE 9 – RELATED-PARTY TRANSACTIONS

Compass Group Management LLC ("CGM") provides management services to the Company. The Company pays CGM a quarterly management fee. The management fee expense for the years ended December 31, 2020 and 2019 totaled approximately $500 thousand for each year, which is reflected in selling, general and administrative expenses in the consolidated statements of income and comprehensive income.

NOTE 10 – RETIREMENT PLAN

The Company offers a 401(k) savings plan to all employees meeting minimum age and service requirements. Each employee is able to defer the maximum annual amount allowed by the Internal Revenue Service. The Company may contribute up to 5% of each employee's salary based on the amount of salary deferred by the employee. During the years ended December 31, 2020 and 2019, the Company made matching contributions to the plan totaling $155 thousand and $451 thousand, respectively.

NOTE 11 – STOCK-BASED COMPENSATION

The Company's 2014 Stock Option Plan (the "Plan") provides for non-qualified stock options to purchase shares of the Company's common stock, which may be granted to employees. The Plan is administered by the Board of the Company or, if established by the Board, the Compensation Committee of the Board, which has the authority to determine the type of incentive award, as well as the terms and conditions of the awards, under the Plan. Shares under the Plan are available for grant from authorized, but unissued shares of the Company. Any granted shares that are released from an option for any reason become available for other options to be granted under the Plan.

In connection with the recapitalization completed on January 2018 (see Note 5 Related Party Debt), the Company's management team exercised all of their vested stock options, which represented 58,000 shares. In addition, the Company issued new stock options to replace the exercised options, thus maintaining the same percentage of fully diluted non-controlling interest that existed prior to the recapitalization.

Under the plan, 160,000 shares of common stock were available for grant. At December 31, 2020, there were 30,000 remaining options available for grant under the Plan and 130,000 options outstanding. Options generally vest at 20% per year and are fully vested at the end of the fifth year. Options continue in force and are exercisable through the tenth anniversary of the grant date, unless terminated sooner.

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NOTE 11 – STOCK-BASED COMPENSATION - Continued

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted. The expected life represents the period the Company's equity-based awards are expected to be outstanding. The Company uses the simplified method for estimating expected life. The simplified method does not require the use of historical or post-vesting exercise data. Estimated volatilities are based on an analysis of comparable companies and the Company's leverage. The Company bases the risk-free interest rate on the implied yield currently available on U.S. Treasury strips maturing at the expected option term. The Company has never paid dividends and does not anticipate doing so over the expected life of the options and therefore used 0% for dividend yield.

The estimated values of stock option grants, as well as the weighted-average assumptions used in calculating these values for the years ended December 31, 2020 and 2019 were based on estimates at the date of grant as follows:

	2020	2019
Expected term in years	7.5	7.5
Expected volatility	35%	31.2%
Risk free interest rate	1.01%	2.51%
Dividend yield	0.00%	0.00%

As of December 31, 2020, there was approximately $2.9 million of total unrecognized stock-based compensation expense under the Plan that will be recognized over a period of approximately 3.78 years. The Company recorded pre-tax compensation expense of $1.2 million for the years ended December 31, 2020 and 2019. Stock compensation expense is included in selling, general and administrative expenses in the accompanying consolidated statements of income and comprehensive income.

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NOTE 11 – STOCK-BASED COMPENSATION - Continued

A summary of the Company's stock option activity and related information for the Plan was as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at December 31, 2019	130,000	$ 117.29	
Granted	12,500	303.22	
Cancelled	(12,500)	129.61	
Outstanding at December 31, 2020	130,000	$ 133.98	6.2 years
Exercisable at December 31, 2020	68,500	$ 39.86	5.1 years

The aggregate intrinsic value of shares outstanding and shares exercisable at December 31, 2020 was $22.0 million. The weighted average grant-date fair value of options granted during the years ended December 31, 2020 and 2019 was $118.86 and $109.57, respectively. Total fair value of shares vested during the years ended December 31, 2020 and 2019 was $1.5 million and $1.1 million, respectively. No options were exercised in 2020 and 2019.

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through March 10, 2021, the date the financial statements were available to be issued.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

Consolidated Financial Statements and Report of Independent Certified Public Accountants

SternoCandleLamp Holdings, Inc. and Subsidiaries

As of and for the years ended December 31, 2021 and 2020

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

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Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SternoCandleLamp Holdings, Inc.

Opinion
We have audited the consolidated financial statements of SternoCandleLamp Holdings, Inc., (a California corporation) and subsidiaries, (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with US GAAS, we:

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

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

Grant Thornton LLP

Newport Beach, California
March 4, 2022

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31

(in thousands, except share data)

ASSETS

Current assets	2021	2020
Cash and cash equivalents	$ 1,329	$ 3,358
Trade receivables, net of allowances	67,165	64,968
Inventories	93,316	92,979
Prepaid expenses and other current assets	2,182	2,145
Total current assets	163,992	163,450
Property and equipment, net	18,209	19,821
Intangible assets, net	100,061	118,746
Goodwill	55,336	55,336
Operating lease right-of-use assets, net	27,449	11,931
Other assets	685	794
Total assets	$ 365,732	$ 370,078

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities		
Current portion, long-term debt - related party	$ 9,230	$ 9,230
Accounts payable	37,269	36,438
Accrued and other expenses	15,412	14,195
Operating lease liabilities, short term	5,089	4,605
Total current liabilities	67,000	64,468
Deferred taxes	1,320	899
Line of credit - related party	7,500	16,000
Long-term debt, net of current portion - related party	189,960	204,862
Operating lease liabilities, long-term	23,078	7,970
Total liabilities	288,858	294,199
Commitments and contingencies (refer to Note 8)		
Stockholder's equity		
Common stock - $0.001 par value, 1,500,000 shares authorized, 1,033,653 shares issued and 1,000,000 shares outstanding at December 31, 2021 and 2020	1	1
Additional paid-in capital	82,533	81,291
Treasury stock at cost (33,653 shares)	(6,013)	(6,013)
Accumulated other comprehensive income	71	2
Accumulated earnings	282	598
Total stockholder's equity	76,874	75,879
Total liabilities and stockholder's equity	$ 365,732	$ 370,078

See notes to consolidated financial statements.

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SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2021 and 2020

(in thousands)

	2021	2020
Net sales	$ 375,127	$ 369,981
Cost of goods sold	303,117	291,778
Gross profit	72,010	78,203
Selling, general and administrative expenses	51,981	52,421
Operating income	20,029	25,782
Related party interest expense	18,322	19,017
Amortization of debt issuance costs	451	451
Loss on disposal of assets	152	81
Other (income) expense, net	(1,189)	71
Income before income taxes	2,293	6,162
Provision for income taxes	2,609	2,343
Net (loss) income	(316)	3,819
Foreign currency translation adjustment	69	14
Comprehensive (loss) income	$ (247)	$ 3,833

See notes to consolidated financial statements.

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SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

For the years ended December 31, 2021 and 2020

(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive (Loss) Income	Accumulated (Deficit) Earnings	Total Stockholder's Equity
	Shares Issued	Amount					
Balance, January 1, 2020	1,033,653	$ 1	$ 80,124	$ (6,013)	$ (12)	$ (3,221)	$ 70,879
Stock compensation expense	-	-	1,167	-	-	-	1,167
Net income	-	-	-	-	-	3,819	3,819
Foreign currency translation gain	-	-	-	-	14	-	14
Balance, December 31, 2020	1,033,653	$ 1	$ 81,291	$ (6,013)	$ 2	$ 598	$ 75,879
Stock compensation expense	-	-	1,242	-	-	-	1,242
Net loss	-	-	-	-	-	(316)	(316)
Foreign currency translation gain	-	-	-	-	69	-	69
Balance, December 31, 2021	1,033,653	$ 1	$ 82,533	$ (6,013)	$ 71	$ 282	$ 76,874

See notes to consolidated financial statements.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(in thousands)

	2021	2020
Cash flows from operating activities:		
Net (loss) income	$ (316)	$ 3,819
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation expense	4,141	5,048
Amortization expense	18,777	17,012
Amortization of debt issuance costs	451	451
Stock-based compensation expense	1,242	1,167
Deferred taxes	422	(1,730)
Provision for inventory reserve	5,518	(1,167)
Provision for doubtful accounts	(484)	3,213
Loss on disposal of assets	152	81
Changes in operating assets and liabilities:		
Trade receivables	(1,713)	(9,945)
Prepaid expenses and other current assets	47	2,379
Inventories	(5,855)	(7,005)
Accounts payable	1,611	4,445
Accrued and other expenses	437	130
Operating lease asset, net	74	119
Net cash provided by operating activities	24,504	18,017
Cash flows from investing activities:		
Purchases of property and equipment	(2,680)	(6,130)
Registration of patents	(92)	(86)
Net cash used in investing activities	(2,772)	(6,216)
Cash flows from financing activities:		
Borrowings on loans and line of credit, net loan origination fees	33,500	57,200
Payments on loans and line of credit	(57,330)	(67,730)
Net cash used in financing activities	(23,830)	(10,530)
Foreign currency impact on cash	69	14
Net (decrease) increase in cash and equivalents	(2,029)	1,285
Cash and cash equivalents beginning of period	3,358	2,073
Cash and cash equivalents end of period	$ 1,329	$ 3,358
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest expense - related party	$ 18,582	$ 18,914
Income taxes	$ 4,552	$ 4,104

See notes to consolidated financial statements.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

SternoCandleLamp Holdings, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2021 and 2020

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

SternoCandleLamp Holdings, Inc. (the "Company"), headquartered in Corona, California, is the ultimate parent company of Sterno, LLC ("Sterno" f.k.a. Sterno Products, LLC), Sterno Home, Inc. ("Sterno Home"), Sterno Delivery, LLC ("Sterno Delivery") and Rimports, LLC ("Rimports"). The Company operates via three product divisions:

- Sterno – Sterno offers a broad range of wick and gel chafing fuels, liquid and traditional wax candles, butane stoves and accessories, and catering equipment and lamps for restaurants, hotel and home entertainment uses, selling both Sterno Brand and private label. Sterno also has a division called Sterno Delivery, which develops, manufactures, and delivers hot and cold carriers and coolers for school nutrition, catering events, pizza delivery, meal and drink delivery, and stadiums.

- Sterno Home - Sterno Home's product offerings include a full line of innovative patented flameless candles, traditional house and garden lighting including path lights, spotlights, bollards, coach and security lights as well as emerging décor categories of illuminated products such as post caps, deck, patio and fence lighting and other novelty products including stick lights, string lights, baskets and lanterns. The flameless candles and novelty lighting are powered by solar or battery power, and the more traditional outdoor lighting fixtures are driven via solar power or low voltage technologies.

- Rimports - Rimports is a manufacturer and distributor of branded and private label wickless candle products used for home decor and fragrance systems under the ScentSationals, Better Home & Garden, AmbiEscents, Oak & Rye, Estate and Ador brands. Rimports offers lines of wickless candle products including ceramic wax warmers, scented wax cubes and essential oil and diffusers.

The Company operates out of its corporate headquarters in Corona, California; two manufacturing facilities in Texarkana, Texas and Memphis, Tennessee; Sterno Delivery's facility in La Porte, Indiana; and Rimports' facility in Provo, Utah.

The Company's significant accounting policies are as follows:

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (Sterno, Sterno Delivery, Sterno Home and Rimports) and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany transactions and accounts have been eliminated.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates and assumptions made by management are used for, but not limited to, the fair value of identifiable intangible assets, the recoverability of the carrying value of long-lived and intangible assets and goodwill, the realization of trade receivables, the accrual for rebates, reserves for slow-moving or obsolete inventory, and the establishment of valuation allowance on deferred income taxes. Actual results could differ from these estimates.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods and excludes any sales incentives or taxes collected from customers which are subsequently remitted to government authorities.

Performance Obligations - Revenues are recognized when control of the promised goods is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. Each product represents a separate performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. The standalone selling price is directly observable as it is the price at which the Company sells its products separately to the customer. As the Company does not meet any of the requirements for over time recognition for any of its products, it recognizes revenue based on the point in time criteria based on the definition of control, which is generally upon shipment terms for products.

Shipping and Handling Costs - Costs associated with shipment of products to a customer are accounted for as a fulfillment cost and are included in cost of goods sold. The Company accounts for shipping and handling activities performed after control of a good has been transferred to the customer as a fulfillment cost and not a performance obligation. Therefore, both revenue and costs of shipping and handling are recorded at the same time.

Warranty - For product sales, the Company provides standard assurance-type warranties as the Company only warrants its products against defects in materials and workmanship (i.e., manufacturing flaws). Although the warranties are not required by law, the tasks performed over the warranty period are only to remediate instances when products do not meet the promised specifications. Customers do not have the option to purchase warranties separately. The Company's warranty periods generally range from 90 days to one year depending on the nature of the product and are consistent with industry standards. The periods are reasonable to assure that products conform to specifications. The Company does not have a history of performing activities outside the scope of the standard warranty.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Variable Consideration - The Company's policy around estimating variable consideration related to sales incentives (early pay discounts, rights of return, rebates, chargebacks, and other discounts) included in certain customer contracts are recorded as a reduction in the transaction price. The Company applies the expected value method to estimate variable consideration. These estimates are based on historical experience, anticipated performance and the Company's best judgment at the time and as a result, reflect applicable constraints. The Company includes in the transaction price an amount of variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from product sales is presented net of rebates, returns and other allowances. The Company recorded approximately $32.7 million and $30.3 million for rebates and incentive allowances against revenue during the years ended December 31, 2021 and 2020, respectively. The accrual for rebates and incentive allowances is based on terms of contractual arrangements and historical experience and is recorded in accrued expenses in the Company's consolidated balance sheets.

Sales and Other Similar Taxes - The Company notes that under its contracts with customers, the customer is responsible for all sales and other similar taxes, which the Company will invoice the customer for if they are applicable. The Company excludes sales taxes and similar taxes from the measurement of transaction price.

Cost to Obtain a Contract – The Company recognized the incremental costs of obtaining a contract as an expense when incurred as the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Disaggregated Revenue - Revenue Streams and Timing of Revenue Recognition - The Company disaggregates revenue by strategic business unit and by product for each strategic business unit which are categories that depict how the nature, amount and uncertainty of revenue and cash flows are affected by economic factors. This disaggregation also represents how the Company evaluates its financial performance, as well as how the Company communicates its financial performance to the other users of its consolidated financial statements. Each strategic business unit represents the Company's different products.

The following table sets forth the Company's net sales by product for the years ended December 31, 2021 and 2020 (in thousands):

	2021	2020
Canned heat, table lighting, and hand sanitizer	$ 101,000	$ 65,819
Flameless and outdoor lighting	45,757	51,615
Wickless candle products, diffusers and essential oils	228,370	252,547
	$ 375,127	$ 369,981

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

The Company maintains its cash and cash equivalents in bank deposit accounts. The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. As of December 31, 2021 and 2020, the Company had issued $285 thousand and $0 of checks in excess of funds available, respectively, recorded under accounts payable and accrued expenses in the consolidated balance sheets.

Trade Receivables

Credit is extended in the form of trade receivables based on an evaluation of each customer's financial condition, and collateral is not required. Trade receivables are carried at original invoice amount less estimates made for doubtful receivables, customer chargebacks, markdowns and returns. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. No interest is charged on customer accounts. The Company's Rimports unit maintains an allowance for customer chargebacks for items such as markdowns and defective units based on historical experience and management's knowledge of its customers' receiving and payment practices. As of December 31, 2021 and 2020, the allowance for chargebacks was $4.9 million and $4.5 million, respectively. As of December 31, 2021 and 2020, the allowance for doubtful accounts was $144 thousand and $1.0 million, respectively.

Inventories

Inventories are stated at the lower of cost (determined on a weighted-average method) or net realizable value. Inventory consists of raw materials, work in progress, shipping supplies and finished goods. The Company reserves for slow-moving and obsolete inventory when management determines an item should be reserved based on historical movement.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. The cost of major additions or betterments is capitalized, while maintenance and repairs that do not improve or extend the useful lives of the related assets are expensed as incurred. Leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Depreciation is recorded primarily by the straight-line method over the following estimated useful lives of the related assets:

	Years
Buildings	25
Machinery, tooling and equipment	2-15
Office furniture and equipment	3-7

Long-Lived Assets

Long-lived assets, which include property, plant and equipment and amortizable intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that an asset may not be recoverable. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest charges) is less than the carrying value of the assets, the assets are written down to the estimated fair value, and such loss is recognized in income from continuing operations in the period in which the determination is made. Management determined that no impairment of long-lived assets was identified in the years ended December 31, 2021 and 2020.

Amortization of Intangible Assets

Intangible assets subject to amortization are amortized on the straight-line method over their estimated useful lives. Changes in circumstance, such as a significant decline in the Company's viability, could result in the actual useful lives differing from initial estimates. In those cases where the Company determines that the useful life of a long-lived asset should be revised, the Company will amortize the net book value over its revised remaining useful life.

The Company believes that the "Sterno" trade name is an indefinite life intangible asset. An intangible asset is determined to have an indefinite useful life when there are no legal, regulatory, contractual, competitive, economics, or any other factors that may limit the period over which the asset is expected to contribute directly or indirectly to future cash flows. The evaluation of impairment for indefinite life intangible assets is performed by a comparison of the asset's carrying value to the asset's fair value. When the carrying value exceeds fair value, an impairment charge is recorded for the amount of the difference. Management determined that no impairment of its trade name had occurred in the years ended December 31, 2021 and 2020.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Goodwill

The Company evaluates goodwill for impairment on an annual basis or whenever events or circumstances have indicated that the carrying amount of a reporting unit may be impaired. The Company has determined that it has one reporting unit, which is subject to impairment testing. The Company assesses qualitative factors to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its' carrying amount. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount using a qualitative approach, then an additional analysis is performed using the reporting unit's discounted cash flows to further determine whether the fair value is less than the reporting unit's carrying value. If the excess of the fair value of the reporting unit over the fair value of the identifiable assets and liabilities is less than the carrying value of the unit's goodwill, an impairment charge is recorded for the difference. There was no impairment of goodwill in the years ended December 31, 2021 and 2020.

Debt Issuance Costs

Debt issuance costs are amortized over the life of the respective loans using the effective interest method as it related to term debt and the straight-line method related to the revolving credit agreement. Issuance costs related to debt are presented in the consolidated balance sheets as a direct deduction from the carrying amount of the associated debt liability. Issuance costs related to a revolving credit facility are included in prepaid expenses and other current assets in the consolidated balance sheets.

For the years ended December 31, 2021 and 2020, amortization of debt issuance costs was $451 thousand. See Note 5 Related Party Debt.

Income Taxes

The Company accounts for income taxes under the asset and liability method under which it recognizes deferred income taxes, net of valuation allowances, if any, for the estimated future tax effects of temporary differences between the financial statement carrying amounts of existing assets and liabilities and its tax bases and net operating loss and tax credit carryforwards. The Company may, from time to time, be assessed interest or penalties by tax jurisdictions, although any such assessments historically have been minimal and immaterial to its financial results. In the event the Company has such an assessment from a taxing authority, it is its accounting policy to recognize any interest and penalties as a component of income tax.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which included a range of tax relief provisions for corporations, individuals and other taxpaying entities.

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "2017 Act"). In connection with the 2017 Act, the Company was subject to the transition tax on unrepatriated foreign earnings, pursuant to Section 965. The Company's total resulting tax under Section 965 was $321 thousand. The Company elected to pay the tax in installments. As of December 31, 2021, a balance of $193 thousand is to be paid via installments through 2024.

The 2017 Act, as discussed above, created a new limitation on the deduction of corporate interest under Section 163(j). In simple terms, interest expense for any given year is limited to 30% of "tax EBITDA". Any disallowed amount was carried forward indefinitely to future periods and is subject to that year's limitation. We estimate that the Company will have no current year limitation and as a result, the Company shows no deferral of interest deductions as of December 31, 2021.

Advertising

Advertising costs are expensed as incurred and is included in selling, general and administrative expense in the consolidated statements of income and comprehensive income. For the years ended December 31, 2021 and 2020, advertising expense was approximately $1.1 million.

Accounting for Stock-Based Compensation

Stock-based compensation cost is calculated on the date of grant using the estimated fair value of the option as determined using the Black-Scholes option pricing model. The compensation cost is then amortized ratably over the vesting period of the individual option grants. The Black-Scholes valuation calculation requires the Company to estimate key assumptions including the expected term, volatility and interest rates to determine the fair value of the stock options. The estimate of these key assumptions is based on an analysis of comparable companies, the Company's leverage and judgment regarding market factors and trends. Authoritative guidance also requires that forfeitures be estimated at the date of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

COVID-19 Risks Relating to our Business

The COVID-19 pandemic resulted in additional risks that may adversely affect our business, financial condition, results of operations and cash flows.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The emergence of COVID-19 and new variants of the virus around the world continue to present significant risks to our

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

business. The economic and health conditions in the United States and across most of the globe have continued to change since the beginning of the pandemic and the ultimate impact of COVID-19 on our business is dependent on future developments, including the duration of the pandemic, the emergence of variants of the virus and the related length of its impact on the global economy, which are highly uncertain and difficult to accurately predict. The public health situation, global response measures and corresponding impacts on various markets remain fluid and uncertain. The health of our team and various stakeholders is our highest priority, and we have taken multiple steps to provide support and a safe work environment.

The Company anticipates that COVID-19 will continue to impact the results of operations including a potential decrease in gross margins, operating income and EBITDA during the early part of 2022.

Additionally, disruption in the global supply chain due to transportation delays and U.S. port congestion are expected to continue in 2022 and continue to place constraints on our business. Surges in demand and shifts in shopping patterns related to COVID-19, as well as other factors, have continued to strain the global supply chain network, which has resulted in carrier-imposed capacity restrictions, carrier delays, and longer lead times. U.S. ports have been unable to keep pace with unprecedented inbound container volume, which has led to shipping and unloading backlogs. The situation has been further exacerbated by COVID-19 protocols at many port locations. Due to the backlog at the ports and other supply chain disruptions, our business is experiencing shortages in materials and products, and significant increases in freight costs. We are relying on expensive air freight to import goods to meet customer demand. We are also seeing the availability of raw materials, components and finished goods impacted by the supply chain challenges which has led to shortages of certain materials and led to pressure on revenue growth. In addition, the closure of certain Asian manufacturing facilities as a result of a lack of COVID-19 vaccines, local government quarantine efforts and electricity shortages have impacted our ability to import products timely. Further, in the U.S., the surge in demand along with COVID-19 related government stimulus and rising hourly labor wages, are creating labor shortages and higher labor costs. We expect these cost trends to continue throughout the first half of 2022.

Concentration of Credit Risk

The Company maintains cash balances at various banks where balances are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, the Company maintains cash balances in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. The Company performs periodic credit evaluations of its customers. The Company maintains allowances for potential credit losses and such losses have historically been within management's expectation. In 2021 and 2020, the Company's top ten customers accounted for 78% and 80% of net sales, respectively. One customer accounted for 62% and 65% of the Company's net sales for the years ended December 31, 2021 and 2020, and the top two customers combined accounted for 64% and 68%, respectively. Three customers accounted for approximately 73% and 74% of trade receivables,

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

net at December 31, 2021 and 2020, respectively. One customer accounted for 62% and 60% of the Company's trade receivables, net at December 31, 2021 and 2020, respectively. The top two customers combined accounted for 68% of trade receivables, net at December 31, 2021 and 2020.

Comprehensive Income

The Company's Rimports unit has operations outside the United States, and the local currency is the functional currency. The financial statements of this foreign unit are translated into U.S. dollars using exchange rates in effect at year-end for assets and liabilities and average exchange rates during the year for results of operations. The resulting translation gain or loss is included in stockholder's equity as other comprehensive income or loss. For all other foreign operations, the Company's functional currency is the U.S. dollar. For the years ended December 31, 2021 and 2020, the transaction gains and losses aggregated to a loss of approximately $34 thousand and $239 thousand, respectively. Foreign currency gains and losses are recorded in other expenses in the accompanying consolidated statements of income and comprehensive income.

Fair Value Measurement

The Company uses a framework for measuring fair value of all financial instruments that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods, including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to each valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair value. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

- Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The estimated fair values of the Company's short-term financial instruments, including cash, trade receivables and accounts payable arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The fair value of the line of credit approximates its carrying amount, as the fair value is estimated based on current rates offered to the Company for similar debt of the same remaining maturities. For liabilities such as long-term debt not accounted for at fair value and without quoted market prices, fair value is based upon estimated cash flows adjusted for credit risk, which are discounted using an interest rate appropriate for the maturity of the applicable loans. As such, the fair value of long-term debt approximates its carrying value.

Foreign Assets

The carrying value of the net assets located outside the United States for the Company was approximately $24.1 million and $35.9 million at December 31, 2021 and 2020, respectively. Additionally, net sales from foreign operations approximated $13.5 million and $15.6 million for 2021 and 2020, respectively. This accounted for approximately 4% of the total net sales for the years ended December 31, 2021 and 2020.

Recently Adopted Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board issued Accounting Standards Update No. 2019-12, Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*. This guidance removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. This guidance also clarifies and simplifies other areas of Accounting Standards Codification 740. The guidance was effective for fiscal years and interim periods beginning after December 15, 2020 and early adoption is permitted. The adoption of this guidance on January 1, 2021 did not have a material impact on our consolidated financial statements.

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NOTE 2 – INVENTORIES

Inventories consisted of the following at December 31, (in thousands):

	2021	2020
Raw materials	$ 38,472	$ 29,678
Work in progress	210	546
Finished goods	54,634	62,755
Inventories	$ 93,316	$ 92,979

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31, (in thousands):

	2021	2020
Buildings, machinery, tooling and equipment	$ 39,775	$ 33,949
Leasehold improvements	933	1,068
Office furniture and equipment	3,441	3,231
Total	44,149	38,248
Accumulated depreciation and amortization	(27,318)	(24,357)
Land	680	680
Construction in progress	698	5,250
Property and equipment, net	$ 18,209	$ 19,821

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2021 and 2020 was approximately $4.1 million and $5.0 million, respectively.

NOTE 4 – GOODWILL AND INTANGIBLE ASSETS, NET

The carrying value of goodwill as of December 31, 2021 and 2020 is $55.3 million.

At December 31, 2021 and 2020, approximately $27.9 million and $31.0, respectively, million of goodwill is deductible for tax purposes.

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NOTE 4 – GOODWILL AND INTANGIBLE ASSETS, NET - Continued

Intangible assets are comprised of the following at December 31, 2021 and 2020 (in thousands):

	2021	2020	Weighted Average Useful Life
Amortizable intangible assets			
Customer relationships	$145,990	$145,990	9
Tradenames - Sterno Home and Rimports	7,800	7,800	8
Developed technology	5,000	5,200	10
Patent	404	313	15
Accumulated amortization – customer relationships	(81,350)	(65,807)	
Accumulated amortization – tradenames	(3,882)	(2,938)	
Accumulated amortization – developed technology	(4,680)	(2,600)	
Accumulated amortization – patent	(31)	(22)	
Total amortizable intangible assets, net	69,251	87,936	
Tradename, not subject to amortization - Sterno	30,810	30,810	
Total	$100,061	$118,746	

Amortization expense of intangibles was approximately $18.8 million and $17.0 million for the years ended December 31, 2021 and 2020, respectively. Estimated charges to amortization expense of intangible assets over the next five years are as follows (in thousands):

Years ending December 31,	
2022	$ 16,527
2023	16,440
2024	15,102
2025	10,426
2026	8,929
Thereafter	1,827
Total	$ 69,251

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NOTE 5 – RELATED-PARTY DEBT

The Company has outstanding term loans ("Term A Loan" and "Term B Loan") and revolving line of credit ("Line of Credit") with Compass Group Diversified Holdings, LLC ("Compass") for the acquisition of its subsidiaries and to fund its business operations.

The Company pays an unused availability fee quarterly equal to 0.5% of the unused portion of the Line of Credit. At December 31, 2021, $7.5 million was outstanding under the Line of Credit at an interest rate of 7.5%. At December 31, 2020, $16.0 million was outstanding under the Line of Credit at an interest rate of 7.3%. As of December 31, 2021 and 2020 the unused portion of the Line of Credit was $32.4 million and $23.9 million, respectively.

The Line of Credit and Term A Loan allow for loans at either the base rate or London InterBank Offered Rate ("LIBOR"), as defined. Base rate loans bear interest at a fluctuating rate per annum equal to the greater of (i) the prime rate of interest published by the Wall Street Journal or (ii) the sum of the Federal Funds Rate plus 0.5% for the relevant period, plus the applicable margin below. The base rate at December 31, 2021 for Line of Credit and Term A loan was 3.25%, plus the Applicable Margin of 4.25%.

LIBOR loans bear interest at a fluctuating rate per annum equal to the LIBOR for the relevant period, plus the applicable margin below:

	Line of Credit and Term A Loan Applicable Margin	
Total Debt to EBITDA ratio:	Base Loan	LIBOR
Less than 2.0:1.00	3.50	4.50
Greater than 2.0:1.0 but less than 3.0:1.0	3.75	4.75
Greater than 3.0:1.0 but less than 4.0:1.1	4.00	5.00
Greater than 4.0:1.0 but less than 5.0:1.2	4.25	5.25
Greater than 5.0:1.0	4.50	5.50

The Company also has a $63 thousand letter of credit from an external bank which is backed by a $63 thousand letter of credit from Compass. Letters of credit under this separate facility totaling $63 thousand were outstanding at December 31, 2021 and 2020. The Company is required to pay letter of credit fees equal to 1.75% per annum.

The term loans and Line of Credit with Compass are collateralized by the Company's right, title and interest in the Company's net assets. The loan agreements also include certain financial covenants including, but not limited to, requirements to maintain certain fixed charges and leverage ratios. The Company was in compliance with all financial covenants at December 31, 2021 and 2020.

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NOTE 5 – RELATED-PARTY DEBT - Continued

Long-term debt and the related current portion as of December 31, 2021 and 2020 consist of the following (in thousands):

	2021	2020
Term A Loan	$ 130,896	$ 146,226
Term B Loan	69,213	69,213
Debt issuance costs	(919)	(1,347)
Total	199,190	214,092
Less: current portion	9,230	9,230
Total long-term portion	$ 189,960	$ 204,862

The Term A Loan requires annual payments of $9.2 million to be paid in quarterly installments of $2.3 million.

Schedule of future maturities of long-term debt is as follows at December 31, (in thousands):

2022	$ 9,230
2023	9,230
2024	112,436
2025	69,213
Total	$ 200,109

As of December 31, 2021 and 2020, debt issuance costs included on the accompanying consolidated balance sheets totaled $1.1 million and $1.6 million, respectively. Debt issuance costs consist of loan fees associated with the related party debt. Loan fee amortization expense included in the accompanying consolidated statements of income and comprehensive income was $451 thousand for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at December 31, (in thousands):

	2021	2020
Accounts payable	$ 37,269	$ 36,438
Accrued payroll, commissions and benefits	4,681	5,090
Accrued rebates, returns and other	7,945	5,170
Accrued interest	190	450
Income taxes payable and other taxes	1,189	2,694
Other accrued expenses	1,407	791
Total	$ 52,681	$ 50,633

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NOTE 7 – INCOME TAXES

The provision for income taxes at December 31, 2021 and 2020 are as follows (in thousands):

Current income tax expense (benefit)	2021	2020
Federal	$ 3,365	$ 2,637
State	1,008	992
Foreign	(2,186)	444
Total current income tax expense	2,187	4,073
Deferred income tax expense (benefit)		
Federal	15	158
State	(210)	(79)
Foreign	617	(1,809)
Total deferred income tax benefit	422	(1,730)
Total income tax expense	$ 2,609	$ 2,343

At December 31, 2021 and 2020, the Company's federal and state income tax payable totaled $0.5 million and $2.0 million, respectively, and was included in accounts payable and accrued expenses on the accompanying consolidated balance sheets.

The tax effects of temporary differences that have resulted in the creation of deferred tax assets and deferred tax liabilities at December 31, 2021 and 2020, are as follows (in thousands):

Deferred tax assets	2021	2020
Accrued expenses	$ 72	$ 92
Inventory reserve	2,645	1,933
Stock options	1,940	1,692
Unicap	230	215
Allowance for doubtful accounts	22	62
Operating lease right-of-use assets	6,550	2,602
Deferred tax assets	$ 11,459	$ 6,596
Deferred tax liabilities		
Intangible assets	$ (2,900)	$ (2,419)
Depreciation	(3,054)	(2,235)
Prepaid expenses	(374)	(284)
Operating lease right-of-use liabilities	(6,451)	(2,520)
Other	-	(37)
Deferred tax liabilities	$ (12,779)	$ (7,495)
Total net deferred tax liabilities	$ (1,320)	$ (899)

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NOTE 7 – INCOME TAXES – Continued

At December 31, 2021 and 2020, the Company had no material federal or state net operating loss carryforwards. The Company has foreign net operating loss carryforward which was fully provided with a valuation allowance.

The Company applies a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit or obligation as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments. As of December 31, 2021, the Company continued to have no material unrecognized tax benefits in its consolidated financial statements and, therefore, did not record a liability for unrecognized tax benefits.

Interest and penalties related to unrecognized tax benefits will be recognized in income tax expense. As of December 31, 2021 and 2020, no interest or penalties were included in income tax expense.

The Company is subject to U.S. federal, state, local, and foreign income tax, and in the normal course of business, its income tax returns are subject to examination by the relevant taxing authorities. In December 2020, the Company was notified of a pending audit of its 2017 and 2018 California Franchise Tax Returns. In November 2021, the examination was closed which resulted in no change to the Company's tax liability. The Company is unaware of any additional ongoing or pending income tax audits.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Leases

The Company and its subsidiaries lease manufacturing facilities, warehouses, office facilities, equipment and vehicles under various operating agreements. Certain of the leases are subject to escalation clauses and renewal periods. The Company and its subsidiaries recognize lease expense, including predetermined fixed escalations, on a straight-line basis over the initial term of the lease including reasonably certain renewal periods from the time that the Company and its subsidiaries control the leased property. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets. Lease expense for these leases is recognized over the lease term on a straight-line basis.

Rent expense for the years ended December 31, 2021 and 2020 totaled $7.0 million and $5.7 million, respectively.

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NOTE 8 – COMMITMENTS AND CONTINGENCIES – Continued

The maturities of lease liabilities at December 31, 2021 were as follows (in thousands):

2022	$ 6,816
2023	5,833
2024	4,601
2025	4,578
2026	4,563
Thereafter	8,045
Total undiscounted lease payments	34,436
Less: Interest	6,269
Present value of lease liabilities	$ 28,167

The calculated amount of the right-of-use assets and liabilities in the table above are impacted by the length of the lease term and discount rate used to calculate the present value of the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion. Regarding the discount rate, Topic 842 requires the use of a rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Company utilizes the incremental borrowing rate of the subsidiary entering into the lease arrangement, on a collateralized basis, over a similar term as adjusted for any country-specific risk.

The weighted average remaining lease terms and discount rates for all of our operating leases were as follows as of December 31, 2021 and 2020:

	2021	2020
Weighted-average remaining lease term	5.79 years	2.76 years
Weighted-average discount rate	6.83%	6.76%

Supplemental cash flow information related to leases were as follows as of December 31, 2021 and 2020 (in thousands):

	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$6,585	$5,182
Right of use assets obtained in exchange for lease obligations:		
Operating leases	$22,173	$794

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NOTE 8 – COMMITMENTS AND CONTINGENCIES – Continued

Litigation

The Company is subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of the Company's management, the outcome of such matters will not have a significant adverse effect on the financial position or results of operations of the Company.

NOTE 9 – RELATED-PARTY TRANSACTIONS

Compass Group Management LLC ("CGM") provides management services to the Company. The Company pays CGM a quarterly management fee. The management fee expense for the years ended December 31, 2021 and 2020 totaled approximately $500 thousand for each year, which is reflected in selling, general and administrative expenses in the consolidated statements of income and comprehensive income.

NOTE 10 – RETIREMENT PLAN

The Company offers a 401(k) savings plan to all employees meeting minimum age and service requirements. Each employee is able to defer the maximum annual amount allowed by the Internal Revenue Service. The Company may contribute up to 5% of each employee's salary based on the amount of salary deferred by the employee. During the years ended December 31, 2021 and 2020, the Company made matching contributions to the plan totaling $216 thousand and $155 thousand, respectively.

NOTE 11 – STOCK-BASED COMPENSATION

The Company's 2014 Stock Option Plan (the "Plan") provides for non-qualified stock options to purchase shares of the Company's common stock, which may be granted to employees. The Plan is administered by the Board of the Company or, if established by the Board, the Compensation Committee of the Board, which has the authority to determine the type of incentive award, as well as the terms and conditions of the awards, under the Plan. Shares under the Plan are available for grant from authorized, but unissued shares of the Company. Any granted shares that are released from an option for any reason become available for other options to be granted under the Plan.

Under the plan, 160,000 shares of common stock were available for grant. At December 31, 2021, there were 12,000 remaining options available for grant under the Plan and 148,000 options outstanding. Options generally vest at 20% per year and are fully vested at the end of the fifth year. Options continue in force and are exercisable through the tenth anniversary of the grant date, unless terminated sooner.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted. The expected life represents the period the Company's equity-based awards are expected to be outstanding. The Company uses the simplified method for estimating expected life. The simplified method does not require the use of historical or post-vesting exercise data. Estimated volatilities are based on an analysis of

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NOTE 11 – STOCK-BASED COMPENSATION - Continued

comparable companies and the Company's leverage. The Company bases the risk-free interest rate on the implied yield currently available on U.S. Treasury strips maturing at the expected option term. The Company has never paid dividends and does not anticipate doing so over the expected life of the options and therefore used 0% for dividend yield.

The estimated values of stock option grants, as well as the weighted-average assumptions used in calculating these values for the years ended December 31, 2021 and 2020 were based on estimates at the date of grant as follows:

	2021	2020
Expected term in years	7.5	7.5
Expected volatility	31.4%	35.0%
Risk free interest rate	1.00%	1.01%
Dividend yield	0.00%	0.00%

As of December 31, 2021, there was approximately $2.4 million of total unrecognized stock-based compensation expense under the Plan that will be recognized over a period of approximately 4.01 years. The Company recorded pre-tax compensation expense of $1.2 million for the years ended December 31, 2021 and 2020. Stock compensation expense is included in selling, general and administrative expenses in the accompanying consolidated statements of income and comprehensive income.

A summary of the Company's stock option activity and related information for the Plan was as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at December 31, 2020	130,000	$ 133.98	
Granted	30,500	191.89	
Cancelled	(12,500)	303.22	
Outstanding at December 31, 2021	148,000	$ 131.62	6.2 years
Exercisable at December 31, 2021	89,500	$ 41.60	5.1 years

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NOTE 11 – STOCK-BASED COMPENSATION - Continued

The aggregate intrinsic value of shares outstanding and shares exercisable at December 31, 2021 was $7.5 million. The weighted average grant-date fair value of options granted during the years ended December 31, 2021 and 2020 was $62.95 and $118.86, respectively. Total fair value of shares vested during the years ended December 31, 2021 and 2020 was $1.3 million and $1.5 million, respectively. No options were exercised in 2021 and 2020.

NOTE 12 – SUBSEQUENT EVENTS

On February 28, 2022, the Company's Board of Directors signed and approved an asset transfer agreement between Sterno Home and Rimports, effective January 3, 2022. The agreement involves the transfer of Sterno Home's net assets to Rimports to position Sterno Home's product lines for long-term profitability and growth. The transfer was accounted for as a common control transaction, so there is no change in the basis in the net assets transferred. The transaction does not impact the Company's consolidated financial statements.

The Company has evaluated all subsequent events through March 4, 2022, the date the financial statements were available to be issued.

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Consolidated Financial Statements and Report of Independent Certified Public Accountants

SternoCandleLamp Holdings, Inc. and Subsidiaries

As of and for the years ended December 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SternoCandleLamp Holdings, Inc

Opinion
We have audited the consolidated financial statements of SternoCandleLamp Holdings, Inc., (a California corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income (loss) and comprehensive income (loss), stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with US GAAS, we:

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

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

Grant Thornton LLP

Newport Beach, California
March 7, 2023

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SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31

(in thousands, except share data)

ASSETS	2022	2021
Current assets		
Cash and cash equivalents	$ 2,371	$ 1,329
Trade receivables, net of allowances	53,211	67,165
Inventories	78,936	93,316
Prepaid expenses and other current assets	1,853	2,182
Total current assets	136,371	163,992
Property and equipment, net	19,067	18,209
Deferred tax asset	2,431	-
Intangible assets, net	83,405	100,061
Goodwill	55,336	55,336
Operating lease right-of-use assets, net	23,726	27,449
Other assets	742	685
Total assets	$ 321,078	$ 365,732
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Current portion, long-term debt - related party	$ 9,230	$ 9,230
Line of credit - related party	-	7,500
Accounts payable	34,109	37,269
Accrued and other expenses	13,175	15,412
Operating lease liabilities, short term	5,383	5,089
Total current liabilities	61,897	74,500
Deferred tax liability	-	1,320
Long-term debt, net of current portion - related party	159,230	189,960
Operating lease liabilities, long-term	19,433	23,078
Total liabilities	240,560	288,858
Commitments and contingencies (refer to Note 9)		
Stockholder's equity		
Common stock - $0.001 par value, 1,500,000 shares authorized, 1,040,191 shares issued and 1,006,538 shares outstanding at December 31, 2022; 1,033,653 shares issued and 1,000,000 shares outstanding at December 31, 2021.	1	1
Additional paid-in capital	75,316	82,533
Treasury stock at cost (35,514 shares in 2022 and 33,653 shares in 2021)	(6,358)	(6,013)
Accumulated other comprehensive (loss) income	(190)	71
Accumulated earnings	11,749	282
Total stockholder's equity	80,518	76,874
Total liabilities and stockholder's equity	$ 321,078	$ 365,732

See notes to consolidated financial statements.

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SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2022 and 2021

(in thousands)

	2022	2021
Net sales	$ 352,152	$ 375,127
Cost of goods sold	284,725	303,117
Gross profit	67,427	72,010
Selling, general and administrative expenses	47,626	51,981
Operating income	19,801	20,029
Related party interest expense	18,153	18,322
Amortization of debt issuance costs	451	451
Loss on disposal of assets	30	152
Other income, net	(1,759)	(1,189)
Income before income taxes	2,926	2,293
(Benefit) provision for income taxes	(480)	2,609
Net income (loss)	$ 3,406	$ (316)
Foreign currency translation (loss) gain	(261)	69
Comprehensive income (loss)	$ 3,145	$ (247)

See notes to consolidated financial statements.

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SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

For the years ended December 31, 2022 and 2021

(in thousands, except share data)

	Common Stock						
	Shares Issued	Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Accumulated Earnings	Total Stockholder's Equity
Balance, January 1, 2021	1,033,653	$ 1	$ 81,291	$ (6,013)	$ 2	$ 598	$ 75,879
Stock compensation expense	-	-	1,242	-	-	-	1,242
Net loss	-	-	-	-	-	(316)	(316)
Foreign currency translation gain	-	-	-	-	69	-	69
Balance, December 31, 2021	1,033,653	$ 1	$ 82,533	$ (6,013)	$ 71	$ 282	$ 76,874
Stock compensation expense	-	-	844	-	-	-	844
Net income	-	-	-	-	-	3,406	3,406
Exercise of options	6,538	-	-	-	-	-	-
Stock repurchase (1,861 shares)	-	-	-	(345)	-	-	(345)
Foreign currency translation loss	-	-	-	-	(261)	-	(261)
Common control net asset transfer	-	-	(8,061)	-	-	8,061	-
Balance, December 31, 2022	1,040,191	$ 1	$ 75,316	$ (6,358)	$ (190)	$ 11,749	$ 80,518

See notes to consolidated financial statements.

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SternoCandleLamp Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(in thousands)

	2022	2021
Cash flows from operating activities:		
Net income (loss)	$ 3,406	$ (316)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	3,311	4,141
Amortization expense	16,531	18,777
Amortization of debt issuance costs	451	451
Stock-based compensation expense	844	1,242
Deferred taxes	(3,751)	422
Provision for inventory reserve	1,530	5,518
Provision for doubtful accounts	(3,826)	(484)
Loss on disposal of assets	184	152
Changes in operating assets and liabilities:		
Trade receivables	17,780	(1,713)
Prepaid expenses and other current assets	250	47
Inventories	12,852	(5,855)
Accounts payable	(5,798)	1,611
Accrued and other expenses	402	437
Operating lease asset, net	371	74
Net cash provided by operating activities	44,537	24,504
Cash flows from investing activities:		
Purchases of property and equipment	(4,200)	(2,680)
Registration of patents	(30)	(92)
Net cash used in investing activities	(4,230)	(2,772)
Cash flows from financing activities:		
Borrowings on loans and line of credit, net loan origination fees	36,929	33,500
Payments on loans and line of credit	(75,588)	(57,330)
Stock repurchase	(345)	-
Net cash used in financing activities	(39,004)	(23,830)
Foreign currency impact on cash	(261)	69
Net increase (decrease) in cash and cash equivalents	1,042	(2,029)
Cash and cash equivalents beginning of period	1,329	3,358
Cash and cash equivalents end of period	$ 2,371	$ 1,329
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest expense - related party	$ 18,230	$ 18,582
Income taxes - net of refunds received	$ 1,446	$ 4,552

See notes to consolidated financial statements.

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SternoCandleLamp Holdings, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

SternoCandleLamp Holdings, Inc. (the "Company"), headquartered in Corona, California, is the ultimate parent company of Sterno, LLC ("Sterno") and Rimports, LLC ("Rimports"). The Company operates via two product divisions:

- Sterno – Sterno offers a broad range of wick and gel chafing fuels, liquid and traditional wax candles, butane stoves and accessories, and catering equipment and lamps for restaurants, hotel and home entertainment uses, selling both Sterno Brand and private label.

- Rimports - Rimports is a manufacturer and distributor of branded and private label wickless candle products used for home decor and fragrance systems under the ScentSationals, Better Home & Garden, AmbiEscents, Oak & Rye, Estate and Ador brands. Rimports offers unique lines of wickless candle products including ceramic wax warmers, scented wax cubes, fragrance oils, essential oils, and diffusers. Rimports also sells flameless candles, lanterns, and outdoor lighting. The Company acquired Rimports in February 2018. During the first quarter of 2022, Sterno completed the product lines integration of Sterno Home Inc. ("Sterno Home") with Rimports to leverage the capabilities of Rimports' operations for profitability and growth. Previously, Sterno Home was a separate product division of the Company whose product offerings include flameless candles, traditional house and garden lighting including path lights, spotlights, and security lights.

The Company operates out of its corporate headquarters in Corona, California; two manufacturing facilities in Texarkana, Texas and Memphis, Tennessee; and the Rimports facility in Provo, Utah.

Significant Accounting Policies

The Company's significant accounting policies are as follows:

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (Sterno and Rimports) and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany transactions and accounts have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates and assumptions made by management are used for, but not limited to, the fair

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

value of identifiable intangible assets, the recoverability of the carrying value of long-lived and intangible assets and goodwill, the realization of trade receivables, the accrual for rebates, write-downs for slow-moving or obsolete inventory, and the establishment of a valuation allowance on deferred income taxes. Actual results could differ from these estimates.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods and excludes any sales incentives or taxes collected from customers which are subsequently remitted to government authorities.

Performance Obligations - Revenues are recognized when control of the promised goods is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Each product represents a separate performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. The standalone selling price is directly observable as it is the price at which the Company sells its products separately to the customer. As the Company does not meet any of the requirements for over time recognition for any of its products, it recognizes revenue based on the point in time criteria based on the definition of control, which is generally upon shipment terms for products.

Shipping and Handling Costs - Costs associated with shipment of products to a customer are accounted for as a fulfillment cost and are included in cost of goods sold. The Company accounts for shipping and handling activities performed after control of a good has been transferred to the customer as a fulfillment cost and not a performance obligation. Therefore, both revenue and costs of shipping and handling are recorded at the same time.

Warranty - For product sales, the Company provides standard assurance-type warranties as the Company only warrants its products against defects in materials and workmanship (i.e., manufacturing flaws). Although the warranties are not required by law, the tasks performed over the warranty period are only to remediate instances when products do not meet the promised specifications. Customers do not have the option to purchase warranties separately. The Company's warranty periods generally range from 90 days to one year depending on the nature of the product and are consistent with industry standards. The periods are reasonable to assure that products conform to specifications. The Company does not have a history of performing activities outside the scope of the standard warranty.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Variable Consideration - The Company's policy around estimating variable consideration related to sales incentives (early pay discounts, rights of return, rebates, chargebacks, and other discounts) included in certain customer contracts are recorded as a reduction in the transaction price. The Company applies the expected value method to estimate variable consideration. These estimates are based on historical experience, anticipated performance and the Company's best judgment at the time and as a result, reflect applicable constraints. The Company includes in the transaction price an amount of variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from product sales is presented net of rebates, returns and other allowances. The Company recorded approximately $35.9 million and $32.7 million for rebates and incentive allowances against revenue during the years ended December 31, 2022 and 2021, respectively. The accrual for rebates and incentive allowances is based on terms of contractual arrangements and historical experience and is recorded in accrued expenses in the Company's consolidated balance sheets.

Sales and Other Similar Taxes - The Company notes that under its contracts with customers, the customer is responsible for all sales and other similar taxes, which the Company will invoice the customer for if they are applicable. The Company excludes sales taxes and similar taxes from the measurement of transaction price.

Cost to Obtain a Contract – The Company recognized the incremental costs of obtaining a contract as an expense when incurred as the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Disaggregated Revenue - Revenue Streams and Timing of Revenue Recognition - The Company disaggregates revenue by strategic business unit and by product for each strategic business unit which are categories that depict how the nature, amount and uncertainty of revenue and cash flows are affected by economic factors. This disaggregation also represents how the Company evaluates its financial performance, as well as how the Company communicates its financial performance to the other users of its financial statements. Each strategic business unit represents the Company's different products.

The following table sets forth the Company's net sales by product for the years ended December 31, 2022 and 2021 (in thousands):

	2022	2021
Canned heat and table lighting	$ 152,981	$ 101,000
Flameless and outdoor lighting	22,186	45,757
Wickless candle products, diffusers and essential oils	176,985	228,370
	$ 352,152	$ 375,127

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

The Company maintains its cash and cash equivalents in bank deposit accounts. The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. As of December 31, 2022 and 2021, the Company had issued $0 and $285 thousand of checks in excess of funds available, respectively, recorded under accounts payable and accrued expenses in the consolidated balance sheets.

Trade Receivables

Credit is extended in the form of trade receivables based on an evaluation of each customer's financial condition, and collateral is not required. Trade receivables are carried at original invoice amount less estimates made for doubtful receivables, customer chargebacks, markdowns and returns. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. No interest is charged on customer accounts. The Company's Rimports unit maintains an allowance for customer chargebacks for items such as markdowns and defective units based on historical experience and management's knowledge of its customers' receiving and payment practices. As of December 31, 2022 and 2021, the allowance for chargebacks was $1.1 million and $4.9 million, respectively. As of December 31, 2022 and 2021, the allowance for doubtful accounts was $61 thousand and $144 thousand, respectively.

Inventories

Inventories are stated at the lower of cost (determined on a weighted-average method) or net realizable value. Inventory consists of raw materials, work in progress, shipping supplies and finished goods. The Company reserves for slow-moving and obsolete inventory when management determines an item should be reserved based on historical movement.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. The cost of major additions or betterments is capitalized, while maintenance and repairs that do not improve or extend the useful lives of the related assets are expensed as incurred. Leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Depreciation is recorded using the straight-line method over the following estimated useful lives of the related assets:

	Years
Buildings	25
Machinery, tooling and equipment	2-15
Office furniture and equipment	3-7

Long-Lived Assets

Long-lived assets, which include property, plant and equipment and amortizable intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that an asset may not be recoverable. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest charges) is less than the carrying value of the assets, the assets are written down to the estimated fair value, and such loss is recognized in income from continuing operations in the period in which the determination is made. Management determined that no impairment of long-lived assets was identified in the years ended December 31, 2022 and 2021.

Amortization of Intangible Assets

Intangible assets subject to amortization are amortized on the straight-line method over their estimated useful lives. Changes in circumstance, such as a significant decline in the Company's viability, could result in the actual useful lives differing from initial estimates. In those cases where the Company determines that the useful life of a long-lived asset should be revised, the Company will amortize the net book value over its revised remaining useful life.

The Company believes that the "Sterno" trade name is an indefinite life intangible asset. An intangible asset is determined to have an indefinite useful life when there are no legal, regulatory, contractual, competitive, economic, or any other factors that may limit the period over which the asset is expected to contribute directly or indirectly to future cash flows. The evaluation of impairment for indefinite life intangible assets is performed by a comparison of the asset's carrying value to the asset's fair value. When the carrying value exceeds fair value, an impairment charge is recorded for the amount of the difference. Management determined that no impairment of its trade name had occurred in the years ended December 31, 2022 and 2021.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Goodwill

The Company evaluates goodwill for impairment on an annual basis or whenever events or circumstances have indicated that the carrying amount of a reporting unit may be impaired. The Company has determined that it has one reporting unit, which is subject to impairment testing. The Company assesses qualitative factors to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its' carrying amount. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount using a qualitative approach, then an additional analysis is performed using the reporting unit's discounted cash flows to further determine whether the fair value is less than the reporting unit's carrying value. If the excess of the fair value of the reporting unit over the fair value of the identifiable assets and liabilities is less than the carrying value of the unit's goodwill, an impairment charge is recorded for the difference. There was no impairment of goodwill in the years ended December 31, 2022 and 2021.

Debt Issuance Costs

Debt issuance costs are amortized over the life of the respective loans using the effective interest method as it related to term debt and the straight-line method related to the revolving credit agreement. Issuance costs related to debt are presented in the consolidated balance sheets as a direct deduction from the carrying amount of the associated debt liability. Issuance costs related to a revolving credit facility are included in prepaid expenses and other current assets in the consolidated balance sheets.

For the years ended December 31, 2022 and 2021, amortization of debt issuance costs was $451 thousand. See Note 5 Related Party Debt.

Income Taxes

The Company accounts for income taxes under the asset and liability method under which it recognizes deferred income taxes, net of valuation allowances, if any, for the estimated future tax effects of temporary differences between the financial statement carrying amounts of existing assets and liabilities and its tax bases and net operating loss and tax credit carryforwards. The Company may, from time to time, be assessed interest or penalties by tax jurisdictions, although any such assessments historically have been minimal and immaterial to its financial results. In the event the Company has such an assessment from a taxing authority, it is its accounting policy to recognize any interest and penalties as a component of income tax.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

On August 16, 2022, the President of the United States signed into law the Inflation Reduction Act (H.R. 5376), which contained various tax law changes, including the imposition of an Alternative Minimum Tax (AMT) on "large" corporations, a tax on certain stock buybacks, and other targeted revenue raisers. As of our current analysis, we do not expect this law to have any material effect on the Company.

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which included a range of tax relief provisions for corporations, individuals and other taxpaying entities.

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "2017 Act"). In connection with the 2017 Act, the Company was subject to the transition tax on unrepatriated foreign earnings, pursuant to Section 965. The Company's total resulting tax under Section 965 was $321 thousand. The Company elected to pay the tax in installments. As of December 31, 2022, a balance of $145 thousand is to be paid via installments through 2024.

The 2017 Act, as discussed above, created a new limitation on the deduction of corporate interest under Section 163(j). In simple terms, interest expense for any given year is limited to 30% of "tax EBITDA". Any disallowed amount was carried forward indefinitely to future periods and is subject to that year's limitation. The calculation changed for 2022 in that taxable income for 163(j) purposes no longer benefits from an addback of tax depreciation or amortization. As a result, our estimated disallowed portion of interest for 2022 is approximately $7.5 million.

The 2017 Act also changed the treatment of Section 174 research and experimental costs beginning January 1, 2022. Historically, taxpayers had the option of expensing Section 174 costs currently or amortizing over five years. The provision now requires taxpayers to capitalize such costs and amortize over five years for research conducted domestically or fifteen years if conducted outside of the U.S. We expect this new Section 174 rule to have little to no effect on the Company currently.

Advertising

Advertising costs are expensed as incurred and is included in selling, general and administrative expense in the consolidated statements of income and comprehensive income. For the years ended December 31, 2022 and 2021, advertising expense was approximately $1.8 million and $1.1 million, respectively.

Accounting for Stock-Based Compensation

Stock-based compensation cost for stock options is calculated on the date of grant using the estimated fair value of the option as determined using the Black-Scholes option pricing model. The compensation cost is then amortized ratably over the vesting period of the individual option grants. The Black-Scholes valuation calculation requires the Company to estimate key assumptions including the expected term, volatility and interest rates to determine the fair value of the stock options. The estimate of these key assumptions is

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

based on an analysis of comparable companies, the Company's leverage and judgment regarding market factors and trends. Authoritative guidance also requires that forfeitures be estimated at the date of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

COVID-19 Update

While we expect the effect of COVID-19 on our businesses to moderate, there is still uncertainty around the continued spread of COVID-19 and new variants of the virus around the world. The economic and health conditions in the United States and across most of the globe have continued to change since the beginning of the pandemic and the ultimate impact of COVID-19 on our business is dependent on future developments, including its effect on labor or other macroeconomic factors, its severity and duration, the continued availability and effectiveness of vaccines and actions taken by third parties or by government authorities in response, including restrictions, laws or regulations, or other responses.

Concentration of Credit Risk

The Company maintains cash balances at various banks where balances are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, the Company maintains cash balances in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Company performs periodic credit evaluations of its customers. The Company maintains allowances for potential credit losses and such losses have historically been within management's expectation. In 2022 and 2021, the Company's top ten customers accounted for 78% of net sales. One customer accounted for 55% and 62% of the Company's net sales for the years ended December 31, 2022 and 2021, and the top two customers combined accounted for 60% and 64% of net sales for the years ended December 31, 2022 and 2021, respectively. Three customers accounted for approximately 62% and 73% of trade receivables, net as of December 31, 2022 and 2021, respectively. One customer accounted for 47% and 62% of the Company's trade receivables, net as of December 31, 2022 and 2021, respectively. The top two customers combined accounted for 56% and 68% of trade receivables, net as of December 31, 2022 and 2021, respectively.

Comprehensive Income

The Company's Rimports unit has operations outside the United States, and the local currency is the functional currency. The financial statements of this foreign unit are translated into U.S. dollars using exchange rates in effect at year-end for assets and liabilities and average exchange rates during the year for results of operations. The resulting translation gain or loss is included in stockholder's equity as other comprehensive income or loss. For all other foreign operations, the Company's functional currency is the U.S. dollar. For the years ended December 31, 2022 and 2021, the transaction gains and losses aggregated to a loss of approximately $77 thousand and $34 thousand, respectively. Foreign currency gains and losses are

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

recorded in other expenses in the accompanying consolidated statements of income and comprehensive income.

Fair Value Measurement

The Company uses a framework for measuring fair value of all financial instruments that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods, including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to each valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair value. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from quoted prices in active markets that are accessible at the measurement date.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The estimated fair values of the Company's short-term financial instruments, including cash, trade receivables and accounts payable arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The fair value of the line of credit approximates its carrying amount, as the fair value is estimated based on current rates offered to the Company for similar debt of the same remaining maturities. For liabilities such as long-term debt not accounted for at fair value and without quoted market prices, fair value is based upon estimated cash flows adjusted for credit risk, which are discounted using an interest rate appropriate for the maturity of the applicable loans. As such, the fair value of long-term debt approximates its carrying value.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Foreign Assets

The carrying value of the net assets located outside the United States for the Company was approximately $2.5 million and $24.1 million as of December 31, 2022 and 2021, respectively. Additionally, net sales from foreign operations approximated $11.6 million and $13.5 million for 2022 and 2021, respectively. This accounted for approximately 3% and 4% of the total net sales for the years ended December 31, 2022 and 2021, respectively.

NOTE 2 – INVENTORIES

Inventories consisted of the following as of December 31, (in thousands):

	2022	2021
Raw materials	$ 25,692	$ 38,472
Work in progress	467	210
Finished goods	52,777	54,634
Inventories	$ 78,936	$ 93,316

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of December 31, (in thousands):

	2022	2021
Buildings, machinery, tooling and equipment	$ 42,615	$ 39,775
Leasehold improvements	1,057	933
Office furniture and equipment	2,523	3,441
Total	46,195	44,149
Accumulated depreciation and amortization	(28,848)	(27,318)
Land	680	680
Construction in progress	1,040	698
Property and equipment, net	$ 19,067	$ 18,209

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2022 and 2021 was approximately $3.3 million and $4.1 million, respectively.

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NOTE 4 – GOODWILL AND INTANGIBLE ASSETS, NET

The carrying value of goodwill as of December 31, 2022 and 2021 is $55.3 million.

As of December 31, 2022 and 2021, approximately $24.7 million and $27.9 million of goodwill is deductible for tax purposes.

Intangible assets are comprised of the following as of December 31, 2022 and 2021 (in thousands):

	2022	2021	Weighted Average Useful Life
Amortizable intangible assets			
Customer relationships	$145,990	$145,990	9
Tradenames - Rimports	7,800	7,800	8
Developed technology	5,025	5,000	10
Patent	255	404	15
Accumulated amortization – customer relationships	(96,850)	(81,350)	
Accumulated amortization – tradenames	(4,828)	(3,882)	
Accumulated amortization – developed technology	(4,760)	(4,680)	
Accumulated amortization – patent	(37)	(31)	
Total amortizable intangible assets, net	52,595	69,251	
Tradename, not subject to amortization - Sterno	30,810	30,810	
Total	$ 83,405	$100,061	

Amortization expense of intangibles was approximately $16.5 million and $18.8 million for the years ended December 31, 2022 and 2021, respectively. Estimated charges to amortization expense of intangible assets over the next five years are as follows (in thousands):

Years ending December 31,	
2023	$ 16,449
2024	15,111
2025	10,435
2026	8,937
2027	1,476
Thereafter	187
Total	$ 52,595

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NOTE 5 – RELATED-PARTY DEBT

The Company has outstanding term loans ("Term A Loan" and "Term B Loan") and revolving line of credit ("Line of Credit") with Compass Group Diversified Holdings, LLC ("Compass") for the acquisition of its subsidiaries and to fund its business operations.

The Company pays an unused availability fee quarterly equal to 0.5% of the unused portion of the Line of Credit. There was no outstanding Line of Credit as of December 31, 2022. As of December 31, 2021, $7.5 million was outstanding under the Line of Credit at an interest rate of 7.5%. As of December 31, 2022 and 2021 the unused portion of the Line of Credit was $39.9 million and $32.4 million, respectively.

The Line of Credit and Term A Loan allow for loans at either the base rate or London InterBank Offered Rate ("LIBOR"), as defined. Base rate loans bear interest at a fluctuating rate per annum equal to the greater of (i) the prime rate of interest published by the Wall Street Journal or (ii) the sum of the Federal Funds Rate plus 0.5% for the relevant period, plus the applicable margin below. The base rate as of December 31, 2022 for Line of Credit and Term A loan was 7.50%, plus the Applicable Margin of 4.25%.

LIBOR loans bear interest at a fluctuating rate per annum equal to the LIBOR for the relevant period, plus the applicable margin below:

	Line of Credit and Term A Loan Applicable Margin	
Total Debt to EBITDA ratio:	Base Loan	LIBOR
Less than 2.0:1.00	3.50	4.50
Greater than 2.0:1.0 but less than 3.0:1.0	3.75	4.75
Greater than 3.0:1.0 but less than 4.0:1.1	4.00	5.00
Greater than 4.0:1.0 but less than 5.0:1.2	4.25	5.25
Greater than 5.0:1.0	4.50	5.50

The Company also has a $63 thousand letter of credit from an external bank which is backed by a $63 thousand letter of credit from Compass. Letters of credit under this separate facility totaling $63 thousand were outstanding as of December 31, 2022 and 2021. The Company is required to pay letter of credit fees equal to 1.75% per annum.

The term loans and Line of Credit with Compass are collateralized by the Company's right, title and interest in the Company's net assets. The loan agreements also include certain financial covenants including, but not limited to, requirements to maintain certain fixed charges and leverage ratios. The Company was in compliance with all financial covenants as of December 31, 2022 and 2021.

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NOTE 5 – RELATED-PARTY DEBT – Continued

Long-term debt and the related current portion consisted of the following as of December 31 (in thousands):

	2022	2021
Term A Loan	$ 99,738	$ 130,896
Term B Loan	69,213	69,213
Debt issuance costs	(491)	(919)
Total	168,460	199,190
Less: current portion	9,230	9,230
Total long-term portion	$ 159,230	$ 189,960

The Term A Loan requires annual payments of $9.2 million to be paid in quarterly installments of $2.3 million.

Schedule of future maturities of long-term debt is as follows as of December 31, (in thousands):

2023	$ 9,230
2024	90,508
2025	69,213
Total	$ 168,951

As of December 31, 2022 and 2021, debt issuance costs included on the accompanying consolidated balance sheets totaled $0.7 million and $1.1 million, respectively. Debt issuance costs consist of loan fees associated with the related party debt. Loan fee amortization expense included in the accompanying consolidated statements of income and comprehensive income was $451 thousand for the years ended December 31, 2022 and 2021, respectively.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of December 31, (in thousands):

	2022	2021
Accounts payable	$ 34,109	$ 37,269
Accrued payroll, commissions, and benefits	4,514	4,681
Accrued rebates, returns and other	6,820	7,945
Accrued interest	114	190
Income taxes payable and other taxes	1,725	1,189
Other accrued expenses	2	1,407
Total	$ 47,284	$ 52,681

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NOTE 7 – INCOME TAXES

The provision for income taxes for the years ended December 31 are as follows (in thousands):

Current income tax expense (benefit)	2022	2021
Federal	$ 3,026	$ 3,365
State	646	1,008
Foreign	(400)	(2,186)
Total current income tax expense	3,272	2,187
Deferred income tax (benefit) expense		
Federal	(2,291)	15
State	(547)	(210)
Foreign	(914)	617
Total deferred income tax (benefit) expense	(3,752)	422
Total income tax (benefit) expense	$ (480)	$ 2,609

As of December 31, 2022 and 2021, the Company's federal and state income tax payable totaled $1.0 million and $0.5 million, respectively, and was included in accounts payable and accrued expenses on the accompanying consolidated balance sheets.

The tax effects of temporary differences that have resulted in the creation of deferred tax assets and deferred tax liabilities as of December 31 are as follows (in thousands):

Deferred tax assets	2022	2021
Accrued expenses	$ 85	$ 72
Inventory reserve	3,675	2,645
Stock options	1,983	1,940
Unicap	204	230
Allowance for doubtful accounts	16	22
Operating lease right-of-use assets	6,152	6,550
Interest	1,929	-
Deferred tax assets	14,044	11,459
Deferred tax liabilities		
Intangible assets	(2,076)	(2,900)
Depreciation	(3,213)	(3,054)
Prepaid expenses	(382)	(374)
Operating lease right-of-use liabilities	(5,942)	(6,451)
Deferred tax liabilities	(11,613)	(12,779)
Total net deferred tax assets (liabilities)	$ 2,431	$ (1,320)

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NOTE 7 – INCOME TAXES – Continued

As of December 31, 2022 and 2021, the Company had no material federal or state net operating loss carryforwards.

The Company applies a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit or obligation as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments. As of December 31, 2022, the Company continued to have no material unrecognized tax benefits in its consolidated financial statements and, therefore, did not record a liability for unrecognized tax benefits.

Interest and penalties related to unrecognized tax benefits will be recognized in income tax expense. As of December 31, 2022 and 2021, no interest or penalties were included in income tax expense.

The Company is subject to U.S. federal, state, local, and foreign income tax, and in the normal course of business, its income tax returns are subject to examination by the relevant taxing authorities. In December 2022, the Company was notified of a pending audit of its 2019, 2020 and 2021 California Franchise Tax Returns. As of the date of the financial statements, the Company have no additional information as to the nature, scope or anticipated result of this pending audit.

NOTE 8 – LEASES

The Company and its subsidiaries lease manufacturing facilities, warehouses, office facilities, equipment and vehicles under various operating agreements. Certain of the leases are subject to escalation clauses and renewal periods. The Company and its subsidiaries recognize lease expense, including predetermined fixed escalations, on a straight-line basis over the initial term of the lease including reasonably assured renewal periods from the time that the Company and its subsidiaries control the leased property. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets. Lease expense for these leases is recognized on a straight-line basis over the lease term.

Rent expense for the years ended December 31, 2022 and 2021 totaled $8.8 million and $7.0 million, respectively.

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NOTE 8 – LEASES – Continued

The maturities of lease liabilities as of December 31, 2022 were as follows (in thousands):

2023	$ 6,749
2024	4,909
2025	4,813
2026	4,620
2027	4,561
Thereafter	3,484
Total undiscounted lease payments	29,136
Less: Interest	4,320
Present value of lease liabilities	$ 24,816

The calculated amount of lease liabilities in the table above are impacted by the length of the lease term and discount rate used to calculate the present value of the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion.

Regarding the discount rate, FASB ASU No. 2016-02, *Leases*, which the Company adopted on January 1, 2019, requires the use of a rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Company utilizes the incremental borrowing rate of the subsidiary entering into the lease arrangement, on a collateralized basis, over a similar term as adjusted for any company-specific risk.

The weighted average remaining lease terms and discount rates for all of our operating leases were as follows as of December 31:

	2022	2021
Weighted-average remaining lease term	5.19 years	5.79 years
Weighted-average discount rate	6.33%	6.83%

Supplemental cash flow information related to leases were as follows as of December 31 (in thousands):

	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$7,324	$6,585
Right of use assets obtained in exchange for lease obligations:		
Operating leases	$1,644	$22,173

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NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company is subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of the Company's management, the outcome of such matters will not have a significant adverse effect on the financial position or results of operations of the Company.

NOTE 10 – RELATED-PARTY TRANSACTIONS

Compass Group Management LLC ("CGM") provides management services to the Company. The Company pays CGM a quarterly management fee. The management fee expense for the years ended December 31, 2022 and 2021 totaled approximately $500 thousand for each year, which is reflected in selling, general and administrative expenses in the consolidated statements of income and comprehensive income.

NOTE 11 – RETIREMENT PLAN

The Company offers a 401(k) savings plan to all employees meeting minimum age and service requirements. Each employee is able to defer the maximum annual amount allowed by the Internal Revenue Service. The Company may contribute up to 5% of each employee's salary based on the amount of salary deferred by the employee. During the years ended December 31, 2022 and 2021, the Company made matching contributions to the plan totaling $685 thousand and $216 thousand, respectively.

NOTE 12 – STOCK-BASED COMPENSATION

The Company's 2014 Stock Option Plan (the "Plan") provides for non-qualified stock options to purchase shares of the Company's common stock, which may be granted to employees. The Plan is administered by the Board of the Company or, if established by the Board, the Compensation Committee of the Board, which has the authority to determine the type of incentive award, as well as the terms and conditions of the awards, under the Plan. Shares under the Plan are available for grant from authorized, but unissued shares of the Company. Any granted shares that are released from an option for any reason become available for other options to be granted under the Plan.

Under the plan, 160,000 shares of common stock were available for grant. As of December 31, 2022, there were 64,285 remaining options available for grant under the Plan and 95,715 options outstanding. Options generally vest at 20% per year and are fully vested at the end of the fifth year. Options continue in force and are exercisable through the tenth anniversary of the grant date, unless terminated sooner.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted. The expected life represents the period the Company's equity-based awards are expected to be outstanding. The Company uses the simplified method for estimating expected life. The simplified method does not require the use of historical or post-vesting exercise data. Estimated volatilities are based on an analysis of comparable companies and the Company's leverage. The Company bases the risk-free interest rate on the implied yield currently available on U.S. Treasury strips maturing at the expected option term. The Company

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NOTE 12 – STOCK-BASED COMPENSATION – Continued

has never paid dividends and does not anticipate doing so over the expected life of the options.

The estimated values of stock option grants, as well as the weighted-average assumptions used in calculating these values for the years ended December 31, 2022 and 2021 were based on estimates at the date of grant as follows:

	2022	2021
Expected term in years	7.5	7.5
Expected volatility	33.9%	31.4%
Risk free interest rate	0.80%	1.00%
Dividend yield	0.00%	0.00%

As of December 31, 2022, there was approximately $1.8 million of total unrecognized stock-based compensation expense under the Plan that will be recognized over a period of approximately 4.0 years. The Company recorded pre-tax compensation expense of $0.8 million and $1.2 million for the years ended December 31, 2022 and 2021. Stock compensation expense is included in selling, general and administrative expenses in the accompanying consolidated statements of income and comprehensive income.

A summary of the Company's stock option activity and related information for the Plan was as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at December 31, 2021	148,000	$ 131.62	
Granted	10,215	187.29	
Exercised	(23,000)	84.50	
Cancelled	(39,500)	132.04	
Outstanding at December 31, 2022	95,715	$ 148.71	5.9 years
Exercisable at December 31, 2022	45,600	$ 119.94	4.2 years

The aggregate intrinsic value of shares outstanding and shares exercisable as of December 31, 2022 was $3.7 million. The weighted average grant-date fair value of options granted during the years ended December 31, 2022 and 2021 was $70.35 and $62.95, respectively. Total fair value of shares vested during the years ended December 31, 2022 and 2021 was $0.8 million and $1.3 million, respectively. The total intrinsic value of options exercised during the year ended December 31, 2022 was $2.4 million. No options were exercised in 2021.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through March 7, 2023, the date the financial statements were available to be issued.

Attachment: 2023-117 ATTH 01 Chap. 380 App - Sterno (4079 : 2023-117 RES Ch. 380 for existing local business)

City of Texarkana, Texas

Developing Perspectives and Goals Pending Approval by the City Council:	
Perspectives	**Goals**
Serve the Community	☐ Promote an Environmentally Sensitive & Livable Community ☐ Provide a Safe Community ☐ Deliver Quality Services ☐ Foster a Healthy Community
Run the Operations	☐ Enhance Community Preparedness & Responsiveness ☐ Maximize Partnership Opportunities ☐ Provide Courteous & Responsive Customer Service ☐ Model a Positive City Image ☐ Deliver Efficient Services ☐ Cultivate Community Involvement & Access
Manage the Resources	☑ Maintain Fiscal Strength ☑ Maximize Utilization & Resources ☐ Invest in Infrastructure & Transportation
Develop Personnel	☐ Develop a Skilled & Diverse Workforce ☐ Create a Positive & Rewarding Work Culture
Perspectives and Goals Additional Comments:	

Resource Impact:	
Staff time required if item is approved:	No Additional
Other Potential Impacts:	

Public Information Plan:			
☐	Newspaper Notice (Required by Statute)	☐	Public Hearing (Required by Statute)
☐	Public Forum/Input Session	☐	Press Release
☐	E-News Distribution	☐	Website Notice
☐	Social Media (Twitter, Facebook, etc.)	☐	Special Mailing
☐	Flyers Posted	☐	Banners Posted
☐	Survey	☐	Automated Phone Call
☑	None Required	☐	
Other:			

Attachment: 2023-117 Goals & Perspectives (4079 : 2023-117 RES Ch. 380 for existing local business)

City of Texarkana, Texas

Briefing Sheet

Version:
Update Date: 9/1/2023 2:13 PM

Lead Department: Public Works Department **Action Officer:** Jonathan Wade,
Subject: Ordinance No. 2023-124 amending the City's Traffic Register to establish maximum speed limits on certain sections of FM 2878 [Pleasant Grove Road].

Briefing: 9/25/2023 **Public Hearing:** 9/25/2023 **Council Vote:** 9/25/2023

Item Schedule
Schedule 2: Brief once - vote once (two weeks)

Updates/History of Briefing:

NOT APPLICABLE

Executive Summary and Background Information:

Attached as part of this item is a letter from Christina Trowler, PE, Director of Transportation Operations for the Antlanta District of the Texas Department of Transportation (TxDOT). As per this letter, TxDOT has performed an engineering study and traffic survey on FM 2878 (Pleasant Grove Road). The results of this study indicate that the appropriate maximum speed limits for FM 2878 (Pleasant Grove Road) need to be adjusted. The results of the engineering study above for FM 2878 in Texarkana reveals the following speed zones:

- The existing 55 mph speed limit from FM-559 to 148 feet north of Meadowland Dr will be lowered 50 mph.
- The existing 55 mph speed limit from 132 feet south of Constitution Dr to the IH-30 Frontage Road will be lowered to 50 mph.

Potential Options:

- Approve speed limit change
- Not approve speed limit change

Fiscal Implications:

None

Staff Recommendation:

Staff recommends approval

Advisory Board/Committee Review:

None

Board/Committee Recommendation:

(Insert Date Here):
(Insert Text Here or say "NOT APPLICABLE")

City of Texarkana, Texas

Advisory Board/Committee Meeting Date and Minutes:

(Insert Minutes Here) or Select, Delete this and all text in this area and say "NOT APPLICABLE"

Attachments

a. 2023-124 ORD Speed Limit Change To FM 2878 (DOCX)
b. 2023-124 EXH 'A' Speed Plan (PDF)
c. 2023-124 ATTH 01 TxDOT Letter (PDF)
d. 2023-124 Goals & Perspectives (DOCX)

Staff Coordination

Public Works Department	Completed	Dusty Henslee 08/31/2023 9:48 AM	Department Head Review	
Police	Kevin Schutte	Review	Completed	09/07/2023 9:13 AM
Economic Development	09/07/2023 9:21 AM	Lisa Thompson	Review	Completed
City Manager	David Orr	City Manager Review	Completed	09/07/2023 12:35 PM
City Council	Jennifer Evans	Meeting	Completed	09/11/2023 6:00 PM

Meeting History

09/11/23 City Council MOVED FORWARD Next: 09/25/23
Dusty Henslee briefed this agenda item.

PUBLISH

ORDINANCE NO. 2023-124

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, AMENDING THE CITY'S TRAFFIC REGISTER TO ESTABLISH MAXIMUM SPEED LIMITS FOR THE SPEED OF MOTOR VEHICLES UPON CERTAIN SECTIONS OF FM 2878 SPECIFIC TO TRAVELING DIRECTIONS, PROVIDING FOR A PENALTY CLAUSE; PROVIDING FOR PUBLICATION; PROVIDING FOR A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Traffic Register of the City of Texarkana, Texas, provides for certain maximum speeds for motor vehicles specific to traveling directions upon certain sections of FM 2878 within the corporate limits of the City of Texarkana, Texas; and

WHEREAS, the City and the Texas Department of Transportation have conducted engineering studies and traffic investigations to revise the Traffic Register of the City of Texarkana, Texas; and

WHEREAS, it has been determined by engineering studies and traffic investigations that the reasonable and safe prima facie maximum speeds for motor vehicles traveling upon said sections of FM 2878 specific to traveling directions, should be as set out hereinafter; and

WHEREAS, the Texas Department of Transportation, upon its own independent investigations, has approved said sections of FM 2878 with said reasonable and safe prima facie speed limits as set out hereinafter; and

WHEREAS, the Texas Department of Transportation has authority over FM 2878, a non-controlled access state highway, to install and maintain normal regulatory signs indicating the reasonable and safe prima facie maximum speed limits along FM 2878 within the City of Texarkana, Texas, as set out hereinafter.

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

SECTION 1. The Traffic Register of the City of Texarkana, Texas, is hereby amended to read as follows:

Designated portions of FM 2878 and penalty.

1. For traffic traveling in a Southerly direction on FM 2878:

   (a) Fifty (50) miles per hour from the intersection of FM 559 (MP 0.000- Cont. 2878-01), south for a distance of 0.382 miles, to a point 148 feet north of Meadowland St. (MP 0.382 - Cont. 2878-01); said point being the North City limits of Texarkana.

Attachment: 2023-124 ORD Speed Limit Change To FM 2878 (4085 : 2023-124 ORD Speed Limit Change to FM 2878)

PUBLISH

(b) Fifty (50) miles per hour from a point 132 feet south of Constitution Dr. (MP 0.675 Cont. 02878-01); said point being the South City Limits of Texarkana, south for a distance of 1.771 miles to a point at the intersection of IH 30 frontage road (MP 2.446 Cont. 2878-01) said point also being the point of termination.

2. For traffic traveling in a Northerly direction on SH 2878:

(a) Fifty (50) miles per hour from the intersection of IH 30 frontage road (MP 2.446- Cont. 2878-01) north for a distance of 1.771 miles, to a point 132 feet south of Constitution Dr. (MP 0.675 – Cont. 2878-01) said point being the South City Limits of Texarkana.

(b) Fifty (50) miles per hour from a point 148 feet north of Meadowlands St. (MP 0.382 – Cont. 2878-01) north for a distance of 0.382 miles, to a point at the intersection of FM 559 (MP 0.00– Cont. 2878-01) said point also being the point of termination.

3. The hereinabove speeds for vehicular traffic traveling upon the designated sections of streets in the directions specified are hereby found to be reasonable and safe prima facie speed limits therefor.

4. The Texas Department of Transportation will erect the appropriate signs indicating the prima facie speed limits herein established.

5. Any person violating any provision of this section shall upon conviction be deemed guilty of a misdemeanor and shall be fined in a sum not to exceed Two Hundred Dollars ($200.00).

SECTION 2. The City Council finds and determines that the speed limit changes for vehicular traffic traveling in the directions specified for each and every section of the roadways as described in Section 1, above, are reasonable and safe, are in the best interest and safety of the citizens of the City of Texarkana, Texas, and are therefore found to be reasonable and safe prima facie speed limits; and that any speed in excess of limits specified for the sections of the roadways described in Section 1, above, shall be prima facie evidence that the speed is not reasonable, not prudent, and unlawful.

SECTION 3: The City Secretary shall give notice of the passage of this ordinance as provided in Article XI, Section 3 of the Charter of the City of Texarkana, Texas.

SECTION 4: In case a section, clause, sentence or part of this Ordinance shall be deemed or adjudged by a Court of competent jurisdiction to be invalid, then such invalidity shall not affect, impair or invalidate the remainder of this Ordinance.

SECTION 5: All ordinances or parts of ordinances in conflict herewith are specifically repealed ten (10) days after passage and approval of this Ordinance.

Attachment: 2023-124 ORD Speed Limit Change To FM 2878 (4085 : 2023-124 ORD Speed Limit Change to FM 2878)

PUBLISH

SECTION 6: This Ordinance shall be in full force and effect ten (10) days after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **25th day of September, 2023.**

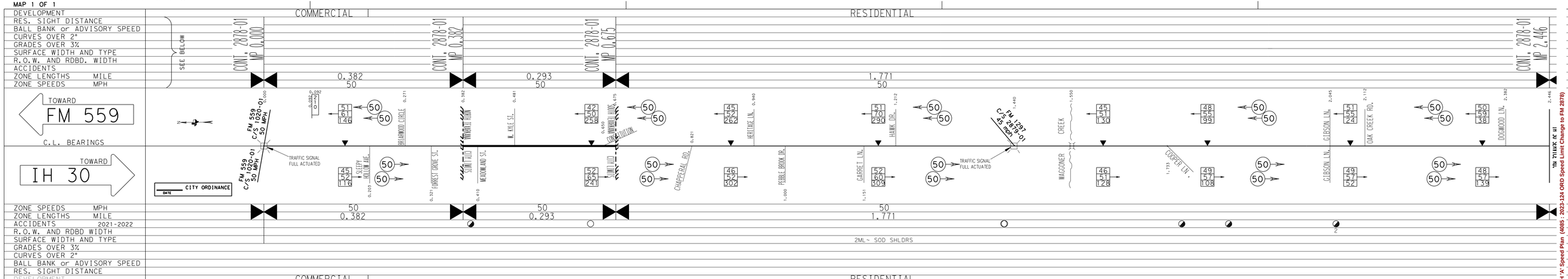
ATTEST:

VICKY COOPWOOD, ASST. CITY SECRETARY	BOB BRUGGEMAN, MAYOR

Attachment: 2023-124 ORD Speed Limit Change To FM 2878 (4085 : 2023-124 ORD Speed Limit Change to FM 2878)

FM 2878

MAP 1 OF 1



DIST. ATLANTA COUNTY BOWIE

HIGHWAY FM 2878 CITY TEXARKANA

DATE OF SURVEY SEPT. 2022 SCALE 1" = 400'

MINUTE NO.	DATE / /
REPLACES 109160	DATE 1 /30/03
REPLACED BY	DATE / /
CANCELED BY	DATE / /

LIMITS OF ZONE

	SECTION ONE	LENGTH 0.382 MILES		SECTION TWO	LENGTH 0.293 MILES		SECTION THREE	LENGTH 1.771 MILES	
	STA. OR M.P.	CONT. & SECT.	PROJECT	STA. OR M.P.	CONT. & SECT.	PROJECT	STA. OR M.P.	CONT. & SECT.	PROJECT
BEGINS	MP 0.000	2878-01		MP 0.382	2878-01		MP 0.675	2878-01	
ENDS	MP 0.382	2878-01		MP 0.675	2878-01		MP 2.446	2878-01	

42 / 62 / 125 — 85 PERCENTILE SPEED / TOP SPEED MEASURED / NUMBER OF CARS CHECKED

FATAL ACCIDENT

PERSONAL INJURY ACCIDENT

PROPERTY DAMAGE ACCIDENT

INDICATES SECTION ZONED BY COMMISSION MINUTE

(00) INDICATES DRIVE THROUGH SPEED

DRIVE CONDUCTED BY: CHRISTINA TROWLER P.E. AND SETH HOWARD

SPEED ZONE

CONT. 2878 SEC. 01

Texas Department of Transportation

SPEED STUDY
BOWIE COUNTY
FM 2878

DESIGN TEAM	FED. RDS. DIST. NO.	FEDERAL AID PROJECT NO.		SHEET NO.
	STATE	STATE DIST. NO.	COUNTY	1 of
	TX	19	BOWIE	
CHECKED	CONTROL NO.	SECTION NO.	JOB NO.	HIGHWAY NO.
	2878	01		FM 287

FM 2878.dgn

Attachment: 2023-124 EXH 'A' Speed Plan (4085 : 2023-124 ORD Speed Limit Change to FM 2878)

Texas Department of Transportation

125 EAST 11TH STREET, AUSTIN, TEXAS 78701-2483 | 512.463.8588 | WWW.TXDOT.GOV

August 8, 2023

Control: 2878-01
Highway: FM 2878
City: Texarkana
County: Bowie
Subject: Speed Zoning

Honorable Bob Bruggeman, Mayor
City of Texarkana
PO Box 1967
Texarkana, Texas 75504

Dear Mayor Bruggeman:

With reference to a recent engineering study and traffic survey conducted by the Texas Department of Transportation, the appropriate speed zones on FM 2878 have been determined. An expedient reply is requested on passage of the city ordinance in order that the speed zones may be in compliance with state traffic law.

The method Texas Department of Transportation uses to set speed limits is a standard used throughout the country. The speed study method is known as the 85th percentile.

The results of the engineering study above for FM 2878 in Texarkana reveals the following speed zones:

- Establish a 50 mph speed zone from FM 559 to IH 30 frontage road.

Attachment: 2023-124 ATTH 01 TxDOT Letter (4085 : 2023-124 ORD Speed Limit Change to FM 2878)

Attached are two copies of a strip map for FM 2878, marked "Exhibit A" with a city ordinance. Please return one strip map and a copy of the city ordinance to our office after adoption by the city.

If we can be of any assistance in reviewing these proposals, please feel free to call myself at 903-799-1482 or Jamie Barnes of this office 903-799-1484.

Sincerely,

Christina Trowler

Christina Trowler, P.E.
Director of Transportation Operations
Atlanta District

Jeb
Attachment

Attachment: 2023-124 ATTH 01 TxDOT Letter (4085 : 2023-124 ORD Speed Limit Change to FM 2878)

City of Texarkana, Texas

Developing Perspectives and Goals Pending Approval by the City Council:

Perspectives	Goals
Serve the Community	☐ Promote an Environmentally Sensitive & Livable Community ☑ Provide a Safe Community ☐ Deliver Quality Services ☐ Foster a Healthy Community
Run the Operations	☐ Enhance Community Preparedness & Responsiveness ☐ Maximize Partnership Opportunities ☐ Provide Courteous & Responsive Customer Service ☐ Model a Positive City Image ☑ Deliver Efficient Services ☐ Cultivate Community Involvement & Access
Manage the Resources	☐ Maintain Fiscal Strength ☐ Maximize Utilization & Resources ☐ Invest in Infrastructure & Transportation
Develop Personnel	☐ Develop a Skilled & Diverse Workforce ☐ Create a Positive & Rewarding Work Culture

Perspectives and Goals Additional Comments:

NONE

Resource Impact:

Staff time required if item is approved:	No Additional

Other Potential Impacts:

NONE APPLICABLE

Public Information Plan:

☐	Newspaper Notice (Required by Statute)	☐	Public Hearing (Required by Statute)
☐	Public Forum/Input Session	☐	Press Release
☐	E-News Distribution	☐	Website Notice
☐	Social Media (Twitter, Facebook, etc.)	☐	Special Mailing
☐	Flyers Posted	☐	Banners Posted
☐	Survey	☐	Automated Phone Call
☐	None Required	☐	

Other:

Attachment: 2023-124 Goals & Perspectives (4085 : 2023-124 ORD Speed Limit Change to FM 2878)

City of Texarkana, Texas

Version:

Briefing Sheet

Update Date: 9/8/2023 4:14 PM

Lead Department: Human Resources **Action Officer:** J.W. Bramlett, Human Resources Specialist

Subject: Resolution No. 2023-126 approving a collective bargaining agreement between the City of Texarkana, Texas, and the Local 367 (Texarkana, Texas Firefighters) of the International Association of Firefighters, for a three-year employment contract beginning October 1, 2023, and ending on September 30, 2026.

Briefing: 9/25/2023 **Public Hearing:** 9/25/2023 **Council Vote:** 9/25/2023

Item Schedule

Schedule 2: Brief once - vote once (two weeks)

Updates/History of Briefing:

NOT APPLICABLE

Executive Summary and Background Information:

The resolution for consideration is a proposed employment contract with the Texarkana, Texas Firefighters Association International Association of Firefighters Local 367. The contract, if approved, will be for the duration of three years beginning on October 1st, 2023, and ending on September 30th, 2026.

The City and the Local 367 Union engaged in interest-based bargaining during the collective bargaining process which began with the first meeting on March 30, 2023 and culminated with our seventh and final meeting on August 15, 2023.

Local 367 President, Zach Flanagan reported to the City that the Union membership voted to accept the contract on August 24, 2023.

The entirety of the contract has been included in the agenda packet as **ATTH 01.**

The City Council must approve the contract before it becomes effective in October. If the City Council does not approve the contract, the City and the Union would continue negotiations through the binding arbitration process.

Potential Options:

- Approve the contract
- Reject the contract

Fiscal Implications:

This proposal represents an increase of 5% in FY 2024, an increase of 5% in FY 2025, and an increase of 3% in FY 2026 across all grades and steps. This proposal also represents a 19.0% increase for entry level firefighters and raises starting pay from $40,017.12 to $47,625.60 over the life of the contract.

The fiscal impact will be $210,400 in year 1, with an additional $319,319 in year 2 and an additional $204,881 in year 3 with a total cumulative budget impact of $1,474,839.

Staff Recommendation:

Staff recommends approval

Advisory Board/Committee Review:

City Collective Bargaining Team (David Orr, Kristin Peeples, Kevin Schutte, J.W. Bramlett, Chris Black, Julia Gannaway)

Board/Committee Recommendation:

City Collective Bargaining Team recommends approval.

Advisory Board/Committee Meeting Date and Minutes:

NOT APPLICABLE

Attachments

a. 2023-126 RES Approving Collective Bargaining Agreement (DOC)
b. 2023-126 ATTH 01 City of Texarkana CBA 2023-2026 (PDF)
c. 2023-126 Goals & Perspectives (DOCX)

Staff Coordination

Human Resources	J.W. Bramlett 09/01/2023 1:26 PM	Department Head Review	Completed	
Public Works Department	Jennifer Evans 09/01/2023 1:30 PM	Reviewer	Skipped	
City Manager	David Orr	City Manager Review	Completed	09/06/2023 10:33 AM
Finance Department	Kristin Peeples	Review	Completed	09/07/2023 11:16 AM
City Council	Jennifer Evans	Meeting	Completed	09/11/2023 6:00 PM

Meeting History

09/11/23 City Council MOVED FORWARD Next: 09/25/23
City Manager Orr briefed this agenda item.

RESOLUTION NO. 2023-126

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEXARKANA, TEXAS, APPROVING A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY OF TEXARKANA, TEXAS, AND THE LOCAL 367 OF THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS FOR THE PERIOD OF OCTOBER 1, 2023, THROUGH SEPTEMBER 30, 2026, AND REPEALING ALL RESOLUTIONS IN CONFLICT HEREWITH TO THE EXTENT OF SUCH CONFLICT; PROVIDING FOR A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on March 30, 2023, the City of Texarkana, Texas, and the Local 367 (Texarkana, Texas Firefighters) of the International Association of Firefighters began negotiating the terms of a Collective Bargaining Agreement (CBA); and

WHEREAS, seven negotiation sessions were conducted from March 30, 2023 through August 15, 2023; and

WHEREAS, a tentative agreement was reached between the City of Texarkana, Texas, and the Local 367 (Texarkana, Texas Firefighters) of the International Association of Firefighters on August, 15, 2023, and the President of the Texarkana, Texas Firefighter's Association Local 367 agreed to present the tentative agreement to its members for a vote; and

WHEREAS, on August, 24, 2023, the Local 367 (Texarkana, Texas Firefighters) of the International Association of Firefighters accepted the City of Texarkana's offer of a collective bargaining agreement.

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

SECTION 1: The Collective Bargaining Agreement between the City of Texarkana, Texas, and the Local 367 (Texarkana, Texas Firefighters) of the International Association of Firefighters is hereby approved and adopted in its entirety to read as set forth in **ATTH 01** which is attached hereto and made a part hereof by reference.

SECTION 2: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED in Regular Council Session on this the **25th day of September 2023**.

ATTEST:

_____ _____

VICKY COOPWOOD, ASST.CITY SECRETARY BOB BRUGGEMAN, MAYOR

Attachment: 2023-126 RES Approving Collective Bargaining Agreement (4088 : 2023-126 RES employment contract w/ IAFF Local 367)

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

CITY OF TEXARKANA, TEXAS

AND

TEXARKANA, TEXAS FIREFIGHTERS ASSOCIATION

INTERNATIONAL ASSOCIATION OF FIREFIGHTERS

LOCAL 367

DURATION:

October 1, 2023

THROUGH

September 30, 2026

Attachment: 2023-126 ATTH 01 City of Texarkana CBA 2023-2026 (4088 : 2023-126 RES employment contract w/ IAFF Local 367)

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Article 8 — Scope of Agreement	7
Article 9 — Duration of Agreement	8
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Attachment: 2023-126 ATTH 01 City of Texarkana CBA 2023-2026 (4088 : 2023-126 RES employment contract w/ IAFF Local 367)

ARTICLE I

RECOGNITION

The City recognizes the Association as the sole and exclusive bargaining agent for all fire fighters as that term is defined in Section 174.003 of the Texas Local Government Code.

ARTICLE II

MANAGEMENT RIGHTS

All management rights that ordinarily vest in and are exercised by the City, except those which are clearly and expressly relinquished herein by the Employer shall continue to vest exclusively in and be exercised exclusively by the City. The City shall retain all power, duties and rights established by Constitutional provisions, State statutes, City Ordinances, City Charter and other sources of law, and departmental rules, standing orders and/or instructions, and retains the power to act or not to act, as it deems appropriate.

ARTICLE III

FRINGE BENEFITS

Section 1. Medical Insurance

The City will furnish the same medical insurance coverage for members of the bargaining unit and dependents that is in effect for other City employees for the term of this Agreement. Plans and premiums shall be the same as provided to and paid by other City employees. The City has the exclusive right to determine what the level, scope, and financial participation, if any, will be and modify same at its discretion.

Section 2. Dental and Vision Insurance and Optional Insurance Coverages

The City will furnish the same dental, vision and optional insurance coverages for members of the bargaining unit that is in effect for other City employees for the term of this Agreement. Plans and premiums, if any, shall be the same as provided to and paid by other City employees.

Attachment: 2023-126 ATTH 01 City of Texarkana CBA 2023-2026 (4088 : 2023-126 RES employment contract w/ IAFF Local 367)

Section 3. Retirement Contributions

The City will maintain a contribution level of 19.5% of the employee's gross biweekly pay to be deposited into the Texarkana Firemen's Relief and Retirement Fund for the duration of this agreement and shall not be diminished or eliminated during the term of this Agreement unless changed by mutual written consent.

Section 4. Certification Pay

The City will provide certification pay to firefighters according to the following amounts once the firefighter has obtained the certification for the duration of this Agreement and shall not be diminished or eliminated during the term of this Agreement unless changed by mutual written consent.

Intermediate - $23.08 per pay period ($600.08 annually)

Advanced - $46.15 per pay period ($1,199.90 annually)

Master - $69.23 per pay period ($1,799.98 annually)

Section 5. Supplemental Pay

The City will provide the following supplemental pay as set out below for the duration of this Agreement and shall not be diminished or eliminated during the term of this Agreement unless changed by mutual written consent.

EMS Coordinator - $46.15 per pay period ($1,199.90 annually)

SCBA Tech - $46.15 per pay period ($1,199.90 annually)

Clothing Allowance - $15.38 per pay period ($399.88 annually)
Fire Investigators

Assignment Pay - $115.38 per pay period ($2,999.88 annually)
Personnel assigned to work within the Fire Administration Office

Bilingual Pay - $46.16 per pay period ($1,200.16 annually)

Education Pay – Those firefighters who have been "grandfathered" will continue to receive the same amount currently being received prior to the effective date of this Agreement.

Attachment: 2023-126 ATTH 01 City of Texarkana CBA 2023-2026 (4088 : 2023-126 RES employment contract w/ IAFF Local 367)

Section 6. Cell Phone Stipend

The City will continue to provide a cell phone or a cell phone stipend in the amount of $28.00 per pay period to a minimum of 5 positions within the Fire Department for the duration of this Agreement and shall not be diminished or eliminated during the term of this Agreement unless changed by mutual written consent.

Section 7. Take Home Vehicles

The City will continue to provide take home vehicles to the Fire Marshals and Assistant Fire Chief for the duration of this Agreement and this benefit shall not be eliminated during the term of this Agreement unless changed by mutual written consent.

ARTICLE IV

GRIEVANCE PROCEDURE

(A) Definition – A grievance is a complaint, dispute or controversy in which it is claimed that either party has failed in an obligation under this Agreement and which involves the meaning, interpretation or application of this Agreement.

(B) Both parties agree that all grievances should be dealt with promptly and every effort should be made to settle grievances at the lowest step possible.

Should the City fail to comply with the time limits herein, the Union may appeal immediately to the next step. Should the Union fail to comply with the time limits herein, the grievance shall be considered resolved without prejudice per the City's last written answer. Time limits may be extended by mutual written agreement.

(C) The word "day" shall mean calendar day, excluding Saturdays, Sundays and City recognized holidays, for the purpose of this Article. The following procedure shall be utilized when a grievance is initiated:

Step 1: A grievance must be presented orally to the appropriate immediate supervisor within 10 days of occurrence or within 30 days after it has become known to the employee. The supervisor shall have 6 days following such a presentation to submit an oral response. The employee shall be accompanied

Attachment: 2023-126 ATTH 01 City of Texarkana CBA 2023-2026 (4088 : 2023-126 RES employment contract w/ IAFF Local 367)

by a Union representative if requested. All Step 1 settlements will be made without precedent.

Step 2: If the grievance is not settled at the first step, a Union designee may reduce the grievance to writing. The written grievance must be presented to the Battalion Chief within 20 days after receipt of the Step 1 answer. The Battalion Chief shall reply in writing within 10 days after receipt of the written grievance.

Step 3: If the grievance is not settled at Step 2, the Union may appeal in writing to the Assistant Fire Chief. Such an appeal must be submitted within 20 days after receipt of Step 2 reply. The Assistant Fire Chief or designee shall reply in writing within 10 days after receipt of the appeal.

Step 4: If the grievance is not settled at Step 3, the Union may appeal in writing to the Fire Chief. Such an appeal must be submitted within 20 days after receipt of Step 3 reply. The Fire Chief or designee shall reply in writing within 10 days after receipt of the appeal.

Step 5: If the grievance is not settled at Step 4, the Union may appeal in writing to the Assistant City Manager over Civil Service. Such appeal must be submitted within 20 days after receipt of the Step 4 reply. The Assistant City Manager or designee shall meet within 30 calendar days with the Union to attempt to resolve the grievance. The Assistant City Manager or designee shall reply to the Union in writing within 10 days following such meeting.

Step 6: If the grievance is not settled at Step 5, the Union may appeal in writing to the City Manager. Such appeal must be submitted within 20 days after receipt of the Step 5 reply. The City Manager or designee shall meet within 30 days with the Union to attempt to resolve the grievance. The City Manager shall reply to the Union in writing within 10 days following such meeting.

Step 7: If the grievance is not resolved at Step 6, the parties may mutually agree within 30 days after the decision of the City Manager or designee, to submit the grievance to mediation. All time limits will be held in abeyance until the mediation process is complete.

Step 8: If the grievance is not resolved at previous steps, either party may within 30 days after the decision of the City Manager or designee, certify in writing to the other party its intent to submit the grievance to arbitration.

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(D) Any time limits herein may be extended by mutual agreement.

(E) Arbitration

(1) Selection

The parties shall have 30 days to select an arbitrator by mutual agreement. If such agreement is not reached, a joint request shall be made to the Federal Mediation and Conciliation Service to submit a panel of 7 arbitrators to both parties. The parties shall meet within 15 days of receipt of said list for the purpose of selecting the arbitrator by alternately striking names from the list until one (1) name remains. The last remaining name shall be the arbitrator.

(2) Hearing Time

The selected arbitrator shall schedule a hearing as soon as possible after notification of selection.

(3) Jurisdiction

The arbitrator shall be expressly limited to the meaning, intent, or application of the provisions of this Agreement. The arbitrator shall have no power to add to, detract from, or alter in any way the provisions of this Agreement.

(4) Binding on both parties

The decision of the arbitrator shall be in writing and binding on both parties.

(5) Cost Sharing

All expenses involved in the arbitration proceedings shall be equally shared between both parties. However, expenses relating to the calling of witnesses or the obtaining of depositions shall be borne by the party at whose request such witnesses or depositions are required.

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ARTICLE V

FUNDING OBLIGATIONS

The City presently intends to continue this Agreement each fiscal year through its term, to pay all payments due, and to fully and promptly perform all of the obligations of the City under this Agreement. All obligations of the City shall be paid only out of current revenues or any other funds lawfully available therefore and appropriated for such purpose by the City Council, if necessary, to comply with Article XI of the Texas Constitution.

ARTICLE VI

COMPENSATION

Section 1. Wages for Duration of Agreement

Wages during the term of this Agreement shall be as shown on Attachments A, B, and C which are attached and incorporated into this Agreement.

Section 2. Wage Increases for First Year of Collective Bargaining Agreement

Wage increases for the period from October 1, 2023 through September 30, 2024 shall be effective on the first full pay period in October 2023.

Section 3. Wage Increases for Second Year of Collective Bargaining Agreement

Wage increases for the period from October 1, 2024 through September 30, 2025 shall be effective on the first full pay period in October 2024.

Section 4. Wage Increases for Third Year of Collective Bargaining Agreement

Wage increases for the period from October 1, 2025 through September 30, 2026 shall be effective on the first full pay period in October 2025.

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ARTICLE VII

SAVINGS CLAUSE

Section 1. General Savings Provision

Should any provision of this Agreement be found to be inoperative, void or invalid by a court of competent jurisdiction, all other provisions of the Agreement shall remain in full force and effect for the duration of this Agreement, it being the intention of the parties that no portion of this Agreement or provision herein shall become inoperative or fail by reason of the invalidity of any other portion or provision.

Section 2. Preemption

To the extent that any provision of this Article conflicts with or changes Chapter 143 of the Texas Local Government Code or any other applicable statute, executive order, local ordinance or rule, this Agreement shall supersede such provisions, as authorized by Chapter 174 of the Texas Local Government Code.

ARTICLE VIII

SCOPE OF AGREEMENT

The parties agree that each has had the full and unrestricted right and opportunity to make, advance and discuss all matters properly within the province of collective bargaining. The above and foregoing Agreement constitutes the full and complete Agreement of the parties and there are no others, oral or written, except as herein contained. For the term of this Agreement, absent mutual agreement, each party waives the right to demand or petition for changes in the Agreement or to bargain over any subject during the term of this Agreement, even though the subject may or may not have been within the knowledge or contemplation of either party.

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ARTICLE IX

DURATION OF AGREEMENT

This Agreement shall become effective upon approval by the membership of the Association and the City Council after compliance with any procedural or publication requirements imposed by the Charter and no later than October 1, 2023. It shall continue in effect until September 30, 2026.

Approved by Texarkana, Texas Firefighters Association, IAFF Local 367:

Signed this ____ day of

_____
Zach Flanagan, President
Texarkana, Texas Firefighters Assoc., IAFF Local 367

Approved by Texarkana, Texas City Council:

Signed this ____ day of

_____
Bob Bruggeman, Mayor
City of Texarkana, Texas

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Attachment A

City of Texarkana, Texas Collective Bargaining Proposal

August 15, 2023

The City's new proposal as a part of this collective bargaining agreement includes:

- This proposal represents an increase of 5% in FY 2024, an increase of 5% in FY 2025, and an increase of 3% in FY 2026.
- This proposal represents a 19.0% increase for entry level firefighters and raises starting pay from $40,017.12 to $47,625.60 and a 14.4% average increase across all firefighter steps.
- This proposal represents a 16.4% increase for entry level drivers to raise starting pay from $52,998.00 to $61,680.96. This also removes salary overlap between year 10 firefighters and entry level drivers. This represents a 15.0% average increase across all driver steps.
- This proposal represents a 13.6% average increase across all captain and battalion chief steps.
- For historical purposes, since October of 2019, this represents a 23.2% increase for entry level firefighter pay and a 25.1% increase across all firefighter steps.
- For historical purposes, since October of 2019, this represents a 28.7% increase for entry level driver pay and a 28.9% increase across all driver steps.

Year 1

Effective the first full pay period in October 2023, fire department civil service employee base pay will be adjusted to the following:

- Firefighter:
  - Entry $44,024.64
  - Year 1 $46,841.52
  - Year 2 $47,712.72
  - Year 3 $48,903.36
  - Year 5 $50,994.24
  - Year 10 $56,598.96
- Driver Engineer:
  - Entry $57,005.52
  - Year 1 $58,021.92
  - Year 3 $58,864.08
  - Year 5 $60,751.68

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- Captain:
  - Entry $62,639.28
  - Year 1 $63,713.76
  - Year 3 $66,124.08
  - Year 5 $68,127.84
- Battalion Chief:
  - Entry $75,213.60
  - Year 1 $76,375.20
  - Year 3 $78,204.72
  - Year 5 $79,889.04
- Assistant Chief:
  - Entry $83,844.80
  - Year 1 $83,844.80
  - Year 3 $88,046.40
  - Year 5 $92,268.80

Year 2

Effective the first full pay period in October 2024, fire department civil service employee base pay will be adjusted to the following:

- Firefighter:
  - Entry $46,231.68
  - Year 1 $49,193.76
  - Year 2 $50,123.04
  - Year 3 $51,371.76
  - Year 5 $53,549.76
  - Year 10 $59,444.88
- Driver Engineer:
  - Entry $59,880.48
  - Year 1 $60,925.92
  - Year 3 $61,826.16
  - Year 5 $63,800.88
- Captain:
  - Entry $65,775.60
  - Year 1 $66,908.16
  - Year 3 $69,434.64
  - Year 5 $71,554.56

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- Battalion Chief:
  - Entry $78,988.80
  - Year 1 $80,208.48
  - Year 3 $82,125.12
  - Year 5 $83,896.56
- Assistant Chief:
  - Entry $88,046.40
  - Year 1 $88,046.40
  - Year 3 $92,456.00
  - Year 5 $96,886.40

Year 3

Effective the first full pay period in October 2025, fire department civil service employee base pay will be adjusted to the following:

- Firefighter:
  - Entry $47,625.60
  - Year 1 $50,674.80
  - Year 2 $51,633.12
  - Year 3 $52,939.92
  - Year 5 $55,176.00
  - Year 10 $61,245.36
- Driver Engineer:
  - Entry $61,680.96
  - Year 1 $62,755.44
  - Year 3 $63,684.72
  - Year 5 $65,717.52
- Captain:
  - Entry $67,750.32
  - Year 1 $68,940.96
  - Year 3 $71,525.52
  - Year 5 $73,703.52
- Battalion Chief:
  - Entry $81,370.08
  - Year 1 $82,618.80
  - Year 3 $84,593.52
  - Year 5 $86,423.04

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- Assistant Chief:
  - Entry $90,688.00
  - Year 1 $90,688.00
  - Year 3 $95,243.20
  - Year 5 $99,798.40

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Attachment B

Historical and Proposed Grades/Steps

Firefighter										
	Oct-22	Oct-23	% Change	Oct-24	% Change	Oct-25	% Change	% Change Overall From Current to October 2025	Oct-19	Oct-25	% Change
Entry	40,017.12	44,024.64	10.0%	46,231.68	5.0%	47,625.60	3.0%	19.0%	38,643.00	47,625.60	23.2%
Year 1	44,605.44	46,841.52	5.0%	49,193.76	5.0%	50,674.80	3.0%	13.6%	41,476.00	50,674.80	22.2%
Year 2	45,418.56	47,712.72	5.1%	50,123.04	5.1%	51,633.12	3.0%	13.7%	42,151.00	51,633.12	22.5%
Year 3	46,551.12	48,903.36	5.1%	51,371.76	5.0%	52,939.92	3.1%	13.7%	42,978.00	52,939.92	23.2%
Year 5	48,554.88	50,994.24	5.0%	53,549.76	5.0%	55,176.00	3.0%	13.6%	44,202.00	55,176.00	24.8%
Year 10	53,898.24	56,598.96	5.0%	59,444.88	5.0%	61,245.36	3.0%	13.6%	45,827.00	61,245.36	33.6%
	279,045.36			309,914.88		319,294.80		14.4%	255,277.00	319,294.80	25.1%

Driver										
	Oct-22	Oct-23	% Change	Oct-24	% Change	Oct-25	% Change	% Change Overall From Current to October 2025	Oct-19	Oct-25	% Change
Entry	52,998.00	57,005.52	7.6%	59,880.48	5.0%	61,680.96	3.0%	16.4%	47,932.00	61,680.96	28.7%
Year 1	53,898.24	58,021.92	7.7%	60,925.92	5.0%	62,755.44	3.0%	16.4%	48,411.00	62,755.44	29.6%
Year 3	56,047.20	58,864.08	5.0%	61,826.16	5.0%	63,684.72	3.0%	13.6%	49,971.00	63,684.72	27.4%
Year 5	57,847.68	60,751.68	5.0%	63,800.88	5.0%	65,717.52	3.0%	13.6%	50,585.00	65,717.52	29.9%
	220,791.12			246,433.44		253,838.64		15.0%	196,899.00	253,838.64	28.9%

Captain										
	Oct-22	Oct-23	% Change	Oct-24	% Change	Oct-25	% Change	% Change Overall From Current to October 2025	Oct-19	Oct-25	% Change
Entry	59,648.16	62,639.28	5.0%	65,775.60	5.0%	67,750.32	3.0%	13.6%	55,054.00	67,750.32	23.1%
Year 1	60,664.56	63,713.76	5.0%	66,908.16	5.0%	68,940.96	3.0%	13.6%	55,498.00	68,940.96	24.2%
Year 3	62,958.72	66,124.08	5.0%	69,434.64	5.0%	71,525.52	3.0%	13.6%	56,157.00	71,525.52	27.4%
Year 5	64,875.36	68,127.84	5.0%	71,554.56	5.0%	73,703.52	3.0%	13.6%	56,550.00	73,703.52	30.3%
	248,146.80			273,672.96		281,920.32		13.6%	223,259.00	281,920.32	26.3%

Battalion Chief										
	Oct-22	Oct-23	% Change	Oct-24	% Change	Oct-25	% Change	% Change Overall From Current to October 2025	Oct-19	Oct-25	% Change
Entry	71,612.64	75,213.60	5.0%	78,988.80	5.0%	81,370.08	3.0%	13.6%	63,027.00	81,370.08	29.1%
Year 1	72,716.16	76,375.20	5.0%	80,208.48	5.0%	82,618.80	3.0%	13.6%	63,745.00	82,618.80	29.6%
Year 3	74,458.56	78,204.72	5.0%	82,125.12	5.0%	84,593.52	3.0%	13.6%	64,761.00	84,593.52	30.6%

Year 5	76,084.80	79,889.04	5.0%	83,896.56	5.0%	86,423.04	3.0%	13.6%
	294,872.16			325,218.96		335,005.44		13.6%

65,161.00	86,423.04	32.6%
256,694.00	335,005.44	30.5%

Assistant Chief								
	Oct-22	**Oct-23**	**% Change**	**Oct-24**	**% Change**	**Oct-25**	**% Change**	**% Change Overall From Current to October 2025**
Entry	79,851.20	83,844.80	5.0%	88,046.40	5.0%	90,688.00	3.0%	13.6%
Year 1	79,851.20	83,844.80	5.0%	88,046.40	5.0%	90,688.00	3.0%	13.6%
Year 3	83,844.80	88,046.40	5.0%	92,456.00	5.0%	95,243.20	3.0%	13.6%
Year 5	87,859.20	92,268.80	5.0%	96,886.40	5.0%	99,798.40	3.0%	13.6%
	331,406.40			365,435.20		376,417.60		13.6%

Oct-19	**Oct-25**	**% Change**
77,057.97	90,688.00	17.7%
77,057.97	90,688.00	17.7%
77,073.98	95,243.20	23.6%
77,123.90	99,798.40	29.4%
308,313.83	376,417.60	22.1%

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Attachment C

Fire Compensation - City's Proposal

Base Pay Increases + Steps

			2023	5% + Step 2024	5% + Step 2025	3% + Step 2026
Firefighter (1801-1200)	Justin	Anderson	53,898	56,599	59,445	61,245
Fire-Driver Engineer (1801-0940)	Jason	Applegate	57,848	60,752	63,801	65,718
Fire-Driver Engineer (1801-1703A)	Greg	Aucoin	55,614	57,853	60,926	63,530
Firefighter (1801-1795)	Cole	Beckham	44,605	47,713	51,372	52,940
Fire-Captain (1801-0085)	Michael	Benson	64,875	68,128	71,555	73,704
Assistant Fire Chief (O) (1801-0459)	Christopher	Black	87,859	92,269	96,886	99,798
Firefighter (1801-1817)	Braden	Bolin	43,458	47,495	51,060	52,940
Firefighter (1801-1767)	Seth	Brower	45,012	48,308	51,372	54,058
Fire-Driver Engineer (1801-0455)	Mark	Burnett	57,848	60,752	63,801	65,718
Firefighter (1801-1868)	Mason	Burrow	40,399	46,914	50,227	52,940
Firefighter (1801-1735)	Ethan	Carroll	45,890	48,903	52,279	55,176
Firefighter (1801-0513)	Bobby	Chambers	53,898	56,599	59,445	61,245
Fire-Captain (1801-0930)	Kenneth	Chamblee	64,875	68,128	71,555	73,704
Fire-Battalion Chief (1801-0992A)	Kevin	Cheatham	72,716	77,442	82,125	85,661
Fire-Captain (1801-1137B)	Michael	Clark	62,959	67,794	71,555	73,704
Firefighter (1801-1603)	Shields	Cody	48,388	50,994	53,550	55,176
Fire-Captain (1801-0515A)	Michael	Daniel	64,875	68,128	71,555	73,704
Fire-Driver Engineer (1801-0669)	Jeffrey	Davidson	57,848	60,752	63,801	65,718
Fire-Captain (1801-0743)	Danny	Douglas	64,875	68,128	71,555	73,704
Firefighter (O) (1801-1651)	Charles	Evans	46,551			
Fire-Driver Engineer (1801-1346A)	Jacob	Fant	57,848	60,752	63,801	65,718
Fire-Driver Engineer (1801-1344A)	Zachary	Flanagan	53,898	58,373	61,826	64,532
Fire-Captain (1801-0475)	Marcus	Gilliam	64,875	68,128	71,555	73,704
Fire-Captain (1801-0971A)	Jeremy	Gingery	62,959	67,460	71,555	73,704
Firefighter (1801-0818)	Robert	Greenway	53,898	56,599	59,445	61,245
Fire-Captain (1801-1348B)	Jason	Hale	59,348	63,624	66,908	71,310
Firefighter (1801-1693)	Aaron	Hammonds	46,551	49,426	53,550	55,176
Firefighter (1801-0151)	Roger	Hand	53,898	56,599	59,445	61,245
Firefighter (1801-1519)	David	Harper	48,555	50,994	53,550	57,199
Firefighter (1801-0776)	Jeremy	Hawkins	53,898	56,599	59,445	61,245
Firefighter (1801-0281)	Anthony	Hemby	53,898			
Fire-Captain (1801-0474)	Craig	Hicks	10,813			
Fire-Captain (1801-1064A)	Dakota	Huddleston	64,875	68,128	71,555	73,704
Firefighter (1801-1574)	David	Jackson	48,555	50,994	53,550	55,176
Fire-Driver Engineer (1801-0728)	Keith	Jansen	57,848	60,752	63,801	65,718
Fire-Driver Engineer (1801-1554A)	Aaron	Johnson	53,898	58,162	61,826	64,024
Firefighter (1801-1787)	Dakota	Johnson	44,741	47,911	51,372	53,313
Fire-Driver Engineer (1801-0275A)	Owen	Jones	53,823	58,022	61,751	63,685
Fire-Driver Engineer (1801-1379A)	Payton	Jones	56,047	59,021	63,801	65,718
Firefighter (1801-1765)	Jordan	Kegley	45,012	48,308	51,372	54,058
Firefighter (1801-1766)	Hadyn	Knight	37,442			
Fire-Driver Engineer (1801-0854)	Clinton	Lachowsky	57,848	60,752	63,801	65,718
Fire-Captain (1801-0348)	Rodney	Lathrop	64,875	68,128	71,555	73,704
Fire-Driver Engineer (1801-0816)	Paul	Lauck	57,848	60,752	63,801	65,718
Firefighter (1801-1593)	Jordan	Liles	48,555	50,994	53,550	55,176
Firefighter (1801-1768)	Terence	Lomax	45,012	48,308	51,372	54,058
Firefighter (1801-1826)	Jackson	Lundry	43,076	47,422	50,956	52,940
Fire-Battalion Chief (1801-0726)	Paul	Martin	76,085	79,889	83,897	86,423

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Fire Compensation - City's Proposal

Firefighter (1801-1063)	Jeffrey	May	53,898	56,599	59,445	61,245
Fire-Captain (1801-1281B)	Eric	McCasland	60,665	65,120	69,435	72,796
Firefighter (1801-1345)	Bradley	McKinnon	53,898	56,599	59,445	61,245
Firefighter (1801-1728)	Angel	Mejia	46,079	48,903	52,642	55,176
Fire-Captain (1801-0368)	James	Mixon	64,875	68,128	71,555	73,704
Fire-Driver Engineer (1801-1484A)	Johnathan	Mixon	56,047	60,122	63,801	65,718
Firefighter (1801-1758)	Hayden	Moore	47,720	50,994	53,550	55,176
Fire-Driver Engineer (1801-1327A)	Dustin	Newman	56,047	60,122	63,801	65,718
Fire-Captain (1801-0080)	Michael	Norwood	64,875	68,128	71,555	73,704
Fire-Captain (1801-0082)	Willard	Page	64,875	68,128	71,555	73,704
Firefighter (1801-1388)	Lane	Peeples	48,555	54,264	59,445	61,245
Fire-Driver Engineer (1801-1061A)	Clayton	Phillips	55,152	58,864	62,978	65,718
Firefighter (1801-1731)	Ethan	Phillips	45,985	48,903	52,461	55,176
Firefighter (1801-0081)	Robert	Raschke	53,898	56,599	59,445	61,245
Firefighter (1801-1764)	Carson	Rich	45,012	48,308	51,372	54,058
Fire-Captain (1801-0326)	Donald	Rich	64,875	68,128	71,555	73,704
Fire-Driver Engineer (1801-0032)	Randall	Robertson	57,848	60,752	63,801	65,718
Firefighter (1801-1555)	Shawn	Rossum	48,555	50,994	53,550	55,176
Fire-Captain (1801-0089B)	Lucas	Shelton	60,665	64,115	69,435	71,889
Firefighter (1801-1525)	Parker	Showalter	48,555	50,994	53,550	56,693
Fire-Battalion Chief (1801-0830)	Alan	Sikes	76,085	79,889	83,897	86,423
Fire-Driver Engineer (1801-1387A)	Michael	Smith	55,689	58,864	63,472	65,718
Fire-Captain (1801-0063B)	Nicholas	Smith	62,959	66,124	71,555	73,704
Firefighter (1801-1571)	Michael	Staten	48,555	50,994	53,550	55,176
Firefighter (1801-0994)	Johnathan	Taylor	53,898	56,599	59,445	61,245
Fire-Driver Engineer (1801-1347A)	Bradley	Thompson	56,047	60,437	63,801	65,718
Firefighter (1801-1928)	Peyton	Waldrop	10,004	44,729	49,426	51,960
Fire-Captain (1801-0777)	Charles	Weerts	64,875	68,128	71,555	73,704
Fire-Driver Engineer (1801-0823)	Cory	Wilhite	57,848	60,752	63,801	65,718
Firefighter (1801-1642)	Mitchel	Wood	48,555	50,994	53,550	55,176
Firefighter (1801-1899)	Zachary	Wrinkle	20,009	45,433	49,658	52,287
Total Base + Steps			4,259,756	4,417,455	4,674,991	4,840,231
Retirement			830,652	861,404	911,623	943,845
Medicare			61,766	64,053	67,787	70,183
Worker's Comp			112,458	132,082	139,782	144,723
Basic Life			2,130	2,209	2,337	2,420
			5,266,762	5,477,202	5,796,521	6,001,402
Year to Year Change				210,440	319,319	204,881
Cumulative Change				210,440	529,759	734,640
Total Cost Over 3 Years						1,474,839

*** Calculations are estimated and based on monthly changes, not specific dates for steps and promotions. These calculations should be used only as estimates of what an employee might expect to receive, and not exact calculations. Employees should reference the grade/step schedule for exact data.

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City of Texarkana, Texas

Developing Perspectives and Goals Pending Approval by the City Council:

Perspectives	Goals
Serve the Community	☐ Promote an Environmentally Sensitive & Livable Community ☑ Provide a Safe Community ☑ Deliver Quality Services ☐ Foster a Healthy Community
Run the Operations	☑ Enhance Community Preparedness & Responsiveness ☐ Maximize Partnership Opportunities ☐ Provide Courteous & Responsive Customer Service ☐ Model a Positive City Image ☑ Deliver Efficient Services ☐ Cultivate Community Involvement & Access
Manage the Resources	☑ Maintain Fiscal Strength ☐ Maximize Utilization & Resources ☐ Invest in Infrastructure & Transportation
Develop Personnel	☑ Develop a Skilled & Diverse Workforce ☑ Create a Positive & Rewarding Work Culture

Perspectives and Goals Additional Comments:

Resource Impact:

Staff time required if item is approved:	No Additional

Other Potential Impacts:

Public Information Plan:

☐	Newspaper Notice (Required by Statute)	☐	Public Hearing (Required by Statute)
☐	Public Forum/Input Session	☐	Press Release
☐	E-News Distribution	☐	Website Notice
☐	Social Media (Twitter, Facebook, etc.)	☐	Special Mailing
☐	Flyers Posted	☐	Banners Posted
☐	Survey	☐	Automated Phone Call
☑	None Required	☐	

Other:

Attachment: 2023-126 Goals & Perspectives (4088 : 2023-126 RES employment contract w/ IAFF Local 367)