



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 4/29/2025

ALL

Item Creation Date: 4/9/2025

Cause No. 2024-38922: St Harlem Construction, LLC and AmeriFactors Financial Group, LLC v City of Houston, in the 80th Judicial District Court of Harris County, Texas/Cause No. 2024-24785: V&S Construction, LLC v City of Houston, in the 152nd Judicial District Court of Harris County, Texas

Agenda Item#: 22.

Summary:

NOT A REAL CAPTION

ORDINANCE approving and authorizing two Settlement, Release and Indemnity Agreements (“Releases”) in related lawsuits. The first lawsuit was brought by St Harlem Construction, LLC (“St Harlem”) and Amerifactors Financial Group, LLC (“Amerifactors”) against the City of Houston, and the second lawsuit was brought by V&S Construction LLC (“V&S”) against the City of Houston. Both lawsuits involve a contract to perform emergency repairs to broken water lines, and were approved by Patrece Lee. The two settlements, which are bound together, total \$1,066,255.38. Payments include \$450,000.00 to Amerifactors, \$80,000 to St. Harlem Construction, and \$524,000.00 to St. Harlem’s subcontractor V&S Construction and \$12,255.38 to its subcontractor Earth Engineering, Inc.

Background:

The City engaged St. Harlem to perform emergency water line repairs following a drought in 2023. The City of Houston, through Houston Public Works, entered into Contract No. SPD-CMH-082420 with St. Harlem Construction LLC. St. Harlem subcontracted the water line repairs to V&S Construction and Earth Engineering, Inc. St. Harlem assigned some of its accounts receivable to Amerifactors, a factoring company.

After matters involving Patrece Lee (a manager at HPW) came to light, the City placed a hold on payment for emergency water line repairs. St. Harlem and Amerifactors filed suit against the City of Houston seeking to recover the contractual amounts owed (\$1,299,350.67) plus interest and attorney’s fees. V&S Construction also filed a separate lawsuit seeking to recover against the City directly. Earth Engineering did not file suit, but claims it is owed \$12,255.38.

The City Attorney recommends that Council adopt an Ordinance authorizing and approving the Settlement Release and Indemnity Agreements in the above referenced lawsuits, and approve and authorize payments totaling \$1,066,255.38 out of the Water and Sewer System Operating Fund 8300 in settlement of all claims.

The settlement requires all parties to settle contemporaneously such that all parties’ claims are resolved. Therefore, both settlement agreements are presented in this ordinance.

Prior Council Action:

None

Amount and Source of Funding:

Fiscal Note: Funding for the item is included in the FY2025 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Estimated Spending Authority			
DEPARTMENT	Current FY	Out Year	TOTAL
Houston Public Works	\$ 1,066,255.38	\$ -	\$ 1,066,255.38
Total	\$ 1,066,255.38	\$ -	\$ 1,066,255.38

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Arturo G. Michel, City Attorney

Prior Council Action:

None

Amount of Funding:

\$1,066,255.38
Water and Sewer System Operating Fund

Water and Sewer System Operating Fund
Fund No.: 8300

Contact Information:

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ATTACHMENTS:

Description	Type
Final Settlement, Release and Indemnity Agreement for St. Harlem and Amerifactors	Backup Material
Final Settlement, Release and Indemnity Agreement for V&S Construction	Backup Material
Cover Sheet	Signed Cover Sheet
Ordinance	Ordinance/Resolution/Motion