

**CITY OF FREEPORT
ECONOMIC DEVELOPMENT CORPORATION
200 West 2nd Street, Freeport, Texas 77541**

MINUTES

STATE OF TEXAS)
)
COUNTY OF BRAZORIA)
)
CITY OF FREEPORT)

BE IT REMEMBERED that the Economic Development Corporation of the City of Freeport met on Tuesday, August 13, 2019 at 6:00 p.m. in the City Hall Conference Room, located at 200 West 2nd Street, Freeport, TX, for the purpose of considering the agenda items.

MEMBERS OF THE BOARD PRESENT: Quorum Present

Ed Garcia
Lesa Girouard
Mingo Marquez Jr.
Marinell Music
Jeff Pena

Tim Kelty: City Manager
Chris Duncan: Attorney
Kenneth Green: City Council Liaison
Stephanie Russell: City Finance Director

Visitors in Attendance:

Nat Hickey
Melanie Oldham
Jennifer Hawkins

I. OPEN SESSION:

Ms. Music opened the meeting at 6:07 P.M. A quorum was present. Marinell Music, Ed Garcia, Lesa Girouard, Mingo Marquez, Jeff Pena.

II. INVOCATION AND PLEDGE

Chris Duncan led the invocation and Mrs. Music led the pledge.

III. CITIZEN COMMENTS:

Ms. Music announced the opportunity for any visitors present to address the board.

Mr. Campbell said he had a question over some lots on Avenue L, M, and N that have been addressed to the EDC. Mr. Campbell stated that they are about 5 local builders that are interested in building on the lots. Mr. Campbell asked the EDC if this would be worth to bring to a later meeting. Courtland Holman replied to Mr. Campbell by saying yes that he would like to meet with them as a group. Mr. Campbell said all 5 builders are building houses at this time or they have within the last year. They spend their money locally and they are local. City Manager Tim Kelty asked if there was any infrastructure. Mr. Campbell said yes there is, he has been talking to some of the people of the City Council in Clute on how they handle the projects for some of the builders. Mr. Campbell believes they are strong builders, they have the financial backgrounds to show their ability to do as they are saying, and they are also willing to come down to meet and talk. EDC Director replied to Mr. Campbell to set up a meeting with him, City manager, and himself.

Mr. Rick Buyers said he has already talked to the city about the 96 lots and that is a part of his development plan.

IV. CONSENT AGENDA

A. **APPROVE MEETING MINUTES FOR JULY 9, 2019**

Mr. Marquez asked EDC Director how did agenda item number four get corrected. EDC director replied to Mr. Marquez that it was a Motion made to continue with Mr. Duncan and his exploring his previously presented economic opportunities. Mr. Duncan additionally clarified said it was a Motion to create a sub-committee consisting of Ms. Girouard, Ms. Music, Mr. Garcia, himself and Mr. Marquez being the alternate this was passed unanimously. Mr. Duncan also stated that this was passed unanimously.

Motion to approve minutes as corrected was made by Mr. Marquez, **seconded** by Ms. Girouard. Motion **PASSED** unanimously.

B. **DISCUSSION AND POSSIBLE ACTION TO APPROVE VICE PRESIDENT MARINELL MUSIC, TREASURE JEFF PENA, AND EXECUTIVE DIRECTOR COURTLAND HOLMAN AS A SIGNING AUTHORITY AND REMOVE CITY MANAGER TIM KELTY AS A SIGNING AUTHORITY**

EDC Director stated that in the current by-laws all of EDC Board members are officers and should be signing authorities. Mr. Holman also requested for himself to be a signing authority replacing City Manager Tim Kelty. Ms. Girouard asked if that meant the City Finance Director and the president of EDC still have authority. Mr.

Holman replied and said yes. Mr. Duncan also said that it is convenient to have people at City Hall that can sign documents when needed to be signed.

Motion made by Mr. Marquez, seconded by Mr. Garcia. Motion PASSED unanimously.

V. DISCUSSION AND ACTION ITEMS

A. DISCUSSION AND POSSIBLE ACTION TO AMEND AND APPROVE SECOND SUPPLEMENTAL ECONOMIC DEVELOPMENT AGREEMENT FOR GARDNER CAMPBELL JR.

Mr. Holman stated that he had been meeting with Mr. Campbell for the past few months. Mr. Holman said he took Mr. Campbell to the sub-committee to review his request and found some additional language changes that needed to be done on his side and EDC side. Mr. Duncan said he also met with Mr. Campbell and he believes he is ready to take some action to start building.

Mr. Campbell has 3 lots to build on that have an economic development agreement. Mr. Campbell stated that he has a building permit for one lot.

Mr. Duncan said in the development agreement he is required to construct improvements on each lot value of at least \$160,000. Mr. Duncan also said that in the agreement there was not a good method as far as how it will be appraised because Mr. Campbell will not be getting credit if he gets the additional land from the EDC and he expands his lot then the real property will go up in value automatically.

Mr. Duncan said he wanted to tie it down to just the improvements. Mr. Duncan stated that he met with Mr. Campbell and decided to only have an independent appraiser. Mr. Duncan said that one of the things he wanted to add to the property so that as soon as Mr. Campbell's construction is complete there would be an appraisal and verify that he constructed and improved at least \$160,000 of value.

Mr. Duncan also said that the deadline was being moved up since Mr. Campbell is ready to start going now and did not need as many years as he had originally. Mr. Duncan also said he clarified because there was some discrepancy under the modified agreement it said when Mr. Campbell gets the building permit and shows he has the permit, plans and approval to start construction the EDC will then deed the corresponding lot to him at that time.

Mr. Garcia asked when the plans and drawings are going to be presented to the planning commission or to the board. Mr. Duncan replied to Mr. Garcia and said the originally development agreement which he thinks was before Mr. Garcia was on

the EDC board said Mr. Campbell had some drawings. Mr. Campbell showed Mr. Garcia the drawings he had with him.

Mr. Pena said he liked that the homes had a coastal style type of home. Ms. Girouard said she has seen one of the homes that Mr. Campbell has built, and she thinks they are very nice.

Mr. Campbell stated that he uses the best people he can use and that is why it costs him a little more. Mr. Campbell said he is ready to go forward with building these homes or march on to the other properties he owns and get busy on them. Mr. Duncan said if the contract is not approved the previous contracts are already in effect.

Ms. Girouard said Mr. Campbell is already investing money and relied on the original contract.

Mr. Pena said to Mr. Campbell that the things he has remodeled and done are awesome, he wants Mr. Campbell to build in the city because he is one of the persons that is doing.

Ms. Oldham wanted to know when did the EDC sell the piece of the levee to Mr. Campbell. Mr. Campbell replied and said he did not remember, and he would have to really look.

Motion to approve second supplemental economic development agreement for Gardner Campbell JR. was made by Ms. Girouard, **seconded** by Mr. Marquez. On a vote of 3 to 1 motion **PASSED**. Mr. Pena voted No.

B. PRESENTATION BY WATERSTONE/WADE JURNEY ON HOUSING DEVELOPMENT

Mr. Holman said he met with Mr. Charles Von Schmidt a few times. He is with the company Waterstone / wade Jurney.

Mr. Holman stated that Waterstone has come to explore the community and determined that Freeport is a good location for their company to build. Mr. Holman said that Waterstone is the ninth largest home builders in the United States. Mr. Holman asked Waterstone company to make a presentation developing in Freeport.

Mr. Charles said they are a publicly held builder and development company that builds affordable houses. Mr. Charles stated that by affordable houses he means homes that can be priced from \$150,000 to \$250,000. Mr. Charles said the homes are built in a coastal style and are fully engineered. Mr. Charles also said that when they build homes it is done in an almost factory type setting, they will come in and start at one end of the street, 3 through 4 homes will be start every 2 weeks with 90 days being the construction cycle. Mr. Charles said that they build anywhere from

9,000 through 15,000 a year. Mr. Charles stated they also build entire subdivisions from scratch. Mr. Charles said he believes that they can probably put 15 homes a year into this area and people can afford them. Mr. Charles said that they also build homes up in to the millions of dollars but he believes that the City of Freeport needs market rate affordable housing that is quality and families can go home, enjoy their house and not have to worry about things rotting away in a couple of years.

Mr. Holman said part of the property Charles is talking about is the property owned by the City of Freeport that also Realty World is interested in. Mr. Holman asked Charles if he could take his plans that he would like to present to the board and wants to get it to the EDC sub-committee for review.

No Motions as this was a presentation.

C. DISCUSSION AND POSSIBLE ACTION TO APPROVE BUDGET FOR FISCAL YEAR 2019 THROUGH 2020

Mr. Holman said he has been working on the budget with the Finance Director and they are recommending the approval of the budget. Ms. Russell said the city has experienced a 5.2% annual increase in Sales Tax over the last 10 years, therefore; staff has included a conservative 4% increase over actuals for the upcoming year.

Ms. Russell stated that the City is proposing a 3.5% increase in salaries as a placeholder. Ms. Russell also said that the medical insurance decreased overall due to significantly lower medical insurance premiums with the City that is because 20% towards dependent medical insurance. Ms. Russell said that the retirement contribution was also updated.

Ms. Russell stated that in the debt service there is a placeholder with the intent of refinancing the loan with the First State Bank of Clute. Ms. Russell also said that the City loaned the EDC \$50,000 for the last payment towards the Southside Bank Loan and is proposed to be paid back in full in FY2019-2020.

Ms. Russell said that overall, the proposed revenue less expenditures are \$142,537. Mr. Holman added that also a 25% reserve was added which leaves an unassigned fund balance of \$560,411.

Mr. Holman said there was not many changes except in the services section. Mr. Holman said the major change to the budget was creating some of the plans and some of the needs of incentivizing development into the community one being hiring a consultant firm to work a development of a TIRZ.

Mr. Holman said the Planned training has not changed any and he needs to have a group of EDC board members to go to the TEDC on October 25, ICSC Conference that will be held in Fort Worth on January and ICSC in Vegas on May.

Mr. Holman stated that he did dropped down the CivicPlus Web Site because he payed \$7,500 half the cost crossing calendar years.

Mr. Duncan asked Ms. Russell by when does the EDC Budget has to be approved by City Council she replied by October 1st. Ms. Russell said the EDC Budget can be passed by next meeting or else a special meeting. Mr. Duncan asked when the First State Bank payment was due. Ms. Russell replied to Mr. Duncan the payment is due in November.

Motion to table to table to next meeting was made by Mr. Marquez, **seconded** by Mr. Pena. Motion **PASSED** unanimously.

D. DISCUSSION AND POSSIBLE ACTION TO AMEND FEDC BY-LAWS

Mr. Holman said he has taken the Bylaws from his previous community and asked Mr. Duncan to incorporate the current bylaws of the Freeport EDC and spell out to something that has more definition. Mr. Holman said that this did not have to have a vote on this meeting and would like the board to review.

Mr. Duncan said that Mr. Holman gave him the Dayton Economic Development Corporation bylaws that covered a lot of more subjects and used them as a foundation. Mr. Duncan stated that the new proposed bylaws have more definition to them.

Mr. Garcia said he does not like that in the bylaws it says any director or advisory director may be removed from office by the City Council at any time with our without cause. Mr. Garcia stated that it appears to him that the EDC board does not have any say as far as replacing any board member. Mr. Duncan replied to Mr. Garcia and said that that section is a surplusage and can be taken out, but the law is still going to be the law. Mr. Duncan stated that in the Texas Development Corporation Act specifically says the City Council has the authority to take anybody off whenever they want too without having a cause. Mr. Duncan said when this is passed by the EDC and City Council it goes into effect.

Motion to table to table it to next meeting was made by Mr. Marquez, **seconded** by Mr. Pena. Motion **PASSED** unanimously.

E. DISCUSSION AND POSSIBLE ACTION TO CONTRACT WITH RETAIL STRATEGIES

Mr. Holman said if the \$45,000 was approved he can move some money around in the planned professional services. Mr. Holman stated that there is enough money in the budget to start this off if approved for the next fiscal year.

Mr. Holman said if the EDC members will be traveling to the ICSC in Las Vegas and ICSC in Fort Worth this information will be needed to approach and talk to developers why we want to have them invest in this community.

Mr. Holman said when he and the EDC team met with Retail Strategies and with Buxton there were good points and bad with both companies. Mr. Holman said he has always preferred Buxton, but he believes that right now Retail Strategies will probably do better, as the community currently exists. Mr. Holman stated that Retail Strategies they can provide the phone numbers to the properties that are vacant.

Motion to approve Retail Strategies was made by Ms. Girouard, **seconded** by Mr. Garcia. Motion **PASSED** unanimously.

F. DISCUSSION AND POSSIBLE ACTION TO AMEND REALTY WORLD AGREEMENT

Mr. Holman said he met with Realty World and with Mr. Duncan to amend the agreement. Mr. Duncan said two changes had to be made to the agreement. Mr. Duncan said the first change is there are a total of 14 lots sold to Realty World and 2 of the lots are isolated 25-foot lots that went to planning and zoning and were denied building on the 2 lots.

Mr. Duncan said they agreed to amend the development agreement that EDC would buy those 2 lots back from Realty World and amend the agreement where they must build 6 houses instead of 8 houses.

Mr. Duncan stated that Realty World have the building permits ready to go and act.

Mr. Duncan said the time frame of the original agreement has passed and the clock must be reset. Mr. Duncan said there is an Exhibit D to the original agreement that must be changed and change the days to start running when the new agreement is signed.

Motion to amend made by Mr. Marquez to change from 120 days to 180 days, **seconded** by Mr. Garcia. Motion **PASSED** unanimously.

G. DISCUSSION AND POSSIBLE ACTION TO CONTRACT WITH TXP TO DEVELOP A TAX INCREMENT REINVESTMENT ZONE

Mr. Kelty said he has had a lot of experience with TIRZs both here and in Indiana and he believes it is a great Economic Development tool.

Mr. Holman said when this is done there has to be some community involvement so they can also understand how TIRZs work that it is not an additional tax, it is keeping future tax dollars from the entire city staying into an approved bounded area.

Mr. Holman said to inform the public there would have to be a public meeting(s) in river place to get the word out as best as possible.

Motion made by Mr. Marquez to contract with TXP to develop a tax increment reinvestment zone, **seconded** by Ms. Girouard. Motion **PASSED** unanimously.

VI. EXECUTIVE DIRECTOR'S REPORT

Directors report given by FEDC Director Courtland Holman.

VII. ADJOURN

Motion to adjourn was made by Ms. Girouard, **seconded** by Mr. Garcia.

Motion **PASSED** unanimously. Meeting adjourned at 9:02 p.m.



Mingo Marquez Jr.
FEDC Secretary