

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, October 15, 2019 at 6:00 p.m. in the Freeport Police Department Municipal Court Room, located at 430 North Brazosport, Freeport, TX, for the purpose of considering the agenda items.

MEMBERS OF THE BOARD PRESENT: Quorum Present

Trey Sullivan- President
Ed Garcia
Lesa Girouard
Marinell Music
Jeff Pena
Mingo Marquez

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

Visitors in Attendance:

Melanie Oldham

I. OPEN SESSION:

Mr. Sullivan opened the meeting at 6:11 P.M. A quorum was present. Trey Sullivan, Marinell Music, Ed Garcia, Lesa Girouard, Jeff Pena, and Mingo Marquez.

II. INVOCATION AND PLEDGE

Invocation given by Tim Kelty and Pledge led by Trey Sullivan

III. **CITIZEN COMMENTS:**

Mr. Sullivan announced the opportunity for any visitors present to address the board.

Melanie Oldham said she wanted to thank Ms. Music for successful trade days. Ms. Oldham stated she went, and a lot of people were there, she believes this was a really great event for the city. Ms. Oldham talked about the FEDC By-Laws and said she hopes the conflict of interest is to clarify and thinks that it would be nice that each board member fills out a form that City Manager Tim Kelty has in office about any possible conflict of interest. This is how it is handled with most city committees. Ms. Oldham also said she trusts lawyer Chris Duncan and others have researched for the possible 380 agreement between the FEDC and the City to pay off the \$700,000 loan. Ms. Oldham asked where the money would be pulled in the budget, what would be the criteria and what would the citizens and city get out of this loan. Ms. Oldham also said that we have a very qualified EDC director that has the background and training, but the board can still advise him. Ms. Oldham asked if there is any more detailed process of how the city, mayor and council choose members of any city boards.

IV. **CONSENT AGENDA**

A) **APPROVE MEETING MINUTES FOR SEPTEMBER 10, 2019 REGULAR BOARD MEETING.**

MOTION made by Ms. Music to approve meeting minutes for September 10, 2019, **seconded** by Mr. Garcia. Motion PASSED unanimously.

B) **REVIEW AND TAKE ACTION ON SEPTEMBER FINANCE STATEMENT**

MOTION made by Ms. Music to approve September finance statement, **seconded** by Mr. Marquez. Motion PASSED unanimously.

V. **DISCUSSION & ACTION ITEMS**

A) **DISCUSSION AND POSSIBLE ACTION TO AMEND FEDC BY-LAWS**

Mr. Holman stated that the existing By-Laws were weak and did not have enough information. Mr. Holman also said the existing by-laws were lacking when people were missing meetings, the city liaison was also added to the by-laws to attend executive session unless the board and its majority votes not to have him attend.

Mr. Duncan stated that they were only a few changes made from the last version because the existing FEDC by-laws and some other forms from Dayton were combined.

Mr. Garcia said he would like include Section 4.05 that states any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the whole Board. If the seat of any officers becomes vacant for any reason, the vacancy shall be filled by the Board. Mr. Garcia said that this section should be approved by the Board and not by the City Council.

MOTION made by Mr. Garcia to table section 4.05. Motion failed due to lack of second.

Mr. Marquez talked about section 3.07 about the Council Liaison can attend both sessions unless a majority of a quorum of the Board of Directors attending such closed session votes to exclude him. Mr. Marquez stated he does not like the idea of having to put the board member in the position to vote for someone to not be able to attend a meeting.

Ms. Oldham asked Mr. Duncan about the new house bill that went into effect September 1st regarding open meetings it states that the public can now speak at the beginning and during each agenda item and she wanted to know if this will be stated in the By-Laws. Mr. Duncan said in the future there will be a sign-up sheet if a person would like to talk at the beginning or on a specific agenda you sign up prior to that meeting. Ms. Oldham said that Mr. Duncan talked about citizen's forum on the proposed by-laws and would like to know what that is. Mr. Duncan replied to Ms. Oldham and said that was general citizens comments.

Mr. Pena said he was curious why the advisory board was removed. Mr. Pena stated that he would like to continue having the advisory board in the by-laws but to include language that it does not specifically mean that the advisory board gets elected to the board but still the selection process is there.

Mr. Kelty said with the advisory board they are a couple of issues and one being that the EDC board is the largest board the city has, and very glad there is always great discussion with the 7 members that are appointed for a specific task.

Mr. Kelty said when you add more bodies to the discussion there is also more discussion added which can be a good thing but however when there is business to discuss it becomes cumbersome in that discussion. Mr. Kelty stated that it is up to the board and to council that will be the ones to appoint advisory and board members.

Mr. Garcia said he would like to keep the concept of having the three advisory members and taking off the city manager, city council liaison and superintendent.

Mr. Pena said he respectfully disagrees with Mr. Kelty reasons and questioned why he is asking for those particular advisory board members to be removed from the by-laws and believes if other cities have used it then it is a for a good reason.

Mr. Garcia wants to know why the EDC board has a liaison. Mr. Kelty replied to Mr. Garcia and said that every board has a liaison.

MOTION made by Mr. Marquez to table and have a workshop on the by-laws to bring to the board, **seconded** by Mr. Garcia. Motion **PASSED** unanimously.

B) DISCUSSION AND POSSIBLE ACTION REGARDING A 380 AGREEMENT BETWEEN CITY AND FEDC.

Ms. Russell talked about refinancing the loan and received an offer from First State Bank of Clute that went to the Financial Advisors which they that more offers should be getting looked into. Ms. Russell said the original document was pulled that the City and EDC went into and they were some issues with the original loan.

Ms. Russell said the two biggest issues were that the loan was to do a marina and since we no longer own a Marina it becomes difficult to refinance something that is not owned by us anymore and the second issue being when City Council committed themselves to this loan it was not properly refinanced.

Ms. Russell said it is not impossible to refinance this loan, but it will cost a lot of money to do so with such expedited time frame and may also require attorney general approval by the way it was originally done.

Ms. Russell stated the best recommendation from the City Bonds is to pay off the loan so that it will not hurt the City and EDC when going out to bonding in the future because that is when this will come to light. Ms. Russell also stated that City Bonds proposed that a 380 agreement should be done.

Ms. Russell said the EDC board will be projected to end with probably over \$612,000 in the ending fund balance which starts next fiscal year on October 1. Ms. Russell stated based on the budget for that it is projected to end before paying off the balloon payment with the First State Bank of Clute all together it will end with \$867,532 and the 25% Reserve taken out will have \$631,000 in unassigned fund balance. Ms. Russell said the payment is around \$765,000 which will mean a negative \$134,000 if the EDC pays the entire balloon payment. Ms. Russell recommendation is that the EDC request a \$300,000 Grant from the City per a 380 Agreement and they pay \$465,000 which will leave \$165,000 in the unassigned fund balance.

Ms. Russell said Mr. Duncan will be representing the EDC and the City Bonds will be representing the City since Mr. Duncan is not able to represent both at the same time.

Mr. Pena asked Ms. Russell if the \$465,000 coming out of the savings of the EDC by doing that does that affect all the projects that are planned. Ms. Russell replied to Mr. Pena and said no it will not affect the projects.

A motion was started to be made by Mr. Marquez to move forward with the 380 Agreement between the City and EDC. Mr. Holman stated that no vote needs to occur at this time as council needs to approve first the terms and will then be brought back to the board for approval. Motion rescinded.

C) DISCUSSION AND POSSIBLE ACTION REGARDING BOARD'S OVERSITE OF THE EXECUTIVE DIRECTOR POSITION CONTINUED FROM SEPTEMBER SPECIAL MEETING

Mr. Pena said the documentation he handed out describes the position history and tried to go back as far as he could to understand the Executive Director position where it was. Mr. Pena said he also included the motion language that he believes was the simple terminology of it all.

Mr. Pena read off his hand out and said that the EDC will make a motion to restore the boards direct oversight of the job duties and project priorities as described in the job description for the EDC Executive Directors position affectively ending the internal residual of the EDC by the Freeport City Manager.

Mr. Pena stated during the transition from the position search for the Executive Director, the City Manager held the Interim as the Executive Director as well. Mr. Pena also said that since the Executive Director position has been filled, he wanted to discuss and possibly take a motion to move the oversight back to the Board.

Mr. Marquez stated asked if an administrative agreement has been made yet between the EDC and the City Manager.

Mr. Kelty supplied the attached management plan saying this discussion was brought up before he came on board was when the position was put under the City Manager and was reaffirmed when Ms. Hawkins was still hired.

Mr. Kelty stated that Mr. Holman does not act alone he interacts with different city departments. Mr. Kelty said he meets with Mr. Holman on a regular basis to review the progress of the various EDC projects initiatives. Mr. Kelty said generally the management of Mr. Holman is just like any of the other Directors to let him know what is going on and if he is going to be going to be out of town and said this has never been an issue.

Trey asked if there were other board members that have additional concerns of which Lesa Girouard, Ed Garcia, and Marinell Music stated their thoughts some of which regarded that in item 6 under Oversight in the attachment that the annual review and presentation of any disciplinary action is at the discretion of the board and that the board creates the projects for the director to achieve.

MOTION made by Mr. Marquez to approve the attached management plan with the change that the annual review and presentation of any disciplinary action is at the discretion of the board and that the board creates the projects for the director to achieve, **seconded** by Mrs. Music. Motion **PASSED** unanimously.

The Question that keeps being brought up for discussion over and over is the question in regard to the Job Description and Duties of the Economic Development Director, specifically about item No 1. Under Duties and Responsibilities: "The Director will answer directly to the City Manager, in line with the goals established by the Freeport Economic Development Corporation Board."

At the August -meeting a motion was approved to have a management plan developed and an administrative agreement. We were asked to put in writing the proposed supervisory relationship between the City Manager and ED Director.

The Executive Director of the EDC, acting in the lone capacity as the individual furthering the economic development goals of the City, relies heavily on many different branches of city government, from finance, building and zoning, and GIS, just to name a few. Because of the limited funding available to the organization, in order to maximize the effectiveness and efficiency of the EDC effort, it imperative that the EDC Director work as a part of the overall management team of the City.

To this end:

The Economic Development Director meets regularly with the City manager

- 1) To review the progress of various EDC projects and initiatives;
- 2) To discuss strategies and obstacles;
- 3) To discuss recommendations to the EDC board (in the context of the overall city operations and goals);
- 4) To discuss EDC efforts and understand how they may affect other departments and initiatives of the City;
- 5) To coordinate and facilitate city departmental cooperation.

From time to time the City Manager requests assistance from ED Director:

- 1) For information;
- 2) For participation in city events, seminars, or meetings where his participation as ED Director is needed;
- 3) To prepare economic development related reports or analysis;
- 4) To provide his opinion and recommendation as an economic development professional.

The ED director is expected to keep the City Manager informed in general terms regarding his availability and activities.

Oversite for which the City Manager is responsible for ensuring that the ED Director complies with:

- 1) Personnel policies and procedures;
- 2) Financial management policies and procedures;
- 3) Procurement procedures as may be applicable to EDC;
- 4) Compliance with Open records and Open meetings requirements;
- 5) Goals and objectives established by EDC Board to accomplish EDC projects and initiatives;
- 6) Annual Evaluation and presentation of any disciplinary action (up to but not including termination) to be reviewed with EDC Chairman prior to dissemination.

Termination of employment falls at the sole discretion of the EDC Board by formal action of the Board.

VI. EXECUTIVE SESSION

Section 551.087 – Discussion of Proposed Development and Requested Incentives

1. Proposed Development(s) on Old River by Samer Tawakkol

Executive Session began at 7:16 PM

VII. RECONVENE INTO OPEN SESSION


Executive Session reconvened at 8:57 PM

VIII. EXECUTIVE DIRECTOR'S REPORT

As it was getting late the board will read the directors report

IX. ADJOURN

Motion to adjourned was made by Jeff Pena and seconded by Lesa Girouard at 9:05 PM. Motion **PASSED** unanimously.


Mingo Marquez Jr.
FEDC Secretary