

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

SPECIAL MEETING 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 Thursday April 1, 2021 at 5:00 p.m. in the Freeport Police Department Municipal Court Room, located at 430 North Brazosport Boulevard, Freeport, TX, for the purpose of considering the agenda items.

FEDC BOARD MEMBERS Quorum Present

Jeff Pena	President
Marinell Music	Vice President
Nicole Mireles	Secretary
Ed Garcia	
Ruben Renobato	Absent
Mingo Marquez	Online
Trey Sullivan	Online

Courtland Holman: Executive Director
Tim Kelty: City Manager
Christopher Duncan: Attorney
Cathy Ezell: Finance Director
Jerry Cain: Council Liaison

Visitors in Attendance:

Gardner Campbell
Sam Reyna
Mrs. Turner
Margarette B
Melanie Oldham

James McDonald
Jillian S
Ray Turner
Rocs

I. Call to Order

President Jeff Pena opened the meeting at 5:02 p.m. A quorum was present: Jeff Pena, Marinell Music, Lesa Girouard, Ed Garcia, Nicole Mireles, Trey Sullivan, and Mingo Marquez. Ruben Renobato was absent.

II. Invocation and Pledge

President Jeff Pena led the Pledge of Allegiance.

III. Citizen Comments

Sam Reyna asked a question directed to Marinell Music. The FEDC is funded by sales tax do you pay sales tax do you have a sales tax permit? He stated that the comptroller does not show sales tax being paid. Sam stated the building does not have a sprinkler system. Does it need one and why when the Epic lounge must have a sprinkler system?

Mrs. Rommel Turner stated she is a small businesses owner close to Marinell without the restaurants as she has an antique store. Without city support it is a hard row to hoe. Since the pandemic it has been an uphill battle. Due to Covid her store has dropped \$2000 a week to \$150 a week. Marinell is an asset to Freeport. Freeport does not have many stores. Marinell store is the beginning of Freeport downtown. This is an essential business and the EDC is fighting her tooth and nail, she needs a break. Freeport needs a break. It baffles Mrs. Turner why anyone would put a business in a dead area? Do you want more Dollar stores or stores like Marinell? It will grow if we let it.

Margarette McMahan said that she is sad that the EDC cannot reach a new lease. Opening the shop was a leap of faith for her and the city and a catalyst for opening other businesses in the downtown. If patrons come to downtown create a habit of shopping and dining in downtown Freeport attract others businesses to downtown. The Lucy Goose is unique in Freeport and entire Brazosport area with many uses in one location. No one sees our downtown businesses as they keep driving to other locations. Lucy Goose is a unique shopping experience needed by Freeport and makes it a shopping destination. She read the EDC's mission and vision statement and believe the board is not living up to these statements. The city/ EDC by owning this building placed the EDC in a no-win situation as it relates adhering to its mission and vision statement. By owning the building, it makes it impossible for the EDC to manage or be good stewards of the citizens of Freeport by prioritizing development and enhancement of the downtown retail environment because the EDC is a commercial property owner with its own interest to protect as it relates to building ownership. She realizes and sympathize with this difficult situation for both parties. If an agreement cannot be made for the betterment of Freeport she wished the owner in any future endeavors and the FEDC wisdom and success as they prioritize the economic and community development of Freeport.

Melanie Oldham said she has attended the EDC meeting for several years. There has been a lot of conversation on attracting big business and industry. The EDC also should concentrate and has been asked to attract and retain small businesses and EDC should do anything to help be successful. The EDC board, Mrs. Music and her partners to sit down and come up with a reasonable solution. Covid has not helped and this is an unusual time and the EDC should give more support to businesses. She admires Marinell who has stuck it out in this tough time. We have a new business owner downtown; Mr. Pena has his business in Downtown. Surely the EDC board members could discuss this and get legal advice from Mr. Duncan on the correct way to do this.

James McDonald and Kasen and they recently opened the restaurant Barcadia in downtown. James feels every business in downtown plays a part in creating a downtown that has been dead for many years. Many of each business customers do not know of each other's business. He believes we need all of us working together would be a much better place. He had in mind to bring other businesses to the downtown. He took a huge leap of faith to come to downtown Freeport and has a \$1 Million investment across from Lucy Goose. He has had some of Lucy Goose customers come to his store and does not believe he would see those customers if she was not there as they would just see Barcadia as a bar or pool hall or arcade place. Over the time that they have been building they have gotten to know Marinell and said that she is the most genuine nicest person in the Freeport area. He has met Jeff and some of the other board members and believe there has to be an easy fix to this problem. Marinell being downtown will play a huge roll in the overall economic impact creating a better downtown. Kasen said Marinell is invested in the community and her blood sweat and tears are invested in downtown. She is like the mother goose of the downtown. She is the stable point of the downtown. Kasen said we are nervous to invest more in to future project that they have already started because of this and have their entire life savings invested in downtown Freeport. They do not think it is far that she be forced to leave when she has placed her blood sweat and tears for this community.

Jillian Goodbren(?) said she works at the Lucy Goose and is Marinell's daughter. Marinell has put blood sweat and tears for the last 3 years. Jillian said that Marinell does not want to leave Freeport and had done her best to revitalize the downtown area. She was asked to move to the downtown by the EDC. The EDC has put her mother through a lot and this is her heart.

Gardner Campbell thanked the Turner and Campbell family for their investment into the downtown. It does not always need to be big business. His pet peeve is the investment of the Popbox the incubator costing per his paperwork around \$7500 to \$8000 in this useless container that is not legal by Fire department or Building Code standards. The money could be for a better use and maybe to help Mrs. Music move on and stay in her place to sell sandwiches and feed us lunches and have the crafts downtown. We have to

support any one that wants to come to the downtown district as it is the end of the road. We have to give them full support from the EDC, City Council and leaders of Freeport.

Sam Reyna came back and said the 212 West Park building must be up to code for sprinkler system. Who is going to pay for it?

Ray Turner said Marinell's store is a true store. He and his wife have a small store in Brazoria. And like his wife said things have been hard and as they had to be closed which seemed forever then got open for a week or two then the water (freeze). The FEDC should be here to help and should try harder to help these people. We are at the end of the line if we don't help small businesses otherwise DOW will have it all. She needs not a hand out but a hand up.

Margarette McMahan came back and said for 15 years she worked as a legal secretary for an attorney specializing on real estate law regarding executing a lease agreement. For 28 years with Brazosport ISD she was responsible for leases and managing the lease. It is typically up to the building owner to upgrade the building like the fire suppression as the building owner owns the building and it is an improvement to the building. The City and EDC give tax abatement to multi million or billion dollar industries to keep businesses in our city where we could have used that money. Can't we give a break to small businesses like hers at a much smaller scale to keep her in downtown?

Roc Cantu formerly Rocs American Kitchens said he was a very successful businesses until evicted by the owners of Lucy Goose Market. Because he had a successful business is that you have to have a conducive product or service for the downtown which is what he had. The luxury of having this meeting like this, the attention like this, a business that speaks for itself when we were shunned. You (EDC) know what your are doing the formalities he appreciates it. Anyone can go into the building as long as they have a service or product that is conducive to the town and it will support itself.

Board Comments:

Marinell said she was going to read the mission statement by Margarette already did this. Marinell said the EDC is an organization to promote economic development within a specific area, to assist business within their specific areas, to get started to succeed and grow thereby helping economic growth. She does not feel how this EDC is acting. Marinell has copies that can be handed out and has only one lease ever signed in 2018.

She and her sister opened the business on Gulf Blvd in June of 2017. She had many citizen and city officials come to her asking her to move downtown and be the catalyst to revitalizing downtown. So, they moved in June of 2018 to downtown. Many told her

no one would go downtown to shop. She said she argued this point and has had many come from all over including out of State. Then Covid and the Freeze happened where she had to shut down for over 30 days. Most people consider downtown is severely distressed.

She and her sister has made a commitment to rehabilitating downtown even if they did not make money. Marinell had used her 401k for a lot of her inventory. She as two storage units that she cannot fit all of her stuff in the store and has made a huge commitment for the downtown.

Marinell said she has only one lease at that is with the Historical Society on June 22 of 2018 when it was a 501C3 corporation with its own board and the previous city manager was part of it when it was formed. On June 30 of 2019 the lease terminated and a new lease was supposed to occur. No new lease has occurred or proposed amendment due to changes in city management. They heard but never actually told that the city was taking over the building and doing away with the board. Per her lease Paragraph D.116 amendment of lease states can only be amended by instrument in writing by the landlord and tenant, both have to sign. This was never enacted upon by the Historical Society or City of Freeport. We were never received any written notification for proposed amendment of the lease. You can't just transfer property from a non-profit corporation that has contracts in place with a business and take over without proper notification in writing and negotiate a new lease. They are completely different entities. Marinell is still trying to find in the City council meeting minutes where or when that transfer was done and how it was done.

She was never noticed when the Historical Society transferred the building to the City. Marinell did sublease the kitchen and dining room to Ronny Cantu and his dad from the onset. A year into the arrangement they Ronny decided to put in a fully operational kitchen. They purchased and install a vent hood and fire suppression system that cost them over \$18,000.

On August 17 of 2020 the Cantu propositioned the City to remove the vent hood and fire suppression by unanimous vote. She met with the Cantu's and offered to by the Vent Hood and Fires Suppression Marinell said she has a signed bill of sale and paid Cantu \$10,000 in full for the hood and system.

From June of 2017 to present She said she never received a certificate of occupancy and no one from the city has approached her if the building does require a fire sprinkler. She said her sister pays the bills as she is the buyer. And yes, there are two Lucy Goose Markets in the county one in West Columbia and sales taxes are paid every quarter.

Around September 2020 the city transferred the building to the FEDC. She was instructed by members of the EDC Board to negotiate a new lease exclusively with the EDC Attorney Chris Duncan. She has requested a new lease with an annual renewal with a 30 day out and consideration of purchasing the vent hood and fire suppression system as an investment in their building or to be able to remove it if or when they were to vacate the building. She agreed on the rent of \$800 per month. She asked that a face lift be done to the front of the building as there are brick missing and grout missing. This is hazard.

At the last board meeting she was asked to step out and not allow to participate. After an hour she was call back in to open session where Chris Duncan recited the offer. The only items she could not agree to is that the FEDC buy the vent hood system at \$10,000 and taking a credit of 6 month of back rent at \$4800 and the remaining balance of \$5200 to be paid after an additional business operation after 12 months lease at \$800 per month. The vote was unanimous with Marinell abstaining. The meeting was adjourned. She made a comment that she would not agree to the lease terms and did leave the meeting angry as people saw in her Facebook post.

The only lease in place is with the Freeport museum. At no time has a lease been signed with the City of Freeport. No lease signed with the FEDC. Marinell said there is no implied lease as the one with the Historical Society was not transferred to the City so basically there is no lease. Marinell said she was never given notice of the transfer in writing. She said Mr. Duncan the city should be sending her some type of final statement and possibly giving back her deposit of \$2000 or transfer the amount to the FEDC while they negotiate a new lease. In the same conversation she was advised not to pay rent until a signed agreement was in place.

Marinell's said that her attorney says there is no enforceable lease.

She said Chris and Jeff advised her that she counter offer which she did provide. The proposed lease that she wanted changed such as certificate of occupancy and equipment staying with the building. Paragraph 11 had her maintaining and repairing the building which she did not want the responsibility to repair a 72-year-old building built in 1949.

There are many maintenance issues with the sewer system and there was a company that recommended to the city that concrete floor be jack hammered and the system replaced. The city declined as she was told. The HVAC is improperly installed as told to her by two consultants. The supply air is right next to the return air There are no air ducts. The tech said to her that it will fail as it is working too hard. The size and capacity are not correct for the size of the building.

What is hurtful is someone in the FEDC Board posted an official public notice on the Freeport EDC Facebook page. They made false statement and did not have all the facts. Further someone on the board asked a person on the Concerned Citizens of Freeport to post the notice on their Facebook page to further defame her name. And Eric Hayes who sits on the Planning and Zoning board and running for city council took it upon himself to put it on the CCF page and then finds it being cover in the FACTs newspaper today. Continuing to through her under the bus.

Marinell said city council needs to investigate and review this action for ethics violation and possible breach of confidentiality by Jeff and Eric to what she views as an addition of liability. Marinell said that she has retained an attorney on this matter.

She serves on many chairs and will not allow her character to be defaced.

Marinell stated another attorney whom is well versed in property law has been asking her why do you want to continue to do business with a board that has demonstrated this kind of attitude and destructibility to you. She is at the point not that it is her best interest to vacate the building and move. Take her equipment per her attorney.

Marinell said unless she can be convinced otherwise, we have a problem here. We have not agreed to anything as stated in the FACTs.

Marinell said Get your facts straight first before placing things in social media and the FACTs. No board member has asked her what is the whole story and how did your situation ever transpire, where is your lease at.

Marinell again said they acted by what they were told to do, instructed to do by the attorney that represents this board and city. What would you do if the attorney told you not to pay rent but you are being crucified on Facebook and the paper because it is being portrayed that we want free rent, free ride and that we would take the \$10,000 and run. If it was, she would not have stayed there for 3 years working 12 or more hours every day.

Marinell said her attorney will have a field day with this.

IV. Discussion and Action

- a. Discuss and possible action regarding board member positions.
Ed Garcia made a motion to table this item. Nicole Mireles second the motion.
Motion **Passes Unanimously**.

V. Executive Session – Adjourn into Executive Session

It is now 5:54 p.m. and I hereby recess the regular session of the Freeport Economic Development Corporation April 1, 2021 meeting and do hereby convene an executive session, said executive session authorized under the following sections of the Texas Government Code: (1) Government Code, Section 551.087 (Economic and Community Development Matters), 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property).

In Accordance with the Texas Government Code:

Lucy Goose

Reconvene into Open Session

Board President's statement:

It is now 6:58 p.m. and I hereby close the executive session of the Freeport Economic Development Corporation and do hereby reconvene the regular open session.

Discussion and Action

Lucy Goose

There is no action

Motion to close board meeting made by Nicole Mireles and second by Ed Garcia.
Motion **Passed Unanimously.**

It is now 7:00 p.m. and I hereby close the board meeting.



Nicole Mireles - Secretary