

**CITY OF FREEPORT
ECONOMIC DEVELOPMENT CORPORATION**

430 North Brazosport, Freeport, TX
Tuesday, April 11, 2023 at 6:00 p.m.

REGULAR MEETING MINUTES

FEDC BOARD MEMBERS: Quorum Present

Directors:

| | | |
|------------------|----------------|--------|
| Mingo Marquez | President | |
| Josh Mitchell | Vice-President | |
| David McGinty | Secretary | |
| Sandra Loeza | Treasurer | |
| Shonda Marshall | | Absent |
| Ken Tyner | | |
| George Matamoros | | |

Robert Johnson: Executive Director

Tim Kelty: City Manager

Chris Duncan: Attorney

Jerry Cain: Council Liaison

Kaytee Ellis: EDC Staff

I. Call to Order

Mingo Marquez called the meeting to order at 6:03 PM. A quorum was present. Shonda Marshall was absent.

II. Invocation and Pledge

Ken Tyner led the invocation and Josh Mitchell led the pledge.

III. Citizens Comments

Melanie Oldham said she resides at 922 W 5th Street. Melanie Oldham said this morning she attended a special called meeting of Port Freeport and their attorney has now agreed to allow the public 5 minutes to speak per agenda item. Melanie Oldham said she hopes the EDC will do the same. Melanie Oldham said she has asked David McGinty to place the audit on the agenda as a full agenda item and he has not done so. Melanie Oldham said she has a copy of the audit and feels this need to be discussed in full. Melanie Oldham reviewed the Audit Letter stating there were two deficiencies in internal control of invoicing and payments. Melanie Oldham said she expressed her concerns with Project Bluebird and asked the EDC give the public a chance to present their concerns.

Manning Rollerson said he lives at 126 W 6th St. Manning Rollerson asked the board if it would be possible to get another grocery store to offset Arlan's. Manning Rollerson said Freeport already has five dollar stores and it does not need another. Manning Rollerson said

dollar stores do not have fresh fruit and vegetables and said these items are too expensive at Arlan's. Manning Rollerson said that too much of Freeport's money is going to Lake Jackson for groceries. Manning Rollerson asked the board to listen to the citizens and see what it would take to move the city forward as a collective whole.

Pam Dancy said she was not in attendance at the last EDC board meeting but did watch online. Pam Dancy said she was "terribly disturbed" at what she saw. Pam Dacey said that George Matamoros would not shake Mingo Marquez's hand and stated this was a bad look on social media as Mr. Marquez is the president. Pam Dancy said she cannot believe another dollar store is even being considered and the public does not want this whatsoever. Pam Dancy said a grocery store would be wonderful. Pam Dancy said the public comments should hold weight with the board. Pam Dancy said the EDC has discussed the need of moving their offices due to privacy and if this is the case, the board should not be concerned with the cost of items like copy machines and they should move out of City Hall.

IV. Consent Agenda

- 1. Approve Meeting Minutes for March 14, 2022**
- 2. Approve Financials**
- 3. Approve Invoices and Audit**

Cathy Ezell reviewed the financial statements, invoices, and audit with the board. Cathy Ezell informed the board that the audit found the EDC had two deficiencies of internal control on invoicing and payments. Cathy Ezell said the two contractors were VT Enterprise and Duncan Law Firm. Cathy Ezell said VT Enterprise had been overbilling for mowing, as previously brought to the board in October of 2022, and Duncan Law Firm had overbilled as well as a contract that had not been approved. Cathy Ezell reviewed the overbilling by Duncan Law Firm. Cathy Ezell said both contractor's overages have been paid in full. Cathy Ezell said the City had to issue a plan of action to the auditor that stated all invoices would be reviewed by Finance and the Executive Director.

Josh Mitchell asked how the board can help moving forward.

Cathy Ezell asked the board to provide access to documents such as contracts to assist in verifying payments in accordance with the contracts. Cathy Ezell said she had previously been told that it was not her job to question invoices but to cut checks as requested.

George Matamoros asked Cathy Ezell who told her this.

Cathy Ezell responded that Chris Duncan had told her this and presented the board with emails.

Sandra Loeza asked if the overbilling by Chris Duncan was not caught during last year's audit.

Cathy Ezell said no, it was not caught the previous year.

David McGinty asked if the board needs to adopt an SOP for invoices and payments and should the board do an audit of all contracts in response to this?

Cathy Ezell said her recommendation would be to go back thru 2021.

David McGinty asked if it is safe to say the issues presented have been attended to?

Cathy Ezell said they have been corrected but the EDC should adopt a system of checks and balances to avoid future “dings.”

George Matamoros asked if he was correct in understanding that there were three total issues; two overbillings and one unapproved contract?

Cathy Ezell responded yes.

Ken Tyner asked how the board can address this moving forward?

Cathy Ezell responded an audit of existing contracts and providing contracts with invoices for payment would be helpful.

Tim Kelty informed the board that corrective action would need to be taken and if not, these issues could hinder the board’s ability to receive future bonds.

Mingo Marquez asks Cathy Ezell to draft a policy for Robert Johnson to review and present back to the EDC Board for approval.

Carla Clark asked who the other contractor with an error was.

Cathy Ezell responded that the other error was with VT Enterprise, the EDC’s former mowing contractor and the overbilling was resolved before the close of the fiscal year.

Ken Tyner asked if the mower is mowing once a week or every two weeks.

David McGinty responded weekly.

George Matamoros asked why he is mowing weekly when the board approved bi-weekly?

David McGinty said he believes it was supposed to be every 10 days but the contract does say weekly.

Cathy Ezell said she would get a copy of the contract to compare to the meeting minutes.

David McGinty made a motion to approve the consent agenda. Ken Tyner seconded.
MOTION PASSED. George Matamoros voted nay.

V. Discussion & Action Items

1. Discuss and take possible action on Cinco de Mayo Sponsorship

Ana Silbas presented her request to the board for a sponsorship for Main Street’s Cinco de Mayo Celebration.

Sandra Loeza made a motion to approve a \$2500 sponsorship to Main Street's Cinco de Mayo Festival. David McGinty seconded the motion. **MOTION PASSED UNANIMOUSLY.**

2. Discuss and take possible action on Fishin' Fiesta Sponsorship

Jimmie Birmingham presented the Fishin' Fiesta to the board and requested a sponsorship in the amount of \$22,000.

Sandra Loeza asked how much was approved for last year's event.

Kaytee Ellis responded, \$25,000.

Sandra Loeza made a motion to approve a \$25,000 sponsorship to the Freeport Lion's Club to be used for the Fishin' Fiesta. George Matamoros seconded the motion. **MOTION PASSED 5-0** with Mingo Marquez and Ken Tyner abstaining.

3. Discuss and take possible action on Property Clean-Up

David McGinty said this is for clean-up at Western Seafood. David McGinty said there were initially four bidders, but one did pull out at the last minute due to a conflicting contract.

Mingo Marquez said the bids did not look the same and it looked like the contractors were all doing different work. Mingo Marquez asked David McGinty to have the contractors re-word the quotes provided to comparable verbiage and scope.

4. Discuss and take possible action on Retail and Marketing Firms

Robert Johnson said with ICSC quickly approaching, it would be useful to retain Retail Strategies or a similar firm. Robert Johnson said he is aware that the EDC contracted Retail Strategies in the past and is seeking clarity.

Tim Kelty gave a summary of the EDC's history with Retail Strategies.

David Khan informed the board of a marketing firm that he has worked with in the past and stated he would provide Robert Johnson with the contact information.

Mingo Marquez tasked Robert Johnson with gathering additional information and reporting back to the board during a special meeting.

5. Discuss and take possible action on agreement with City of Freeport

Robert Johnson received the contracts and forwarded to Mr. Duncan for review. This will be added to the next meeting agenda for additional discussion.

VI. Subcommittee Updates

Mingo Marquez asked if the website and social media were being kept up-to-date.

Robert Johnson responded yes.

VII. Board Member and Executive Director Comments

1. President Mingo Marquez:

Mingo Marquez said he would like to thank the board and Robert Johnson for their hard work.

2. Vice President Josh Mitchell:

Josh Mitchell said the board cannot legally discuss Project Bluebird with the public. Josh Mitchell said the board wants to share the information but cannot. Josh Mitchell said the EDC wants a grocery store just as much as everyone else. Josh Mitchell said he would like to add discussing citizens comments to the next agenda.

3. Secretary David McGinty:

David McGinty said he has never had sole control over contracts; these are approved by the board. David McGinty said in regards to VT Enterprise, the board did not have a policy of three bids, and this was the only applicant at that time.

4. Sandra Loeza:

Sandra Loeza reminded everyone of the city-wide garage sale next weekend and the community clean-up.

5. Shonda Marshall:

Shonda Marshall was absent.

6. Ken Tyner:

Ken Tyner asked the public to be patient and said the EDC cannot always discuss projects with the public. Ken Tyner said it would be nice if folks would say thank you and give the board credit.

7. George Matamoros:

George Matamoros said he has spoken to Lance Petty on the Parks Project and is working towards partnerships with Phillips 66 and other corporations. George Matamoros asked that the Parks Project be placed on the next agenda. George Matamoros said he would also like to add discussion of a contract audit committee to the next agenda. George Matamoros said he would like to change the citizens speaking policy to follow that of City Council. George Matamoros reminded the public to “Shop Local.”

8. Robert Johnson:

Robert Johnson said he would just like to thank the board, the attorney, and Kaytee for their time and effort.

VIII. Executive Session- Adjourn into Executive Session

It is now 8:00 p.m. and I hereby recess the regular session of the Freeport Economic Development Corporation meeting and do hereby convene into executive session in compliance with Texas Government Code: Section 551.071 (Consultation with Attorney), Section 551.074 (Personnel Matters), and Section 551.087 (Economic and Community Development Matters).

1. EDC Staff Performance Evaluation
2. Project Bluebird
3. Project Roy
4. Pending Litigation

Reconvene into Open Session

Board President’s statement:

It is now 9:49 p.m. and I hereby close the executive session of the Freeport Economic Development Corporation and do hereby reconvene the regular open session and take possible action on items mentioned in executive session.

IX. Discussion and Possible Action

1. EDC Staff Performance Evaluation

Josh Mitchell made a motion to give Kaytee Ellis a 22% pay increase along with a title change to Economic Development Specialist effective immediately with additional duties as assigned by Executive Director, Robert Johnson. Sandra Loeza seconded. **MOTION PASSED UNANIMOUSLY**

2. Project Bluebird

No Action

3. Project Roy

No Action

4. Pending Litigation

No Action

X. Adjourn

Motion to adjourn the board meeting was made by Sandra Loeza and seconded by Josh Mitchell. **MOTION PASSED UNANIMOUSLY.**

Mingo Marquez adjourned the board meeting at 9:50