CITY OF FREEPORT
ECONOMIC DEVELOPMENT CORPORATION

430 North Brazosport, Freeport, TX
Tuesday, July 30th, 2024, at 6:00 p.m.

SPECIAL MEETING MINUTES

FEDC BOARD MEMBERS: Quorum Present

Directors:

Josh Mitchell	President
Sandra Loeza	Vice President
Ken Tyner	Treasurer
Shonda Marshall	
Mark Parker	
Ronnie Martin	
David McGinty (Absent)	

Robert Johnson: Executive Director
Lance Petty: City Manager
Jerry Cain- City Liaison
Paige Bailey: EDC Attorney
Rachael Cohen: EDC Staff

I. Call to Order
Josh Mitchell called the meeting to order at 6:00 p.m. A quorum was present.

II. Invocation and Pledge
Ken Tyner led the invocation and Sandra Loeza led the pledge.

III. Citizens Comments
There were no citizen comments.

IV. Consent Agenda
1. **Approve Meeting Minutes for June 11th, 2024**
2. **Approve Financials**

No corrections were noted to the June 11th, 2024 Meeting Minutes.

Cathy Ezell presented the financials, noting that the sales tax received in June, which accounted for April's collections, amounted to $105,407. This represented an increase of $54,728 compared to the same period the previous year. As of June 30, 2024, the revenues were under expenditures by $85,499. The EDC fund had a balance of $1,731,690, the project funds stood at $905,661, the marketing fund had $155,045, and the TIRZ fund balance was $510,974.

Sandra Loeza made a motion to approve the consent agenda. Ronnie Martin seconded. **MOTION PASSED UNANIMOUSLY.**

V. Discussion and Action Items

1. Discuss and take possible action on EDC Officer Elections.

Josh Mitchell opened the topic by notifying the board of the need for EDC Officer Elections. Robert Johnson noted to all board members present of the current officer positions with Josh Mitchell, President, Sandra Loeza, Vice President, Ken Tyner, Treasurer, and David McGinty, Secretary.

Mr. Mitchell also confirmed that all three positions were open and inquired if a motion could be made to keep all positions the same. Mr. Johnson confirmed.

Ronnie Martin made a motion to approve the retention of the current EDC Officer Positions for the EDC Officer Elections. Ken Tyner seconded. **MOTION PASSED UNANIMOUSLY.**

VI. Executive Session- Adjourn into Executive Session

It is now 6:07 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), 551.072 (Deliberations about Real Property), Section 551.074 (Personnel Matters)

1. **Update on Pending Litigation: Realty World and A&T**

Reconvene into an Open Session

Board President's statement:
It is now 6:29 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 the executive session.

VII. Discussion and Action Items (*continued*)

2. Discuss and take possible action on the approval of the Fiscal Year 2024-2025 Budget

Cathy Ezell explained that the budget was put together with Robert Johnson and Rachael Cohen, focusing on the regular EDC fund balance. The budget includes $1.378 million in regular expenditures and transfers. The available fund balance is contingent on the current litigation, with minimal adjustments, including a $40,000 update for legal fees. Depreciation was not included last year but is listed this year at $88,000, and capital outlay was reduced by $300,000 to move funds into the Business Improvement Grant under the Project fund.

Robert Johnson noted the prudence of increasing the budget line item for legal fees due to ongoing cases. Ms. Ezell mentioned her principle of underestimating revenue and overestimating expenditures is how she typically presents the upcoming budget or expenditures to keep a cushion for any surprises that may arise. Education costs increased due to degree completion of the EDC Staff, but $40,000 was reserved for bond issuance, typically used for end-of-year cleanup, providing some financial padding.

On page twenty-one of the Board packet, Cathy Ezell explained that the project fund for business improvement grants, normally at $150,000, is recommended to be increased due to community needs to double ($300,000) or more. This number was suggested to assist with damages from Hurricane Beryl to commercial properties. There remains $100,000 allocated for Starbucks and $60,000 allocated to Taco Bell, with funding estimated from both studies, as per their contracts. The plan includes transferring $400,000 from capital outlay, as already stated, and utilizing $88,435 from savings. Starbucks exceeded its sales agreement, turning in $1.5 million in 11 months against a requirement of $750k per year. This meeting with Robert Johnson and Rachael Cohen was to bring forward necessary adjustments. Mr. Johnson noted the payment for Starbucks has been submitted, reducing their total amount to $75,000. This leaves the project fund projects at $320,337 for the park's phase two, and $150,000 for both the Boardwalk (Gensler) project and the Mainstreet UTSA study project.

On page twenty-two of the Board packet, the marketing fund, usually set at $125k, was reduced to $75k based on expenditure and utilization, helping the regular fund and aligning with typical spending. The goal is to approve the budget tonight, which will be included in the city budget and adopted by the council on September 3rd.

Shonda Marshall asked about the submission timeline. Ms. Ezell explained the proposed budget was submitted in July to be reviewed, aiming for adoption by September 3rd. However, the initial viewing of this information was delayed because of Hurricane Beryl. If changes are needed before then, they can be discussed with Mr. Johnson or adjusted later through a budget amendment. The budget is considered a living document, allowing for amendments as necessary.

For clarity, Shonda Marshall inquired about changes from the previous year. Cathy Ezell confirmed the numbers are similar, with slight increases in legal, education, and training expenses, and a $50,000 reduction in the transfer to the marketing fund. Robert Johnson mentioned the contemplation of increasing the Business Improvement Grant by $150k. Cathy Ezell repeated the information for clarity, confirming no additional transfers.

Ms. Marshall remarked on the quick pace of the meeting, noting the city's thorough review process and her desire to make sure there is enough time to review the budget before submitting it. Robert Johnson interjected, mentioning that the direction might divert due to potential settlements and storm response. Cathy Ezell stressed the flexibility of making budget amendments as needed.

Shonda Marshall emphasized the importance of an economic strategic plan, which Ms. Ezell noted was exempt this year in the City of Freeport budget planning. Ms. Ezell also noted the change in direction the City of Freeport is taking due to recovery efforts and planning meetings for the change in direction for the City of Freeport's economic plans.

Robert Johnson thanked Ms. Ezell and Mrs. Cohen for their time working on the budget. Mr. Johnson wanted to publicly state a thank you for making the budget easier and more understandable this year for both parties.

Josh Mitchell also agreed and stated the collective gratitude towards those who assisted with the budget this year.

Sandra Loeza made a motion to approve the Fiscal Year 2024-2025 budget, seconded by Ronnie Martin, and **MOTION PASSED UNANIMOUSLY.**

3. **Discuss and review proposed changes to the Business Improvement Grant.**

Robert Johnson mentioned his individual discussions with the board members. Mr. Johnson and Ronnie Martin visited numerous businesses with visible storm damage, informing them about the available programs and assistance. As a result, the number of people calling into the office for help has increased significantly.

One key item was the proposal to waive the start of the project delay clause in the case of a storm. They were contemplating a temporary waiver, similar to the city waiving permit fees. Robert Johnson suggested a motion to waive this clause for 90 days effective July 10th. This adjustment to July 10th was necessary as businesses deal with insurance and aim to reopen quickly.

Mark Parker commented on the importance of their role as the “payer of last resort,” ensuring that while they are available to help, businesses should also seek other resources for infrastructure needs. Josh Mitchell appreciated the phrase "payer of last resort."

Ronnie Martin made a motion to waive this clause for 90 days effective July 10th, seconded by Mark Parker, and **MOTION PASSED UNANIMOUSLY.**

4. **Discuss and review the UTSA Project status.**

Ana Silbas provided an update on the community session, which has been rescheduled due to Hurricane Beryl. Additionally, the location of the session has changed to the Freeport Historical Museum, located in Downtown Freeport. Mainstreet and the EDC are working together to answer questions specifically related to zoning and to identify information on key properties. UTSA will plan a presentation before the community reveal and hold conversations with downtown owners who want to collaborate on improvements. Ms. Silbas also mentioned that the date for Kidfest has been moved to September, but it will remain in the same timeframe. The theme for Kidfest is "Wildlife Adventure," and there are additional sponsors involved. Ms. Silbas thanked Ronnie Martin for attending a downtown roundtable last Friday, which brought downtown stakeholders together to discuss specific strategies and express gratitude for continued partnership.

Robert Johnson added that, regarding the Gensler project, those involved in the Gensler project, Jonathan Mitchell, Dr. Ian Caine with the University of Texas San Antonio, Ms. Silbas, Mr. Johnson, and the team had a community meeting to gather input for making necessary design changes. In working with Dr. Ian Caine, the timelines for both the UTSA and Gensler projects were almost identical. During a joint meeting, it was decided to push the Gensler project presentation date to the board back to align both projects. This alignment will ensure a cohesive flow between the areas, which both Jonathan Mitchell and Dr. Ian Caine recognized, leading to a mutual agreement to push the Gensler project presentation back to August, with a possible move to September. Robert Johnson assured that the project is still on track and has not fallen off the agenda, emphasizing the importance of aligning both projects together. Josh Mitchell expressed his appreciation for the update.

5. Discuss and take possible action on adjustments to the current mowing contract.

Robert Johnson reported that issues with Grass Masters have arisen, as discussed with Board Member, David McGinty. The contract took a while to sign due to difficulties in contacting Mr. Matt Covey. Mr. Covey expressed dissatisfaction with the limitations of the mowing contract. Mr. Johnson indicated the matter would need to be addressed by the board since the current contract calls for bi-monthly services and rate. Consequently, the contract with Mr. Covey needs to be reviewed or terminated. Consideration of other available mowing services is being given to bids previously submitted due to the contracted services not being performed as required. Joe Garcia from At-Ease Services has withdrawn his contract bid due to an increased workload from the storm, stating he cannot commit to the contract. Robert Johnson indicated that, after discussions with Lance, the City of Freeport is willing to mow the property once or twice, but not as a long-term solution.

Sandra Loeza inquired about the discrepancy in the contract requirements. Robert Johnson explained Mr. Covey's comments concerning changing the mowing frequency from bi-monthly to weekly, highlighting that some believe the property needs weekly mowing, among other options, such as debris cleanup. Sandra Loeza asked about the comfort level with the current arrangements. Robert Johnson and Sandra Loeza agreed that the contract clearly outlines the requirements, suggesting a change to a weekly mowing schedule at $4,000. Mark Parker proposed approaching Mr. Gardner Campbell for a weekly contract.

Shonda Marshall asked about the marketing strategy for the contract. Robert Johnson explained that the opportunity was posted on the website and social media, and they reached out to the Hispanic Chamber, coordinating with Mrs. Gina Aguirre Adams. Shonda Marshall questioned whether the posting was bilingual. Ken Tyner mentioned that despite the outreach, there was limited response. Mark Parker personally contacted some individuals but felt the opportunity was beyond their scope. Ken Tyner added that a friend mentioned a lack of time to commit. Shonda Marshall emphasized the need to ensure the Hispanic community is adequately informed, suggesting that relying solely on the chamber may not be sufficient. Ms. Marshall noted a desire to meet with Mrs. Aquirre Adams in person to discuss the membership, not just through casual emails. Shonda Marshall also raised concerns about the value they receive from their chamber membership.

Ronnie Martin made a motion to update the mowing contract information and approve all necessary changes, and to terminate the current contract with Grass Masters, LLC, Mr. Matt Covey, seconded by Ken Tyner, and **MOTION PASSED UNANIMOUSLY.**

A new contract from the other bidders will be voted on August 13th.

6. **Discuss and take possible action on the appraisal of 210 & 212 W. Park buildings.**

Robert Johnson reported the board instructed EDC staff to obtain an appraisal for the properties at 210 & 212 W. Park. He mentioned that it has been an open secret that a business has shown consistent interest over the past month, with repeat visits from contractors and engineers. The business owner plans to return this week and expects to finalize their decision. They intend to clean out the grease trap on 210 W. Park to assess its condition before making an offer. The appraisal valued 210 W. Park at $145,000 and 212 W. Park at $200,000, providing a snapshot for considering offers.

Shonda Marshall asked whether the properties would be sold as-is or if renovations would be undertaken. Robert Johnson recalled Mark Parker’s previous comment about the board not being in the real estate business. Mr. Johnson stated that they are working to revitalize the area in collaboration with Main Street and the City of Freeport and that these buildings could be valuable assets. Mr. Johnson recommended using the properties as incentives. Mr. Johnson suggested considering clawbacks and other conditions to ensure the business starts promptly. Although not ready to propose a specific price, Robert Johnson emphasized the potential value as an incentive tool.

Shonda Marshall inquired about the possibility of using the properties as a business incubator. Robert Johnson acknowledged that the idea has been considered among other suggestions. Shonda Marshall shared her experience from a gala where an incubator business for members was discussed, and she believed it could be a great partnership opportunity. Ronnie Martin estimated renovation costs at about $3,000 but noted that they do not want to be in the property rental business. Shonda Marshall agreed but emphasized the value of an incubator for business growth and startups. Paige Bailey, EDC Attorney redirected the discussion back to the topic, which is the appraisal of 210 & 212 W. Park.

Josh Mitchell noted that the prospective buyer is considering purchasing the properties as-is. Mark Parker asked if they could be lenient with the pricing, suggesting $50,000 with clawbacks. Robert Johnson confirmed that they could offer various incentives, similar to previous arrangements with Taco Bell and Starbucks, either through grants or low-cost facilities. Shonda Marshall supported this idea, pointing out that smaller businesses often do not receive as many incentive deals and should be considered. She questioned whether to renovate first or sell as-is and expressed a preference for renovating. Robert Johnson explained that the prospective buyer is willing to undertake improvements themselves, aligning with Mark Parker's suggestion.

Shonda Marshall expressed a desire to see progress, noting that she has been on the board for three years and wants to see decisions made, particularly regarding revitalization. Josh Mitchell acknowledged that progress was made on 208 W. Park and potentially on 212 W. Park as well. The board agreed to continue negotiations and keep informed on the status.

No further questions or comments were raised, and the discussion moved on to the next agenda item.

7. **Discuss the status of the 301 W. Brazos property.**

Robert Johnson provided a brief update on the property located at 301 W. Brazos, also known as the "house on stilts." He reminded the board that earlier renovations were made to get the lights on, water running, and leaks fixed in contemplation of moving the EDC offices to that building. However, the idea was not well received, and the plan was abandoned. The building is located on an 8.8-acre property that is currently under discussion for the Boardwalk project. Discussions with Jonathan Mitchell regarding the Gensler plan include keeping this building.

During the recent storm, the building sustained slight damage, such as shingles and trim coming off, but these are fixable issues. Robert Johnson noted that he needs to double-check the insurance coverage, as this property may not be included, meaning repairs would be out-of-pocket expenses. Mr. Johnson sought direction from the board on whether to proceed with these repairs, considering the slight damages. Given the previous investments to bring the building back to life by fixing water and electricity, it would make sense to address the storm damages as well. Structurally, the building is sound.

Josh Mitchell asked if the property could be added to the insurance after repairs, given that the EDC owns multiple properties. Robert Johnson mentioned that, according to Ms. Ezell, it would be straightforward to add the property to TML insurance. Mr. Johnson sought the board's direction on adding the property to insurance and getting it inspected, rather than making a formal motion.

Ronnie Martin inquired if there had been attempts to lease the property. Robert Johnson explained that efforts were made, including the idea of adding a stairlift, but the building is limited in its potential uses, such as housing a legal office. There was a serious inquiry from a business that eventually chose a downtown location shown by Mr. Jeff Pena. The property's potential uses are restricted, and further decisions are on hold pending the Gensler report.

Shonda Marshall asked about the utility costs associated with the property. Mrs. Cohen reported that the water bill is $54, the electric bill is $90, and there are additional mowing costs. Robert Johnson mentioned that there are a few extra properties listed on the electric bill, which will be investigated further.

8. Discuss and review the Parks Improvement Project progress.

Robert Johnson reported that there was no damage to the equipment installed, according to information received from the City of Freeport, Lance Petty. The team is currently working with IAD Architects on Phase 2 of the plan. Due to the storm, the grand opening was canceled and delayed. Phillips 66 advised taking time to reschedule the event when time permits and schedules can align. Once the renderings are received for the next phase, the team will seek grants and funding. The Lions Club grant paperwork indicated that park projects are not eligible, and there was no response from the international body. However, Ronnie Martin provided the contact for the Texas representative, who confirmed that park projects could proceed once the drawings are ready. Robert Johnson expressed gratitude to Ronnie Martin and Ken Tyner for their coordination.

Robert Johnson mentioned other funding opportunities that were previously unavailable but now have new people in positions to reproach. Mr. Johnson encouraged revisiting these opportunities. Lance Petty added that they are waiting for IAD to present the renderings before moving forward with grants and funding from corporate citizens. The majority of the project involves walking trails, fencing, and ADA equipment. Each presenting entity has goals that they hope to align with.

Shonda Marshall asked if the parks that had already been completed and renovated experienced any damage. Josh Mitchell confirmed that there was no damage to the completed parks.

9. Discuss and take possible action on the Explore More contract renewal.

Robert Johnson discussed the renewal of the incentive items, which are rented out for $250 per month, under Explore More. The current contract is up for renewal, and the proposal is to renew it at the same rate of $250 per month. Josh Mitchell stated that he sees no reason why the contract should not be renewed, especially since the renter is expanding and generating revenue for the city.

Josh Mitchell made a motion to renew the contract with Explore More, seconded by Mark Parker, and **MOTION PASSED UNANIMOUSLY.**

10. Discuss and take action on the Boardwalk project

Robert Johnson explained the reason for this as an agenda item was a request from Shonda Marshall for an update on the Boardwalk Project. Earlier in the evening, it was mentioned that the Boardwalk Project is now tied to the UTSA project, which has been pushed back to ensure alignment. In May, there was a session where Gensler received feedback and planned to make appropriate modifications, initially aiming to present again in July. However, due to the storm and the need for coordination with UTSA, the presentation to the board is now possibly postponed to September.

11. Discuss updates from Retail Strategies

Robert Johnson reported that he has been in contact with Madison Neal, a consultant with Retail Strategies. who will be visiting tomorrow for an on-site meeting. A board packet was sent out, which included a question about recommendations for growth over the next one to two years. This is something Retail Strategies hopes to clarify during the meeting. Mr. Neal mentioned that in many cases, the two-year growth recommendation can be flexible, suggesting that if there are available properties, they [developers or interested parties] should act on them immediately. Robert Johnson proposed showing all available properties to get a targeted approach, which would help keep them up-to-date on real estate and property availability. This has been beneficial so far.

Additionally, Robert Johnson plans to discuss with Madison Neal the impacts of the recent storm and what actions should be taken. The current focus is on retaining existing businesses while continuing to collaborate on generating leads and addressing challenges. The meeting with Retail Strategies will provide further insights on these matters.

VIII. Board and Executive Director Comments

IX. Adjourn

Josh Mitchell requested a Motion to adjourn the board meeting. Shonda Marshall made the motion, and the motion was seconded by Sandra Loeza. **MOTION PASSED UNANIMOUSLY.**

Josh Mitchell adjourned the board meeting at 7:56 p.m.