

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, April 20, 2026 at 6:00 PM at the Freeport Council Chamber located at 430 North Brazosport Blvd. , Freeport Texas for the purpose of considering the following agenda items:

City Council: Mayor Jerry Cain
Councilman Jeff Pena
Councilman Jarvis Davis
Councilman George Matamoros
Councilman Winston Rossow

Staff: Danielle M Kelly, DPA, City Manager
Jennifer Howell, Police Chief/Assistant City Manager
Chris Duncan, City Attorney
Clarisa Fernandez, City Secretary
Ashlee Hurst, Finance Director
Toby Cohen, IT Director
Chris Motley, Fire Chief
Genesis Martinez, Interim Human Resources Director
Corey Brinkman, Police Captain
Craig Graham, Police LT
Juanita Cardozo, Police Department
John Perez, Interim Public Works Director
Robert Johnson, EDC Director

Visitors:	David McGinty	Nicole Mireles
	Melanie Oldham	Kenneth Hayes
	Con McCleester	Sam Reyna
	Diane McCleester	Carol Parker
	Ron Bachman	Mark Parker
	Margaret Bachman	Linda Marshall
	Rob Giesecke	Andrew Dill
	Amanda Veliz	

Call to Order:

Call to Order - Jerry Cain, Mayor

Mayor Cain called the regularly scheduled meeting of the Freeport City Council to order at 6:01P.M. on April 20, 2026, declaring a quorum was present.

Invocation - Councilman

Councilman Rossow led the Invocation.

Pledges - Pledge of Allegiance to the United States; Pledge of Allegiance to the State of Texas.

Councilman Rossow led the Pledge of Allegiance to the United States and the Pledge of Allegiance to the State of Texas.

Matters Subsequent to Posting.

City Manager Dr. Danielle Kelly stated that there were no matters subsequent to posting.

Audience Participation – Anyone who has registered to speak prior to the meeting being called to order and desires to address the City Council will be heard at this time, or during the discussion of an item listed on the agenda. These forms are located by the City Secretary. After completing the form, give it to the City Secretary. She will give it to the Mayor. The Mayor will call on you when that item is presented, once a motion has been made by Council then public participation will not be allowed. You will have four (4) minutes to make your comments regardless of the number of agenda items to be addressed.

Sam Reyna resides at 2002 North Avenue G. He addressed the council raising concerns about the criminal history of Mr. Peoples running for public office. He referenced his own experience being denied candidacy for mayor due to criminal record issues, citing Attorney General Ken Paxton's ruling, and questioned why similar standards were not applied to others. Mr. Reyna stated that if he was disqualified on that basis, others with criminal records, including individuals with harassment-related charges, should also be deemed ineligible. He referenced ongoing accusations involving Councilman Pena and Councilman Matamoros related to harassment and possible assault, and questioned why individuals with such histories are allowed on the ballot. He requested that the mayor direct legal counsel to review candidate applications for accuracy, suggesting possible perjury regarding disclosure of criminal records and recommending removal from the ballot if violations are found. Mr. Reyna then addressed a separate matter regarding an EDC subcommittee formed approximately five years ago to install two light poles and construct a deck on the riverbank at the 8-acre EDC property. He stated that Councilman Pena led the subcommittee and alleged there was no oversight of expenditures, with funds spent at Councilman Pena's discretion. He stated the project work was substandard, citing lack of a licensed electrician, absence of permits, failure to pass inspection by CenterPoint, and unsafe construction of the deck using improper materials. He stated approximately \$25,000 was spent without supporting invoices for labor or materials and noted that Councilman Pena served as EDC treasurer at that time. Mr. Reyna spoke about Councilman Pena's use of the term transparency, stating that taxpayers are being placed at risk. He concluded by thanking City Manager Dr. Danielle Kelly for displaying a plaque at City Hall commemorating the 250th anniversary of the signing of the Declaration of Independence. Mr. Reyna emphasized the importance of defending the nation's founding principles of equality, freedom, and liberty, and stated that greed and abuse of power have led to a loss of trust among Freeport residents in their local government, asserting that some council decisions are driven by personal interests, specifically Councilman Pena.

Rob Giesecke, Chairman of Port Freeport Commission, accompanied by Public Affairs Manager Amanda Veliz, extended an invitation to the Take A Child Fishing Tournament scheduled for Saturday, May 9th. He explained the event is for children ages 3-14 with two age groups, expects approximately 400 participants, and offers about 200 door prizes. Entry requires two canned goods for the Brazoria County Dream Center, and participants must bring their own tackle. The tournament runs from 8:00 AM to noon, marking its 26th year.

Proclamations - Presentations and Updates

Employee Recognitions - Employee of the Month, Genesis Martinez, Interim Human Resources Director, Human Resources Department - Dr. Danielle Kelly, City Manager

City Manager Dr. Danielle Kelly presented the employee of the month to Genesis Martinez, Interim Human Resources Director, Human Resources Department.

Recognition of Finance Department for Transparency Star Award in Traditional Finances - Dr. Danielle Kelly, City Manager

City Manager Dr. Danielle Kelly announced that the City of Freeport received the Transparency Star in Traditional Finances award from the Texas Comptroller of Public Accounts through the statewide Transparency Stars program. She explained this recognition highlights the city's commitment to open government, fiscal accountability, and providing residents with clear, accessible, and meaningful financial information. The award specifically acknowledges the finance department's efforts to present financial data that is publicly available, understandable, and usable by the community. Dr. Kelly detailed that the program recognizes local governments exceeding minimum reporting requirements by proactively sharing financial information through budgets, financial reports, summaries, visualizations, and downloadable data. The traditional financial designation reflects high standards of transparency in core financial reporting, including public availability of multi-year budgets, audited financial statements, and detailed expenditure data in user-friendly formats. She thanked Finance Director Ashlee Hurst and her team for achieving this recognition.

Presentation by BrooksWatson & Co. on the Audited Financial Report and Auditor's Opinion for the fiscal year ending September 30, 2025, followed by consideration to receive and file - Mike Brooks, Partner

Mike Brooks, partner with Brooks Watson and Company, presented the attached presentation titled "Attachment A".

Mayor Cain questioned whether the audit reviews every line item. Mike Brooks clarified they do not examine every transaction but provide reasonable assurance through testing significant portions of activity based on volume and risk assessment, not absolute assurance requiring complete recreation of the year's accounting.

Councilman Davis thanked Mike Brooks for the audit work and praised city staff, particularly Finance Director Ashlee Hurst and City Manager Dr. Danielle Kelly for their integrity and transparency in managing city finances. He commended the team's efforts in building a better city and managing finances effectively.

Councilman Pena asked if Mr. Brooks' firm also audits the EDC. Mike Brooks confirmed they do, explaining the EDC is included as a component unit in the financial statements presented, but they were not engaged to present a separate EDC report to council unless specifically requested.

A motion was made by Mayor Cain to receive and file the audited financial report and auditor's opinion for the fiscal year ending September 30, 2025, seconded by Councilman Matamoros with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Pena voted "Nay".

Upcoming Events -

Riverfest, April 24-25

Glow Zumba, April 29, Freeport Rec Center, 8:30AM

City Manager Dr. Danielle Kelly gave updates on upcoming events.

Consent Agenda:

Action regarding Minutes, March 31, 2026 and April 6, 2026 - Clarisa Fernandez, City Secretary

Action approving the Monthly Financial Report through March 31, 2026 - Ashlee Hurst, Finance Director

A motion was made by Councilman Matamoros to approve the Consent Agenda as presented, seconded by

Councilman Rossow with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Pena voted "Nay".

Business

Second reading: Consideration and possible action approving Resolution No. 2026-3042 for an EDC Settlement Agreement.

Ron Bachman, EDC board member residing at 96 Dolphin Lane, encouraged council approval of the agreement. He stated that while one Councilman previously criticized the agreement for not including everything desired, the EDC director worked with other parties and a mediator while holding fast to principles benefiting the city. Mr. Bachman addressed concerns about concrete streets mentioned at previous meetings, noting the agreement requires streets meet Freeport requirements. He referenced concrete streets in Lake Jackson as examples of surfaces that hold up but do not remain level, becoming problematic for driving. Mr. Bachman urged reliance on professionals rather than micromanaging matters outside council expertise.

Andrew Dill expressed concerns about structures that have been deteriorating for years. He mentioned discussing the situation with a former city inspector (no longer with the city) who believed cable tension in slabs was never properly tensioned during construction, noting the absence of crimping marks typically visible after proper tensioning. Mr. Dill emphasized the importance of ensuring quality construction that will not deteriorate within 10 years, affecting residents who invest their lives and raise families in these homes.

EDC Director Robert Johnson presented the second reading of Resolution No. 2026-3042 for an EDC settlement agreement. He explained that Judge Sebesta (mediator), Brad Ireland, and Andrea Chan were present to answer questions. Johnson detailed that the proposed agreement resolves outstanding property ownership and development disputes involving multiple lots within the Velasco townsite and establishes a path forward for infrastructure completion and residential development. Under the agreement, Mr. Johnson explained, the EDC conveys property interest to GNL and AMG, while developers commit to completing required infrastructure improvements and constructing residential units according to city standards. The agreement includes a completion deadline of December 31, 2027, with liquidated damages for failure to meet deadlines. It also includes mutual releases of claims, dismissal of pending litigation, and provisions ensuring clear title, tax responsibility, and lien resolution. Mr. Johnson noted the agreement addresses long-standing disputes related to property reversion, foreclosure actions, and competing ownership interests across multiple Velasco townsite lots. He mentioned the City Council considered a prior version at the February 17, 2026, meeting, after which council directed staff to pursue additional sureties and clarifications to strengthen accountability, ensure project completion, and improve enforceability. The agreement would be securitized as a court-ordered agreement. Mr. Johnson outlined key revisions made in response to council direction: infrastructure completion requirements for roadway and related improvements including North Avenue N and West Royere extensions according to city requirements with shared cost participation; residential development obligations requiring GL&L and AMG to develop specific lots with all construction complying with applicable city and county codes; project completion deadline requiring certificates of occupancy by December 31, 2027; liquidated damages of \$500 per day following a 10-day cure period for missed deadlines; and force majeure provisions allowing limited extensions for documented delays caused by the city or events outside developer control with strict notice requirements. The financial impact divides road completion costs as follows: Freeport EDC 50%, AMG 25%, and GL&L 25%.

A motion was made by Mayor Cain to approve Resolution No. 2026-3042 for an EDC Settlement Agreement, seconded by Councilman Matamoros with discussion that followed.

Brad Ireland, attorney retained by Westcourt Title Insurance Company representing AMG Texas Capital, explained that AMG was one of two lenders that lent money to a now-defunct builder to construct homes in

the affected area. The default occurred in 2020, leaving AMG out approximately \$400,000 for six years. Mr. Ireland emphasized the settlement does not make AMG whole but allows them to cut losses through a compromise resolution. He noted the city and EDC are fortunate to have lenders with construction components capable of completing homes and bringing value to lots while generating additional tax revenue. From the city's perspective, Mr. Ireland described it as beneficial, getting eyesores finally constructed, completed, sold, and adding to population and tax base exactly what the original economic development agreement intended.

Councilman Davis inquired about the number of houses and AMG's involvement. Brad Ireland stated there are six houses and clarified that AMG has the two partially constructed homes still on location approximately 80% complete and is co-venturing with GL&L to construct the remaining homes. Regarding the existing structures, Mr. Ireland explained that AMG had a structural engineer conduct an inspection in 2025, determining the homes were structurally sound and consistent with city construction ordinances. While some portions would need replacement or reconstruction, complete demolition to foundation level was not necessary. Mr. Ireland noted AMG's primary business involves multifamily housing and apartment complex construction throughout the United States, with structural engineers on staff.

Mayor Cain confirmed the city was involved in the inspection process. EDC Director Robert Johnson added that Mr. Torres confirmed via text that foundations were indeed checked and engineered approved. Councilman Davis asked about drainage inclusion in road construction. EDC Director Robert Johnson confirmed roads would be built to city specifications, including drainage, noting meetings during mediation with building code officials, EDC, fire chief, fire marshal, and city manager to discuss all road and building requirements.

Councilman Pena expressed strong opposition to the settlement, stating he expected a 4-1 vote against his position. He spoke about the process, claiming eight years of problems began in 2018 with a bad start that was not beneficial for the city. Councilman Pena stated that while six houses might add 24 residents and generate approximately \$7,000 annually in tax revenue, the city was giving away at least \$200,000 worth of property and \$88,000 in infrastructure, creating a 52-year return on investment. Councilman Pena talked about the secrecy surrounding litigation and mediation over recent years, arguing that since the city owns half the property, city council should have been part of negotiations. He expressed frustration with being told to go away when seeking information, despite the mayor serving as EDC liaison. Councilman Pena questioned the reliance on experts, demanding to see actual reports and documentation before approval rather than accepting verbal assurances. He referenced past issues with incompetent and unqualified city staff members fired in 2025 due to nepotism hires, emphasizing the need for licensed professionals with accountability. Councilman Pena recounted the project's political origins, describing backroom deals involving former officials where EDC board members were told to shut up and proper procedures were ignored. He spoke about the current cost-sharing arrangement where the city pays for street construction that was originally the developer's responsibility.

Councilman Matamoros questioned each representative present. He asked Judge Sebesta about winners in the settlement, with Judge Sebesta explaining that mediated settlements rarely produce clear winners but rather good resolutions where all parties had risks. Judge Sebesta confirmed mediation confidentiality rules while noting parties could disclose information to their respective organizations. Councilman Matamoros asked attorney Andrea Chan if the agreement resolves the lawsuit for the city EDC and contains items requested at the February 17, 2026 meeting. Ms. Chan confirmed both points. He verified with Brad Ireland that AMG was satisfied to release the lawsuit against FEDC, with Mr. Ireland confirming AMG's eagerness to resolve the matter after many years. Judge Sebesta added that unlike typical 4-8 hour mediations, complex cases like this require extended time with multiple meetings involving city officials to ensure agreements meet all requirements, similar to the Port Freeport mediation he previously handled. Councilman Matamoros confirmed with EDC Director Robert Johnson that the EDC board unanimously voted to accept and move

the agreement forward. Councilman Matamoros then addressed what he termed hyperbole and flat out lies from previous meetings, referencing his research of EDC meeting minutes from June 19, 2018, August 14, 2018, and October 23, 2018. He read minutes showing Councilman Pena's attendance and votes, countering Pena's claims of opposing the project. Councilman Matamoros read specific EDC meeting minutes showing Councilman Pena's participation in unanimous votes supporting project elements, including engineering reviews and maintenance bond requirements, contradicting Councilman Pena's claims of opposition. Councilman Matamoros expressed faith in City Manager Dr. Danielle Kelly, the new building official, city staff, EDC board, and attorney Ms. Chan to ensure proper completion and compliance with city codes. He thanked all parties for their time and participation.

Councilman Pena stated this was buffoonery and defending his record of requesting due diligence, engineering reports, and financial disclosures. He spoke about the examples given actually supported his positions rather than contradicting them. Councilman Pena acknowledged Judge Sebesta's professional mediation work and attorney Ms. Chan's client representation while speaking about the process for not helping the city. Councilman Pena reiterated that he had requested information before mediation began, calling the "we are in mediation, we can not talk about it" and response lame ass excuse that persisted for years. He spoke about the EDC board members for playing cat and mouse games with information requests. Councilman Pena spoke against the settlement being "win-win" stating it was actually "win-lose" with the city suffering greater losses. He referenced EDC Director Robert Johnson's previous admission that the worst-case scenario would require starting over, which Councilman Pena had advocated throughout the process. He called for starting fresh with a public process allowing qualified developers to compete fairly rather than continuing with what he termed political backroom deals. Councilman Pena warned taxpayers this was a raw, bad deal for Freeport, predicting future problems when the settlement fails and the city faces unnecessary \$400,000 losses.

Mayor Cain stated that eight years of litigation and at least a year of mediation did not constitute rushing the decision. He thanked all participants for their hard work, including Johnson, attorneys, Judge Sebesta, and the EDC board. Mayor Cain asked Finance Director Ashlee Hurst how much money the properties currently generate for the city. Ms. Hurst responded none.

Mayor Cain called the motion to a vote with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Pena voted "Nay".

Consideration and possible action approving the park closure for Take-A-Child Fishing Tournament on Saturday, May 9, 2026.

Interim Public Works Director John Perez requested park closure from 6:00 AM to 2:30 PM on Saturday, May 9th for safety concerns during the Take A Child Fishing Tournament.

A motion was made by Councilman Pena to approve the park closure for Take-A-Child Fishing Tournament on Saturday, May 9, 2026, seconded by Councilman Davis with discussion that followed.

Councilman Davis thanked Port Freeport for their annual event, noting it is essentially free for children with only canned goods required as entry fee. He praised the tournament's 26th year and encouraged families to participate, expressing hope for many more years to come.

Mayor Cain echoed Davis's sentiments, noting that while many cities can host various events, Freeport is one of few places that can hold such a unique fishing tournament. He thanked Port Freeport for 26 years of service and anticipated many more, noting that City Manager Dr. Danielle Kelly would experience her first tournament.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Discussion of 2026 Council Priorities Survey Results.

City Manager Dr. Danielle Kelly presented the attached presentation titled "Attachment B".

City Manager Dr. Danielle Kelly presented results from a community survey designed to gather input on key priorities for strategic planning and the upcoming budget process. The survey asked respondents to identify top priority areas, rate city service importance, and provide feedback on current performance and community needs. A total of 60 responses were received, with 77% indicating they interact with the city at least occasionally and 23% reporting limited interaction. Survey results showed clear emphasis on infrastructure and utilities as the community's highest priority, followed by city facilities and public assets, then economic development and tourism. Respondents consistently rated all major service areas as important but reflected a perceived gap between service importance and current performance, particularly in infrastructure, economic development, and overall service delivery.

Councilman Pena questioned the low response rate of 60 from a population of 10,000, suggesting future surveys could be conducted at city events with promotional items or at the beach with trash bags as incentives to increase participation.

Mayor Cain admitted initial skepticism about the survey but found value after completing it online. He shared concerns about only 60 participants and suggested extending the survey period for more information, or conducting it earlier next year to better inform the budget cycle.

City Manager Dr. Danielle Kelly agreed to explore these options, with Councilman Pena noting this was Freeport's first survey of its kind.

Councilman Rossow questioned why nearby cities like Lake Jackson, Clute, and Angleton continuously attract new businesses while Freeport struggles. He asked who was responsible for business attraction and giving Freeport opportunities. Councilman Pena responded, referencing a consultant company, Retail Strategies, from five years ago that identified two key issues: not capitalizing on waterfront strengths and socio economics, with 60% of Freeport residents at or below poverty level. He noted getting Starbucks was a victory, but explained that companies like HEB make profit-based location decisions. The recommendation was increasing residential development and new homes to improve demographics for business attraction.

Councilman Matamoros agreed infrastructure needs upgrading and charged future council members and staff to prioritize infrastructure before true growth arrives, emphasizing the need to get infrastructure correct from the beginning to avoid future issues.

Councilman Pena expanded on infrastructure concerns, noting that despite six years of focus and investment in streets, sewer, drainage, and meters with some overspending, the real problem was not lack of investment but inadequate staffing. He cited examples of improper inspections during 2023 street construction on ninth, tenth, eleventh, and twelfth streets, where the public works director Lance Petty failed to perform proper inspections, with residents recording his negligence. Councilman Pena emphasized hiring qualified, hardworking staff rather than corrupt or incompetent individuals, praising current quality staff while stressing the need for smart leadership in HR, public works, parks, beach, and assistant city manager positions.

Mayor Cain agreed with both Councilmen's points about infrastructure investment and quality over the past six years while acknowledging ongoing issues with flooding and sewer problems during rain events,

emphasizing the need to maintain momentum.

Councilman Davis agreed infrastructure should always be a priority for any city leadership team, noting it's an ongoing, never-ending, and costly endeavor requiring continuous effort. He praised the city's progress while noting opportunities for improvement through grants, mentioning the recently hired grant writer. Councilman Davis highlighted Freeport's population decline from over 12,000 to approximately 10,000, identifying tourism and foot traffic as areas where the city has failed. He argued that attracting businesses requires foot traffic and cited the city's demographics and aging population as challenges for supporting major corporations. Councilman Davis emphasized capitalizing on Freeport's unique waterfront assets, comparing successful water-based attractions in Galveston, Kemah, and New Braunfels. He advocated for sports complexes to attract families and generate weekend tourism, describing personal experiences with youth sports events drawing 400-500 people to small venues, creating opportunities for hotels, restaurants, and retail businesses.

Consideration and possible action regarding the rescheduling of the first May 2026 meeting to May 7, 2026.

Mayor Cain presented the staff recommendation to reschedule the first May 2026 meeting to Thursday, May 7, 2026, to accommodate election canvassing timelines. He explained the general election is scheduled for May 2, 2026, with the canvassing period occurring May 5-13, 2026. The adjustment allows sufficient time for election-related processes and ensures compliance with applicable timelines, as the city charter requires canvassing within five days after election day.

A motion was made by Mayor Cain to approve the rescheduling of the first May 2026 meeting to May 7, 2026, seconded by Councilman Matamoros with discussion that followed.

City Attorney Christopher Duncan confirmed the rescheduling is legal, explaining that after the election, the county certifies results and sends them to the city secretary. Once certified, the city can pass the ordinance canvassing election results, allowing new council members to be sworn in at the same meeting.

Councilman Pena questioned why a special meeting could not be called instead, as is typically done for such events, and asked if the rescheduling was legal. City Attorney Christopher Duncan confirmed it was legal with majority council vote. Councilman Pena asked about swearing-in timing for new electees. Mr. Duncan explained new council members could potentially be sworn in on the seventh, pending receipt of certified county results. When Councilman Pena asked about compliance requirements, Mr. Duncan confirmed the city would be legally compliant by holding the meeting on the seventh.

Mayor Cain noted this could potentially be the last regular scheduled meeting of the current council.

Mayor Cain called the motion to a vote with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Pena voted "Nay".

Consideration and possible action on CenterPoint's Distribution Cost Recovery Factor proposed settlement.

City Attorney Christopher Duncan explained the situation involving the Public Utility Commission, which controls utility rates statewide. He described how CenterPoint Energy provides transmission services while customers can choose their electric company for billing, with part of the bill going to CenterPoint for transmission fees covering power line maintenance and infrastructure. Mr. Duncan detailed that CenterPoint filed a request with the PUC for rate increases through a distribution cost recovery factor, citing disasters, extra expenses, and higher costs requiring legitimate expense recovery and transmission rate increases. The Texas Coalition of Cities for Utility Issues represents cities statewide, arguing on behalf of cities and

electricity customers to fight CenterPoint before the PUC, seeking zero or minimal rate increases. Mr. Duncan confirmed Freeport signed on with this organization, along with most Texas cities, to argue for keeping electricity rates as low as possible. Mr. Duncan explained the coalition negotiated an agreement with CenterPoint to reduce the increase amount and delay/spread recovery over a longer period, preventing quick cost recovery. The coalition requested city approval of the settlement agreement. Mr. Duncan noted that while Freeport's single vote does not have veto authority over the agreement, he recommended council approval since the city relies on the coalition to fight for the best deal on their behalf.

Mayor Cain noted CenterPoint appears to have similar infrastructure issues as Freeport. City Manager Dr. Danielle Kelly agreed with City Attorney Christopher Duncan's assessment.

A motion was made by Councilman Matamoros to approve CenterPoint's Distribution Cost Recovery Factor proposed settlement, seconded by Councilman Davis with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Work Session

Councilman Pena Ward A announcements and comments.

Councilman Pena thanked everyone who stood up for transparency and accountability and those who signed the accountability petition. He praised city staff, police, parks, and public works departments for excellent beach maintenance, noting the beach has never looked better with improved trash cans and sand clearing creating flat, navigable surfaces for low-profile vehicles. Councilman Pena addressed citizen comments, making what he termed necessary clarifications. He spoke about Sam Reyna who was also convicted of illegal gun carrying and heroin dealing with prison time, promising to release documentation. Councilman Pena disputed Mr. Reyna's claim about \$25,000, stating the actual amount was \$2,500, and that licensed electricians were hired for the project. Councilman Pena blamed stupid politics for project failures, claiming electricians were harassed and threatened by EDC board members and residents trying to prevent progress due to personal proximity concerns. He spoke about threats from current board member David McGinty and resident Gardner Campbell, who received a sweetheart riverfront deals. Councilman Pena spoke about former city manager Tim Kelty for illegally wiring \$345,000 to Covarrubias and weaponizing the code department against EDC property improvements. He spoke about former building and code director Kacey Roman of using her position to settle scores and secretly instructing CenterPoint to prevent progress, alleging her involvement in pay-to-play permits. Despite not being reappointed to the EDC in 2022, Councilman Pena stated Mr. Kelty and Ms. Roman worked together pressuring the EDC board to remain in city hall. Councilman Pena announced Mayor Cain had been formally recalled with over 300 citizen signatures submitted that day. He noted two active felony assault charges against Cindy Cain and Mr. Lovely Matamoros. Councilman Pena encouraged citizens who signed petitions to join city boards, which will have openings in May and June, urging them to take your city back. Addressing Councilman Matamoros's earlier misrepresentation of EDC minutes, Councilman Pena detailed historical conflicts involving Councilman Matamoros family cleanup contracts and subsequent lawsuits. He referenced conflicting sworn testimony between Councilman Matamoros and former Mayor Brooks Bass regarding work completion percentages, noting Mr. Bass told him the situation still makes me sick. Councilman Pena concluded by stating he was glad this might be the last meeting with one less untruthful councilman spewing lies and warned of potential defamation lawsuits in addition to assault charges. He discouraged voting for Nicole Mireles, claiming she received advice from Sam Reyna, which he described as concerning given Mr. Reyna's record.

Councilman Davis Ward B announcements and comments.

Councilman Davis thanked attendees and viewers, acknowledging criticism of past employees while praising current staff quality. He noted that while he was not present during previous problematic staff situations,

current replacements are upstanding employees doing excellent work. Councilman Davis highlighted applications for HR and assistant city manager positions from experienced candidates, praising recent hires including Reggie Harris and others with relevant experience. He emphasized the importance of experience, stating you get what you pay for and attributing past problems to lack of experienced employees and representatives. Councilman Davis expressed excitement about City Manager Dr. Danielle Kelly's experience as city manager and the overall direction toward hiring experienced professionals. He encouraged future council members to maintain open minds, agree to disagree constructively, and prioritize Freeport's interests over personal positions. Councilman Davis emphasized the importance of working together, finding each other's strengths, and supporting effective staff collaboration. He urged accountability while acknowledging that everyone makes mistakes, noting that even Jesus faced false accusations. Councilman Davis thanked candidates running for City Council, noting the limited number of people willing to serve given the challenges involved. He mentioned upcoming head-to-head races and uncontested seats, predicting significant changes ahead. Councilman Davis reported a resident concern from a church member who fell due to uneven, broken sidewalk pieces at the stop sign near Mesquite and West Broad Streets. An ambulance was called, and Councilman Davis planned to send photos to Dr. Kelly requesting repairs for the safety of elderly church members crossing the area to reach parked vehicles. Councilman Davis also mentioned another problematic spot on Ninth Street with protruding cement creating hazards for vehicles, requiring patching or repair work.

Councilman Matamoros Ward C announcements and comments.

Councilman Matamoros thanked city staff, especially code enforcement, for another successful community cleanup in which he participated. He noted orderly operations and joked that while not all trash was removed, there was still a little bit left in here, will get it out soon, or maybe they will leave on their own. Councilman Matamoros reminded residents that early voting started that day for positions up for election and charter amendment items requiring voter approval to improve the city charter. Councilman Matamoros announced his support for Nicole Mireles, noting her attendance at every meeting, volunteer board service, hands-on involvement, and willingness to help the city with various issues. In his five years attending meetings first as resident, then three as councilman, he had consistently seen Ms. Mireles involved while never seeing her opponent participate. Councilman Matamoros referenced other issues with the opposing candidate involving city dealings, describing him as not the type of person desired for the position. He spoke about Captain Corruption of wanting to control the candidate as he allegedly did with Mr. Mario and others. Councilman Matamoros spoke about Councilman Pena's drunk driving mugshot while noting the absence of any criminal mugshot of himself. He defended against lies about perjury, stating he could sleep peacefully knowing his actions were proper. Councilman Matamoros reflected on his three-year tenure, acknowledging it was tough with limited accomplishments due to interference from Captain Corruption. He expressed gratitude to Ward C residents who trusted him with their votes. Councilman Matamoros challenged Councilman Pena to pursue threatened lawsuits, questioning Councilman Pena's ability to afford lawyers for existing legal issues. Councilman Matamoros concluded by reflecting on his decision to run three years ago for residents' benefit. Despite challenges, he felt comfortable with accomplished goals and enjoyed working civilly with other council members even when disagreeing on votes. Councilman Matamoros praised good city employees while noting some departed due to harassment. He expressed hope this election could move the city forward, encouraging voting for progress. He thanked residents and city employees for their dedication and hard work, concluding with this is not a goodbye, it is just see you later.

Councilman Rossow Ward D announcements and comments.

Councilman Rossow thanked attendees and those watching online for taking time to observe council decisions. He spoke on his lifelong Freeport residence and recent 55-year high school reunion, he shared historical perspective on the city's improvements. Councilman Rossow emphasized Freeport's location six feet below sea level, noting that longtime residents remember when 2-3 inches of rain caused significant flooding. He stressed that infrastructure improvements have been tremendous, though acknowledging remaining pockets where drainage remains challenging. Councilman Rossow explained that when receiving 2-3 inches of rain in one hour while six feet below sea level, rapid water movement is impossible and will

remain a permanent challenge regardless of infrastructure investments. Councilman Rossow promoted the museum trip to Rosenberg Railroad Museum with 20 remaining seats available for residents 55 and older. Registration is at the recreation center with no cost for museum admission or meals. He highlighted successful past trips, including prime Astros game seating provided by the EDC. Councilman Rossow encouraged senior citizen participation in Monday bingo games offering nice prizes and meals. He promoted Riverfest attendance despite acknowledging it is nothing like it used to be but emphasized continued community support for the event.

Mayor Jerry Cain announcements and comments.

Mayor Cain thanked attendees and home viewers, noting the second consecutive meeting with nearly full attendance despite drizzling weather, which he considered encouraging. He emphasized the importance of audience participation for accountability. Mayor Cain reminded everyone that early voting began that day with four candidates running for two council seats plus several important charter amendments. He encouraged voting even for residents in wards without candidates, emphasizing charter amendment importance. Mayor Cain noted the historical low voter turnout, citing 400 votes in the last mayoral election from a 10,000-person population, expressing hope for improved participation. Mayor Cain reported attending a downtown vision session organized by Main Street Coordinator Maria Lopez, with EDC Director Robert Johnson and Building Official Reggie Harris also participating. The informative session featured expert presentations on downtown revitalization requirements, generating optimism about momentum and future planning. Mayor Cain praised the citywide cleanup's success, observing extensive participation with lines stretching 3½ blocks early morning and still exceeding 2 blocks by 11 AM. He thanked both citizens for participation and AmeriWaste for contractual performance and professional service. Mayor Cain highlighted AmeriWaste employees' vigilance in discovering and rescuing a dog someone had placed in a trash can, praising their immediate response calling 911 and enabling police rescue. He expressed hope for identifying and preventing recurrence of such animal cruelty. Addressing Councilman Pena's recall petition submission, Mayor Cain stated he would not use the meeting agenda to discuss the matter but warned against mistaking his silence for guilt. He promised to set the record straight when appropriate timing allowed. Mayor Cain reaffirmed his commitment to serving Freeport's best interests while remaining in office.

City Manager announcements and comments.

City Manager Dr. Danielle Kelly stated she had no additional comments.

Executive Session

Executive Session regarding a.) Texas Government Code, Section 551.071 (Consultation with Attorney) 1.) Covarrubias litigation 2.) Industrial District 3.) Vencorex IDA.

The Regular Session closed at 8:33P.M. and the Council entered into the Executive Session.

Reconvene into Open Session:

Take any action resulting from Executive Session.


The Executive Session ended at 9:22P.M. and the Council went back into Regular Session.

There was no action from the Executive Session.


Adjournment

Adjournment – Jerry Cain, Mayor

A motion was made by Councilman Matamoros to adjourn, seconded by Councilman Rossow with all present and voting "Aye" 4-1. Councilman Pena voted "Nay". Mayor Cain adjourned the meeting at 9:23P.M



Jerry Cain, Mayor



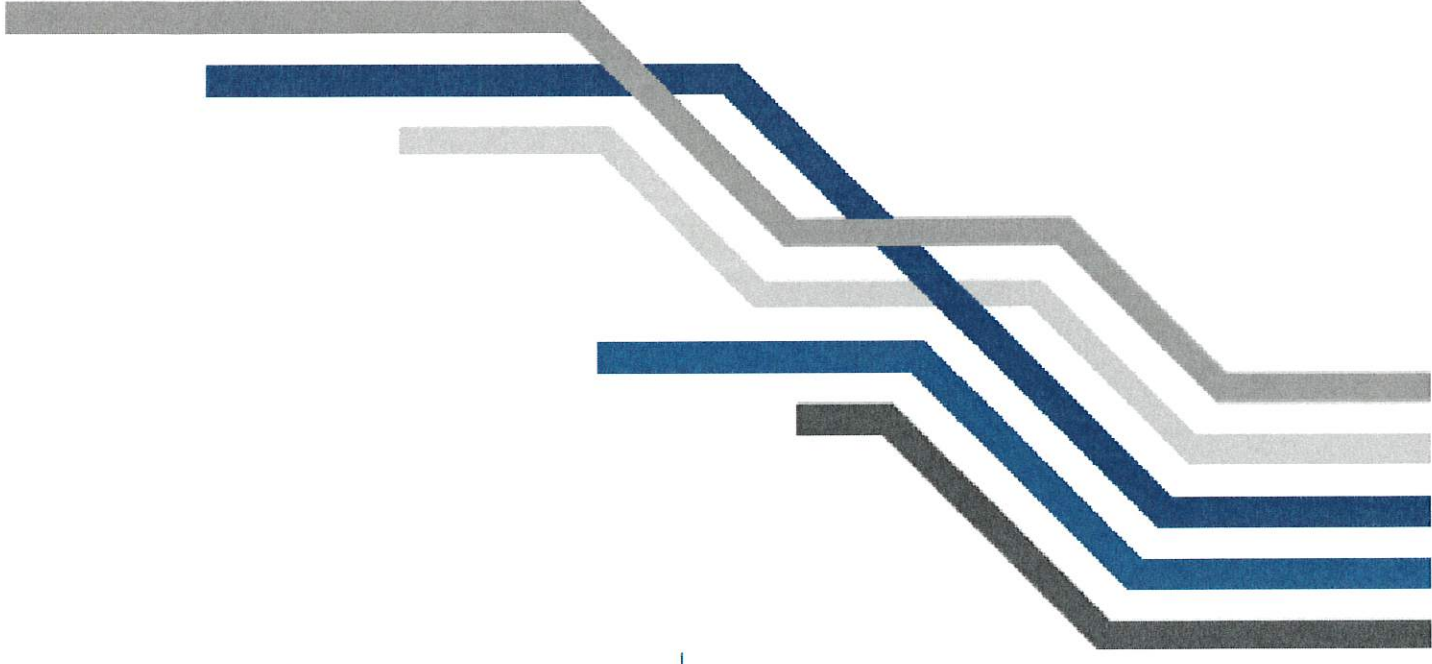
Clarisa Fernandez City Secretary

Freeport, Texas

Audit Presentation

September 30, 2025

Presented By: Mike Brooks, Audit Partner
April 20, 2026



OVERVIEW OF THE AUDIT PROCESS

3 Stage Process: Planning, Fieldwork, Conclusion & Reporting

Audit Standards: The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS).

Internal control processes and controls are evaluated and examined as part of audit assessment procedures.

We use a risk-based approach in which we identified potential areas of risk that could lead to material misstatement of the financial statements.

We performed testing over the City's compliance with provisions with laws, regulations, contracts and grant agreements, including programs such as compliance with Public Funds Investment Act (PFIA).

Internal balances are agreed to underlying reports, and testing is performed to assure those balances are materially accurate.

The results of testing procedures are evaluated. The report is prepared, in addition to the required letters of communication.

Assessment

Processes and controls are evaluated

Risk-Based Approach

Potential areas of risk are identified

Compliance Testing

Test compliance with laws and regulations

Fieldwork

Test accuracy of financial information

Conclusion & Reporting

Evaluation and communication of results



COMPONENTS OF THE ANNUAL FINANCIAL REPORT

- ❖ Auditor’s Opinion
- ❖ Management’s Discussion and Analysis
- ❖ Basic Financial Statements
 - Government-Wide Statements
 - Fund Level Statements
 - Notes to the Financial Statements
- ❖ Required Supplementary Information
 - Budget to Actual – General Fund
 - TMRS Pension Information

INDEPENDENT AUDITOR'S REPORT

REFERENCE AFR – PAGE 1

- ❖ Four possible outcomes



-Unmodified

-Modified

-Adverse

-Disclaimed

- ❖ The City received an unmodified opinion
- ❖ Highest level of assurance

BW&C

Financial Highlights

Governmental Revenues

- ❖ Total M&O property taxes were \$3,358,614, decrease of \$38,803.
- ❖ M&O tax rate decreased from \$0.4683 in FY 24 to \$0.4504 in FY 25, values increased approximately 2%.
- ❖ Total I&S property taxes were \$528,596, increase of \$14,330
- ❖ I&S tax rate went from \$0.0647 in FY 24 to \$0.0646 in FY 25
- ❖ Total sales taxes were \$2,749,139, increase of \$99,845.
- ❖ Total Industrial District revenues were \$10,556,052, increase of \$1,142,847.



General Fund Budget Results & Fund Balance

- FY 2025 Budget Results:
 - There was a net positive budget variance of \$3,109,217.

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 19,532,500	\$ 22,183,718	\$ 2,651,218
Expenditures	\$ 18,793,310	\$ 18,725,320	\$ 67,990
Other Sources and (Uses)	\$ (41,665)	\$ 348,344	\$ 390,009
Net Change (Fund Balance)	\$ 697,525	\$ 3,806,742	\$ 3,109,217

See ACFR pg 86/87

- General Fund Balance increased \$3,806,742 from the prior year
- POLICY: City policy requires an unassigned general fund balance of no less than 90 days (25%) of operating expenditures.
 - Unassigned Fund Balance was \$12,131,230 as of year end
 - Fiscal Year 2025 – 65%, 8 months, 236 days



Financial Highlights

Proprietary Funds

9/30/2025	Water and Sewer
Net Operating Income (Loss)	\$ (1,452,172)
Nonoperating Revenues/Exp, net	\$ (117,988)
Grants and contributions	\$ 7,650,982
Transfers in	\$ 3,525,905
Transfer (out)	\$ (150,000)
Change in Net Position	\$ 9,456,727

Financial Highlights

Major Capital Outlay

- ❖ Improvements to the fire station for \$202,683.
- ❖ Leased assets for the golf course in the amount of \$404,509.
- ❖ Made sewer improvements totaling \$1,189,962.
- ❖ Made lift station improvements for \$368,850.
- ❖ Made improvements to the WWTP totaling \$9,567,532.
- ❖ Smart water meter additions for \$3,194,467.

TMRS Pension Liability

- City Retirement Contributions to TMRS totaled \$1,320,783 during the year.
- Employer Contribution Rates (2025-2023) were 16.11%, 15.33% & 14.13%
- Total Pension Funded % (2024-2022) was 86%, 84%, 80%.

	Total Pension Liability (a)	Plan Fiduciary Net Position	Total Net Pension Liability (a) -
Balance at 12/31/23	\$ 38,584,110	\$ 32,485,184	\$ 6,098,926
Changes for the year:			
Service cost	1,513,898	-	1,513,898
Interest	2,597,667	-	2,597,667
Change in benefit terms	-	-	-
Difference between expected and actual experience	717,889	-	717,889
Changes of assumptions	-	-	-
Contributions – employer	-	1,311,931	(1,311,931)
Contributions – employee	-	599,055	(599,055)
Net investment income (loss)	-	3,373,297	(3,373,297)
Benefit payments, including refunds of emp. contributions	(1,714,205)	(1,714,205)	-
Administrative expense	-	(21,647)	21,647
Other changes	-	(506)	506
Net changes	3,115,249	3,547,925	(432,676)
Balance at 12/31/24	\$ 41,699,359	\$ 36,033,109	\$ 5,666,250



Public Funds Investment Act

PFIA COMPLIANCE – YEAR ENDING 9/30/2025

Chapter 2256 of the Texas Government Code, the Public Funds Investment Act (PFIA)

- Adopt a Written Investment Policy, review and approve annually.
 - An investment policy must emphasize safety and liquidity and be limited to authorized investments (government obligations, CD's, investment pools)
- Designated Investment Officers, Treasurer, and Finance Director must complete PFIA training every two years.
- Investment reports should be submitted to Council for approval, no less than quarterly.
- Audited annually by an independent auditor.
- **The City was in compliance with all requirements.**

Communication Letters

- **Communication with Those Charged with Governance**
 - Audit was conducted in compliance with all ethics requirements regarding independence
 - No difficulties were encountered in dealing with management
 - Audit Adjustments were identified and corrected by management.

- **Communication Regarding Internal Controls**

Questions?

Contact Info:

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Houston, TX 77032

MBrooks@BrooksWatsonCPA.com

BW&C

CERTIFIED PUBLIC ACCOUNTANTS

We know your questions don't end when the audit does.

We remain available throughout the year.

Why This Survey Matters



What the Data Shows

- ◆ Infrastructure selected by 88% of respondents
- ◆ All service areas rated high importance (3.9+)
- ◆ Performance consistently lower (2.6-3.2 range)
- ◆ The issue is not priorities— it's delivery and perception

Top Community Priorities



Infrastructure & Utilities -
88%



Economic Development &
Tourism - 87%



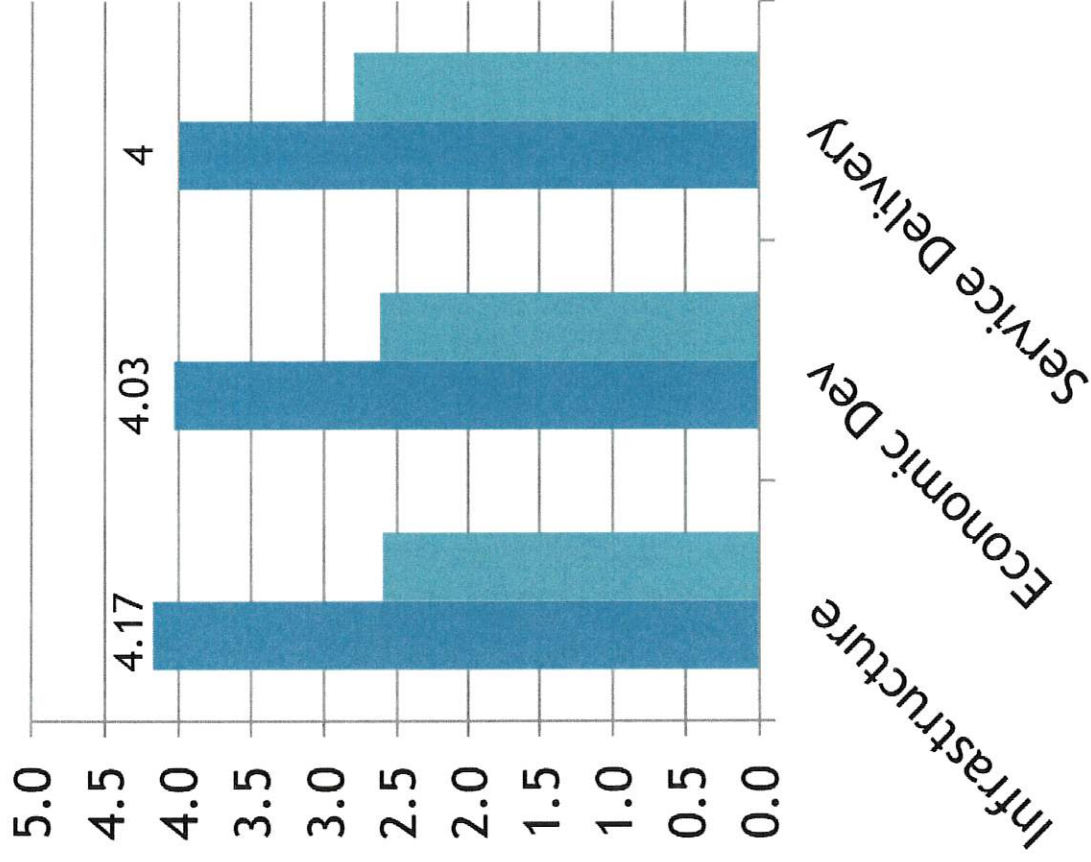
City Facilities & Public
Assets - 80%



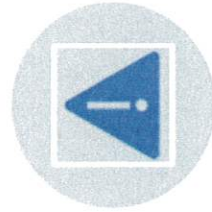
Residents prioritize visible,
day-to-day conditions

Expectation vs Performance Gap

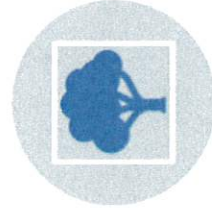
- ◆ Infrastructure gap: -1.57
- ◆ Economic Development: -1.41
- ◆ Service Delivery: -1.20



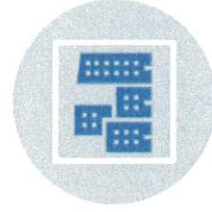
What We Heard from Residents



ROADS AND DRAINAGE NEED ATTENTION



DESIRE FOR SAFE PARKS AND NEIGHBORHOODS



CITY SHOULD LOOK MAINTAINED AND CARE FOR



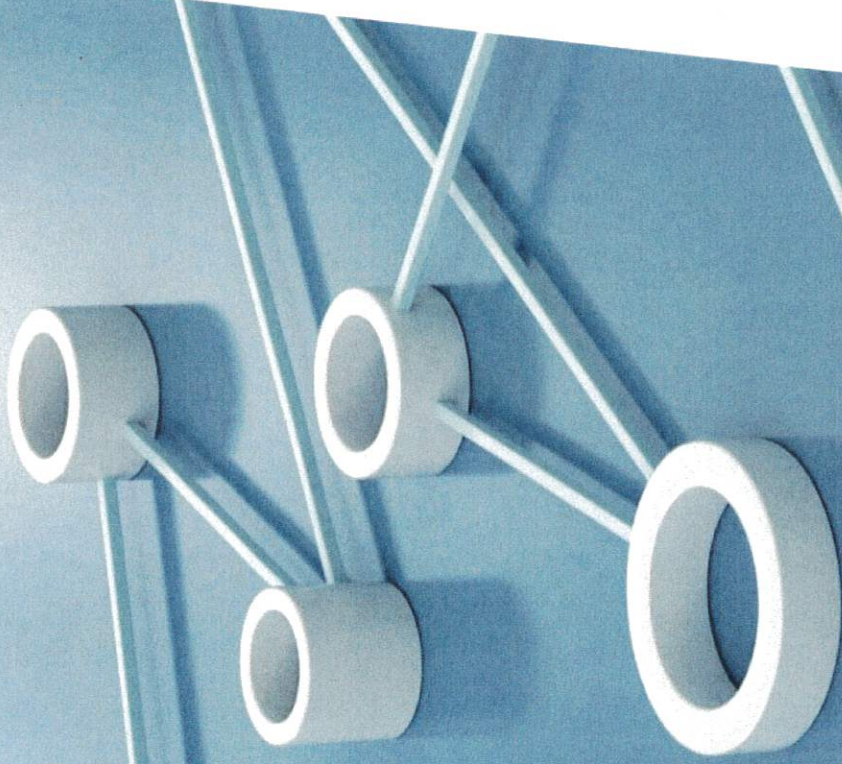
MORE RESTAURANTS, RETAIL, AND ACTIVITY



FEEDBACK REFLECTS LIVED, DAY-TO-DAY EXPERIENCE

Strategic Takeaways

- ◆ Infrastructure is the clear priority
- ◆ Close gap between expectations and performance
- ◆ Economic development supports quality of life
- ◆ Communication shapes public perception



What This Means for Funding

This is how we translate feedback into the budget

Prioritize infrastructure and visible improvements

Shift to Priority-Based Budgeting

Fund programs aligned with community outcomes

Focus on measurable impact and transparency

The background features a pattern of overlapping speech bubbles in various shades of blue and grey. Each bubble contains a black question mark. The bubbles are arranged in a way that creates a sense of depth and movement, with some appearing to be in the foreground and others receding into the background. The overall color palette is cool and professional.

Questions / Discussion