

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Tuesday, October 8, 2024 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- Absent
Councilman Jarvis Davis
Councilman George Matamoros
Councilman Winston Rossow

Staff: Lance Petty, City Manager
Clarisa Fernandez, City Secretary
Toby Cohen, IT Manager
Crystal Ruiz, Executive Administrative Assistant
Jennifer Howell, Police Chief
Chris Motley, Fire Chief

Visitors: Tom Pearson

Call to Order:

Call to Order - Jerry Cain, Mayor

Mayor Cain called the meeting to order at 6:00P.M.

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.

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 minutes to make your comments regardless of the number of agenda items to be addressed.

There was no audience participation.

Business

Presentation by Clinton Wong- Brazos Cove Development.

City Manager Lance Petty said Mr. Wong has been trying to develop this property for quite some time. He said they have met a few times and went over his plans and his ideas for this development. He said when he met with Mr. Wong they decided there would be a workshop to go over this project, the MUD and everything else and that way it gives the Council all the opportunities to answer any questions that they had and then look at putting it on a future agenda item.

Mr. Wong said he would like to thank Mr. Petty for setting up this workshop meeting, allowing him the opportunity to explain to the Council what he is trying to accomplish here in Freeport. He said, as the Council may know, he owns the 13 acres of land next to the High School which he has designed and engineered to build residential homes. He said he is quite far along and the plans have been approved, and he is ready to advertise to get it started. He said he has always mentioned, especially to the last City Council in the past and the City Manager, the idea of annexing it into the existing Freeport MUD that they have. He said the reason being every development North of Freeport is developed in a MUD. Mr. Wong said for him to develop the 13 acres without being in a MUD he could not compete in price. He said in order for the 13 acres to be feasible, it must be annexed to the Freeport MUD 1 which he has already established, and it is serving the Freeport Industrial tract of land that he will also be developing. He said it is very important to get the 13 acres annexed into Freeport MUD 1 in order for him to compete with all the development North of Freeport. He said if we are going to be developing the industrial port and creating jobs, he would like to make sure that there is housing available for people coming to work in Freeport. He said there is no sense investing in the capital bringing jobs and people are driving back to Houston to live. He said he would really like to see them coming to Freeport to work, live, and spend their money in Freeport and also create more retail commercial development in Freeport, which there is also the land that is suitable for that but it is not possible to develop the retail unless we have a lot more foot traffic. Mr. Wong said his objective is to create more jobs and housing. He said he would like to make it clear that annexing the 13 acres for housing is just the beginning and that in itself is not enough to provide the housing that the industrial park is capable of developing. He said we would have to annex more land and create enough traffic so that we can get the big boxes like Kroger's and H-E-B to come to Freeport. He said one subdivision will not be enough, and we will have to continue developing. He said he is very interested in the growth of Freeport, and he would like to play his part and do it right just like he has done in so many other subdivisions in the North. He said he really appreciated Mr. Petty set up this workshop so that he could explain where he stands in developing the 13 acres. He said he could not develop it without it being in the MUD so he could compete with all the development up to the North. He said if the Council would like him to show them some of the developments in the North he would be more than happy to. He said he brought some subdivisions and could show the Council what he had done, and they are all in the MUD. He said how could he come South to try to develop and compete with them. He said he needs to attract more jobs, housing, and more spending to improve the growth of Freeport and that is his objective. He said tonight he would like to reach out to the Council to see if he can get their support and understanding considering the annexation of the 13 acres into Freeport MUD. He said he is appreciative of having the workshop to explain his position and to see if he can rally the support of the Council to continue the growth of Freeport.

Mayor Cain said from the copy, Mr. Petty had passed out to the Council he was seeing what looked like possibly 25ft lots. Mr. Wong said it is a mixture of townhouses and single-family lot development. Mr. Wong said if the market demands any slight changes, he can be flexible to accommodate the market because he develops a lot for the national builders and sometimes when he goes to them, they go to do their research in the marketplace to see what is more suitable for Freeport, and so they can make adjustments and just want to make sure that is clear. Mr. Wong said the roads will not change and drainage and buffer will stay in place, but the lot size could vary slightly. Mayor Cain said there are a lot of houses on that parcel of land. Mr. Wong said not enough. Mayor Cain said Mr. Wong is correct, and it is not enough for the City. Mr. Wong said to look at the amount of open space, the amount of drainage and detention facilities. Mr. Wong said it was purposely put on alongside the road to separate us from the adjacent subdivision to make it more

pleasant for everyone. Mayor Cain said he is sure they will appreciate that.

Mr. Wong presented to the Council subdivisions he has developed North of Freeport. He said more things are needed, like retail, housing, and different types of amenities, so that people in the North will come down to build their houses and have their yachts on weekends to come and use them, but it would be better if they came to live there. He said that is something that he would also like to introduce to Freeport if he can get the right tract of land and to be able to access the Gulf. He said he is looking at those opportunities too, because in developing Freeport you just do not want to just have the 13 acres and stop, but you want to get the momentum going and continue to develop and create more traffic and create more retail development. Mr. Wong said that is his objective, and he thinks the industrial part, once they can resolve the drainage improvements and get that going and that should be able to create a lot of jobs in Freeport and a lot of jobs are going to require housing, and it is going to require where they can spend their money shopping. He said it is a continuous process and if he gets the 13 acres going, he would like opportunities to probably acquire more residential land to build more housing because he is comfortable that it will create more jobs for people to live in and he would like to keep them in Freeport rather than having them come to Houston. Mr. Wong said he could find enough people in Houston to occupy these subdivisions, and they do not have to leave Freeport. He said seeing the traffic coming in this evening and people leaving, coming into Houston, it is mind-boggling to see the amount of traffic. He said that is the approach he is planning to take, and he wants to begin by annexing the 13 acres into the MUD and getting started.

City Manager Lance Petty asked about the industrial development that Mr. Wong has out there what phase of development he is in right now? Mr. Wong said he brought Olin Corporation and have already put in the infrastructure with the road going in, and what they are going to do now is work with the engineers on the drainage to create the City of Freeport virtually drains through that property about seven different canals but have engineers to reroute it around the subdivision back to where the pump stations are at. He said that design had been done. He said one of the things that he is trying to negotiate with the drainage district is to do it in phases because it is an enormous cost to do it on a whole. He said he is going to try and see if they can phase the development, but he does have negotiations going on right now to phase it out. He said he is also trying to find a way to attract more industries to come in at the same time, because it is putting in all of these capital costs and does not have the industries to absorb it, and so he is working well hand in hand, but he thinks he has identified how to handle the drainage and still has some negotiations to do still the ability to phase it. City Manager Lance Petty asked if this residential development is dependent upon industrial development or would Mr. Wong move forward without the industrial since he is still in negotiations with Velasco Drainage District? Mr. Wong said yes. Mr. Petty asked will this not delay the project here? Mr. Wong asked for the 13 acres? Mr. Petty said yes. Mr. Wong said no, they would need to commit on the 13 acres. He said he would like to get infrastructure in and get it going and be assured that as they improve the industrial and create more jobs, people will have a place to live, but he would like to find other sites and, in the future, to develop more housing. Mr. Wong said for retail they do not need to worry about. He said he already has a nice site ideally located, but he needs the foot traffic to support big boxes coming in. He said Krogers and H-E-B are not going to be coming to that retail site until you have the foot traffic. He said he has dealt with these people for a long time, and so he knows the demographics will have to be there to support it, which is reasonable.

Mayor Cain asked about the residential homes, what kind of price point are they looking at on the homes? Mr. Wong said as much as he could get. Mayor Cain said that is an honest answer. Mr. Wong said it is the cost of development, but it will be priced well so that they can sell it, but he is going to try and get as best of price as he can. He said he did negotiate with these national builders all around Houston and that is his intention. Mayor Cain asked if he would assume there are going to be higher ends as opposed to starter homes? Mr. Wong said yes. Mr. Petty asked what is the minimum square footage that Mr. Wong is going to start out at the houses? Mr. Wong said he is going to get the builders to help determine that.

Councilman Davis said this is his neighborhood, and he lives on Brazos Landing Court and so, it is in his backyard. Councilman Davis asked when Mr. Wong gets the MUD is he guaranteed that he is going to build this subdivision all the way out, and how long does he think it will take him to get started on this project if it gets passed through the MUD? Mr. Wong said if he gets it into the MUD based on what his plan is, he thinks within 90 days he could get started by putting the streets and digging a detention pond like alongside the road which creates a nice buffer between Brazos Landing and Brazos Cove. Councilman Davis asked how long Mr. Wong thinks he would take to start on houses? Mr. Wong said housing is going to depend on the demographics. He said the builders are always building half a dozen or a dozen homes and always ahead of the market, and they will continue doing that based on the demand. Mr. Wong said no builders are going to build 70 houses, but usually they build a handful of houses and push for the sale. Mr. Wong said he is hoping the industrial development will also help generate the demand for housing. He said one person can not do it and needs to get multiple developers to come here and all do the same thing. Councilman Davis asked if the entrance would be like in Rodeo Palms and all of them have a certain entrance, like the waterfalls or anything and if he would have an entrance to go through there. Mr. Wong said he usually puts up a nice entry monument to identify these subdivisions, and they build recreation centers with Olympic pools and all of that depending on the size of the project.

Mayor Cain said he thinks this is the third time he has been in meetings with Mr. Wong about this particular project and the past Councils have been reluctant to include the MUD, and he strongly believes that is what is holding this back, and he also believes that Freeport still needs a new housing development. Mayor Cain said he would encourage the Council to continue asking questions they have, but he personally feels like this is a direction that they should seriously think about taking.

Councilman Matamoros said he is a lifelong resident, and he was there when Mr. Wong got his very sweetheart deal on his industrial urban renewal property that he has not developed. Councilman Matamoros said Mr. Wong said he brought Olin, but Olin did not come because of Mr. Wong but they came because of Dow. He said Olin came because Dow sold them a part of the property of their plants, and they needed a warehouse, and it just so happened Mr. Wong had property. He said Mr. Wong had said before that he was going to develop and in his time there he had not and asked why was that? Mr. Wong asked if Councilman Matamoros was talking about the industrial park? Councilman Matamoros said the industrial park but that Mr. Wong had also stated when he purchased that property he was going to put residential and he had not done anything but just cleared the land and sat there and asked why was that? Mr. Wong said the land was cleared and acquired more land to better facilitate the development of the Olin Corporation building which is in place and that the street that has been built is a wider street than you have seen anywhere, and it is at least 36X41 feet wide and could facilitate another development to the side, so what they are working for is more demand for industrial buildings in there and in the meantime they are working on the drainage so they can have at least 150 acres more of land to accommodate more industries. Mr. Wong said development does take time and development also depends on demographic support to make it happen. Mr. Wong said to answer Councilman Matamoros there are many factors that are involved to getting where they need to be and if they can get resolved pretty soon the partial improvement of the drainage, which is very important to the industrial development, they would start on that very quickly because they have hydrology plans done, construction plans ready, but the demographics cannot support a total investment for the entire drainage at one time. Mr. Wong said that is the direction they are going, and the question was asked about housing that he has control of, and they can start but the industrial side he has to be able to resolve the partial drainage for it to be economically feasible to do that development, and so that is what he is pursuing right now. Councilman Matamoros said to Mr. Wong when the property was sold to him, he had stated he was going to build some residential, but yet he never had and asked why was that? Mr. Wong said the industrial side, mostly the property on the west side, would go for industrial and on the east side to Velasco Blvd and that would be considered some residential on that side, but the only problem right now on that side is some of that land is in the floodplain and until they can resolve the floodplain issues they cannot touch that residential. Mr. Wong said he is more comfortable that on the 13 acres there is nothing to restrict

commencement of development on that track to provide housing while they are developing industrial, that housing on the industrial is provided there but then on the land if he got industrial going and there should be a lot of industries coming and then working on a plan to make that happen to absorb as much of that land as possible for industry. Mr. Wong said he would strongly recommend focusing in that direction rather than putting housing on that property, because that property is well suited for industrial development, not to say he would not put some housing on the east side when he resolves the floodplain issues, but it would be nice if that entire property could be absorbed, with industrial because it would bring more jobs and more jobs would create more demand for housing and more demand for retail and that is how he is looking at the picture, and so he is still flexible and is still open to all of these alternatives, but the more important thing right now is to resolve the drainage to make that property more feasible. Councilman Matamoros said to Mr. Wong that he was there asking to grant him the annexation of these 13 acres and to this Freeport MUD 1 and asked if it was industrial mud? Mr. Wong said no, it is just a MUD, a municipal utility district which can handle industrial, retail, housing, and everything. Councilman Matamoros asked Mr. Wong but it is majority industrial property? Mr. Wong said right now on that track of 320 because you add all the land in it, and it can be for other functions. Councilman Matamoros asked Mr. Wong if it was industrial? Mr. Wong said yes. Councilman Matamoros asked Mr. Wong, what happened if the Council does grant him this residential and those industries go belly up who is going to protect the residents with this MUD? Councilman Matamoros said it had to be paid the money and asked who was going to protect them? Councilman Matamoros asked if Mr. Wong would give some type of guarantee? Mr. Wong said the question Councilman Matamoros is asking could apply to any subdivision any developer is building anywhere. Councilman Matamoros said it is correct, but this is a residential in a mainly industrial MUD and that is the difference. Councilman Matamoros said he has done his research and has not seen anybody request a MUD with mostly industrial annexing in residential areas and has not seen it. Councilman Matamoros asked Mr. Wong if he had any proof of this that it has been done in the State of Texas? Mr. Wong said yes, when he does subdivisions they allocate so much land for industry, retail, housing, apartments, and if the demand for industry is stronger they will continue in that process and all he is trying to do is create value in a MUD, so the demographics call for more industry. Mr. Wong said the question Councilman Matamoros was what would happen when you put two multiple types of different development in a MUD and one sector should go belly up what would happen to the rest of the MUD, the legal process alone would take care of that. Councilman Matamoros said it would fall on the backs of the residents. Mr. Wong said no, it would fall on the back of the banks who are lending money, it would be foreclosed, and it would be repurchased just like anywhere else. Mr. Wong said your neighbor next door could fall into problems, and then they may be forced to sell and somebody will come to move in. Mr. Wong said in this enterprise system that we are all living in, nobody can guarantee that something cannot go wrong, but there is always a course of action the banks are going to want to be protected. Mr. Wong said the market keeps going up and down, and does not care what we do, so we have to adjust to all of that. Mr. Wong said he wished he could have a development that is 100% guaranteed and never have a failure, but there are some houses that may get foreclosed and there might be some retail shop that is probably closed and have to be leased again, but all of that is minor and can adjust to that and that is the enterprise system we all live and work in. Mr. Wong said you are going to have ups and downs, but you have to know how to build, protect and adjust to that. Councilman Matamoros said it is correct, but he is looking to protect the residents and Mr. Wong is looking to make money, which he is not against, but he is looking to protect the residents and the City. Mr. Wong said there is nothing wrong with protecting the residents. Councilman Matamoros asked if there is anybody in the State of Texas that had an industrial MUD annexed to a residential property? Mr. Wong said just go along John F. Kennedy south of the airport you will see a MUD that has residential areas that has industrial. Mr. Wong said on JFK alone he can say they have provided land outside of one of the MUDs which is probably over 4,000,000 square feet of industrial space, and it depends on where you are. Councilman Matamoros asked Mr. Wong to provide that information to Mr. Petty he would like to see that. Councilman Matamoros said an industrial MUD that was created annexed to a residential. Mr. Wong said they do not call it an industrial MUD like this one and he is not calling this one a residential or industrial MUD he is calling this one Freeport MUD #1 which is going to incorporate all types of development. Councilman Matamoros asked, but was it created for

industrial correct? Mr. Wong said it was created for development for the improvement of Freeport and that is what it is for. Councilman Matamoros said to Mr. Wong that they both have different opinions on this. Councilman Matamoros asked Mr. Wong how long had he been in negotiations with the Velasco Drainage District on this drainage plan? Mr. Wong said the negotiations have been started, and it has been going on for some time and as much as he continues doing the engineering and hydrology studies and working with the costs on basic demographic demand, he is going to continue going back to them and trying to make adjustments to make it feasible for this development to come true. Mr. Wong said he does not know how well Councilman Matamoros knows the Velasco Drainage District. Councilman Matamoros said he knows them very well, and he knows Chris Gallion the superintendent, and they are really good friends. Mr. Wong said they are though, and they want everything that they can get, but there are some negotiations left between them to make it work. Mr. Wong said it has to satisfy the demographic demand of that area and how much one can afford to spend to do the development. Mr. Wong said he does have his negotiations cut out for him, but whatever is done, it has to be sure that they negotiate and act in a very sensible economic way, and so he does have some negotiations and twisting to do it and is hoping to get this project going as soon as he can. Councilman Matamoros said to Mr. Wong he still had not told him and asked when he started this negotiation? Mr. Wong said nine months. Mr. Wong said Ms. Katie Carner is a lawyer connected with the MUD. Ms. Katie Carner said her firm ABHR represents the municipal utility district and other special purpose districts throughout the State of Texas. She said they have offices in Houston, Central Texas, and North Texas, and so they see a wide range of development. She said she does not have a specific district name for here yet, but she took the note down to get some examples for Councilman Matamoros. She said if you can develop, it has probably been done in a MUD or another special purpose district in Texas where you might start with industrial and then move on to other uses. She said they have mixed uses, with industrial, commercial, residential and all in the same district and annexation of land and just kind of depends on where you started and then where things go from that. She said as Mr. Wong was saying the developer side is basing it on what the economics are going to support and so in this case it happened that the industrial happened first with Olin and so that is where it began and so as the Council has heard Mr. Wong talked about other ideas for bringing other types of development into the City for the improvement of it. Ms. Carner said she would gather some examples for Councilman Matamoros. She said that annexation happens in different orders, but can certainly see what they can find for Councilman Matamoros. She said that sometimes it is residential first and then industrial, and sometimes it all happens at the same time. She said she can think of some especially in the Houston area that Mr. Wong was talking about but also west of Houston area on the I-10 corridor out west towards Katy there is a lot of that happening in that part of the City where you have kind of an industrial corridor, a lot of warehouses and other facilities right along the highway with the residential right behind it, and she just has to go back and see what order that all developed in but some of those certainly are within the same MUDs. Ms. Carner said she would say that the flip side that they see when they have a MUD that has mixed uses, so when you have a combination of residential and industrial or commercial, you always have a risk that you could have a bankruptcy in a business like Mr. Wong was saying, in that case, there is still the value of the property and so there still is a retained value for that land even if the current use of it goes under and so, from the MUD perspective, the MUD makes it money to pay for its operations and also pay for any debt if it issues bonds based on the value of the property and so as Mr. Wong was saying, even if a current operator goes bankrupt, it still does retain, and obligation for the property owner, any subsequent property owners, and so, if there was a bank that was securing that loan, that obligation would still remain on that property to pay those past due taxes, and then on the flip side, of the coin is that because the State of Texas allows for residential homestead exemptions sometimes what they have seen be very successful as a MUD becomes more mature and grows and gets quite a bit of development and value on the ground if the district's financial advisor recommends based on that picture that year the MUD may be able to grant a homestead exemption to those homeowners who live in their properties in the community and then that way you can actually benefit your homeowners by having that commercial and industrial or both in the same MUD. She said she has seen that work very well in a lot of cases, and she sometimes knows as City Council members have an interest in having more folks actually reside within their homes and not have rental properties or those sorts of things people who live part of the

week or part of the year in their homes if you are able to implement a homestead exemption sometimes that can help people to want actually live in those homes permanently and claim that exemption because they can get a benefit from it from a tax side. Councilman Matamoros asked Mr. Wong why is he asking for a MUD for residential and not for a PID or a TIRZ? Mr. Wong said he had talked to the previous City Manager, and he had mentioned considering doing a TIRZ and documents were prepared and when they read it and even showed it to the financial advisor to look at it, it just could not work and, rather than using, City money, under the TIRZ to do it well why not let the developer choose the MUD use its own capital expenditure to get things going and relies on his success to be able to sell bonds to redeem his costs. Mr. Wong said it is solely at the risk of the developer and do not need the City to do any funding, so they waited, and they were so accustomed to doing MUDs for umpteen years all around, and they have never had one failure in any of the MUDs. Mr. Wong said all of them are growing, so rather than trying to take City money under the TIRZ and tight conditions that is just not feasible, he decided that he was not interested in doing it that way and to let him do it his customary way through the MUD. Mr. Wong said he can say he has 100% success in operating MUDs in all of his years of development. Ms. Carner said she just wanted to add and maybe highlight a little bit more, is that in the MUD world the developer is putting up all the funds and, payment comes expressly from the property owners within the MUD and the issue, and they saw it, by the cars leaving Freeport as they were driving down south they were watching a lot of cars leaving the Freeport area for those residents they presume work in the area and then live elsewhere, and they are living in developments that are mostly created with MUD and what that allows is for infrastructure to be financed over time with tax-exempt bonds by the people who are benefiting from them and that infrastructure is going to be required no matter what either the City is going to have to build it within the City so otherwise it would be obligated to build all of that and pay for it for all the existing City residents including those who have lived here all their lives and so the idea is that if you have the infrastructure pay for itself by the people who are benefiting from it, you can pay it back over time with tax-exempt bonds and then that allows Mr. Wong to be able to market houses at a lower cost because if he had to bear the cost himself, in other words, if it could not be reimbursed to him once the value is put on the ground and once the development is actually there, then he would have to build that into the price that he charges to those home builders per lot and so what that would mean is that every homeowner that buys that first house so that they build the house on the lot all the cost of that infrastructure is going to have to be rolled into that price, and so they are going to have to pay their mortgage payment based on that over time when they sell that house. She said most people want to make money when they sell a house, and they do not want to lose money on it and so, over and over again, every time that house is sold you are paying the same cost of the infrastructure over and over again, plus the mortgage costs and loan costs, and the idea behind the MUD is that the MUD is issuing those bonds once for the infrastructure it is paid out over time typically at a rate significantly lower than what a homeowner is paying on their private mortgage and as that debt gets paid off then those homeowners and property owners benefit because the tax rate goes down. She said she is not a financial advisor, but she will say she has worked with enough MUDs that she has seen that typically the MUD tax rate, as you pay that debt off over time, that tax rate declines, and eventually you pay that debt off and so the debt service portion goes away, and as opposed to if it is rolled into the lot cost that never goes away because you are just paying that over and over because nobody wants to lose money when they sell their house and so that is one of the reasons they have seen the MUD model be so successful in Texas, and it is one of the ways that they have helped to keep housing costs down in the State. She said she just wanted to add a little more because she knew Mr. Wong did touch on that a little bit but just wanted to make sure she made that point. Councilman Matamoros asked how long they would want this MUD for? Ms. Carner said she thinks in the original consent conditions it was 25 years in the original consent conditions from when they were issued two years ago, so right now it is a total of 23 years. Councilman Matamoros said, as a former member of the Freeport EDC he had heard of quite a few interested businesses who wanted to develop within their industrial property that Mr. Wong owns, but they wanted to purchase property and asked why Mr. Wong not sell? Councilman Matamoros said they wanted to purchase parts of that property to build their own buildings and asked why Mr. Wong not sell? Mr. Wong said if they wanted to purchase the property, he is feasible and would consider selling it to them if they want to build it, or he builds it for them either way. Councilman

Matamoros said those businesses stated that Mr. Wong only wanted to build and did not want to sell and wanted to lease. Mr. Wong said he is open and would lease, sell, build, and everything and he is very flexible. Councilman Matamoros said to Mr. Wong from this point forward and somebody goes to him, and they want to purchase property, he will sell it to them for an industrial building. Mr. Wong said sure and build within the specification and satisfying new requirements of the City on him, he would have no problem with that. Councilman Matamoros asked Mr. Wong what other property does he own in Freeport besides the industrial urban renewal property and the 13 acres? Mr. Wong said he also owns a track of land that is behind CVS which is about 15 acres. Councilman Matamoros asked if that was prime commercial real estate for Freeport? Mr. Wong said prime retail. Councilman Matamoros said if the Council did grant Mr. Wong this MUD asked when he would start building on retail? Councilman Matamoros said he knows Mr. Wong said he can not build and can not get people to come for retail because there is not enough foot traffic, but he guarantees with the amount of people that live here who go to surrounding cities to make their purchases it would be supported. Councilman Matamoros said he knows Mr. Wong stated that H-E-B and Krogers will not come, but there are other brands of retail grocery that will come and that is our biggest need right now is grocery. He said he knew H-E-B has a lower-cost grocery store, Joe V's, and was sure they would be interested and asked when Mr. Wong would build on that retail? Councilman Matamoros asked Mr. Wong when he would start construction on retail if the Council granted him a MUD? Councilman Matamoros said because honestly, his line of thinking was if he was going to grant Mr. Wong a MUD he is going to want something more because, so far, his promises previously, he has not lived up to them, and so he is going to want something in return for granting Mr. Wong what he is asking for the residents of Freeport. Mr. Wong said that the answer is so simple, and he wants to develop the industrial, and he wants to bring in more jobs and wants to create more foot traffic. Mr. Wong said as soon as there is a demand for commercial retail, he already has the land which the land is yielding him nothing at this time, and he has to be mowing it every month. Mr. Wong said he would like to see a substantial big box be placed there, but having dealt with these guys and just put a new one up in Humble Costco and Kroger he knows what it takes to get these people to come in, and they need to be sure the deal is enough in demand foot traffic to support the store before they are going to commit. Mr. Wong said he has the land and if they want to come in and build on it, he would be the happiest person to negotiate a deal for them to build something, and it is a no brainier but to just give him the traffic first, and they are the ones who are going to ask to give the head cones, can you support a big store like H-E-B or Kroger, and they will do their homework and when they do want it they are going to come after you and try to get the land to build retail. Mr. Wong said he thinks we have an excellent location for that type of development but do not have enough demographic support to make that happen yet, and he wants to see that happen. Mr. Wong said that land is due to be built on it and it is no use sitting there mowing it every month, and it is costing him money. He said he wants to see a suitable shelf so that people do not have to leave Freeport and go to Lake Jackson to go and shop and there should be no need for that, but then you are going to have the demand to justify these big boxes to come in, and he knows they pay much attention to that. He said they do their research and you have to make sure that you can support a big box before they commit. He said the good thing is he has the land, and he thinks it is one of the most central pieces of land that can be developed and he is not using it for anything else but for retail. He said that land has access from 2nd Street and 4th Street and he wants to get to and from 288, and he could also make that possible so it is centrally located for retail commercial. He said let's get housing going and more foot traffic. He said let's make it happen. Councilman Matamoros said that is what he wants to do, but again like he has stated Mr. Wong made a lot of promises, and he did not keep his word to them in this decade plus that he has owned the urban renewal and so, he is a little leery. Mr. Wong said that sometimes we can project what we want to do but a lot of time we have to depend on the market, and we have to depend on the demographics to support it. Mr. Wong said we could talk all day long, but if the demographics cannot support it, then it will not happen and those guys who are building these boxes are even smarter than us and they are doing their homework, and they are going to make sure that there is enough demand to justify this capital cost to build a big box so he knows how it works. Councilman Matamoros said he knows how it works also. Councilman Matamoros said, looking at Mr. Wong's development, there is very little park space within this and asked if Mr. Wong had any plans for any type of

small park within this community? Councilman Matamoros said he did not see anything there. Mr. Wong said they build recreation centers, club house, Olympic pools, and he will also create an open space for them, and they do all of that, and it is all relative to the size of the subdivision that they are doing. Mr. Wong said this one does not have enough homes to support a big recreation center like a swimming pool and everything, because it is going to be too costly and so it depends on the size of the development and those amenities will fit into place. He said he has no problems with the parks. Councilman Matamoros said that is what he is concerned of is a small park within that neighborhood because Mr. Wong wanted to attract families along with other living and so he did not see any park space within this area and so that is why he was curious about that if there would be a small park. Mr. Wong said if they look at those plans in a big subdivision there is a park space, and they would see recreation centers in most of those subdivisions. Councilman Matamoros said he may come up with some more questions and will pass them along to the City Manager to have them answered.

Councilman Davis thanked Mr. Wong for coming out, and he said he was excited to see what he can do with this property over there. He said he took a ride out and went to visit Lakeshore Harbor and that is an amazing piece of property out there with the water and all of that going on. He said he saw the big recreational center in the middle with the pool and the waterfall. He said he understands this property is not big enough for anything like that, and it is not big enough for no park, but he has no park in his residence over there, but they have all the parks all around Freeport. He said if we could fit a recreation center in now, that is as cool and good, but we need houses there. Councilman Davis said he needed Mr. Wong to be dedicated and be a man of his word and build those houses over there like he promised. He said when it comes to making business and deals like that he understands the foot traffic, and well, because you can say you want H-E-B, but they are not coming here, but they have to see where they are going to make the money. He said there was a Kroger there before a long time ago and they left, and so he understands, and he sees the foot traffic leaving in and out of Freeport. He said he has lived here all of his life and he has seen coaches and big roles in the City and do not live in our City. He said he sees principles, and he sees all these people in the plants over here, the engineers and making good money, but they are driving back and forth and all he hears is the excuses that Freeport does not have the homes for them to live in. He said they make \$200,000, and they do not want to buy a \$60,000 or \$80,000 house because they want a nice home and Freeport does not have them and so, that is what we need. Councilman Davis said we can not grow and get the people and businesses here. He said he has seen multiple small restaurants and stuff come to Freeport and not make it because there is nobody over there in the parking lot and that is a fact. He said there is one there now and does not see how they are making it, and it is pretty good. He said, people are not spending money in the town and businesses are watching that, so and if that is the case, the City Manager would know. He said Chick Fil-A would be reaching out to us and H-E-B would, have been reaching out to him if they wanted to come here and, so that must be a reason that they did not want to come here. He said there are a lot of people that are going to H-E-B and he shops at H-E-B, and he goes to the little store to get his little things. He said he goes occasionally but does not get a basket full. He said when he goes to the grocery store he goes to H-E-B to shop, but yes, he wants H-E-B here and like Mr. Wong said he has the prime spot there, and he will save it to use that too. He said he was a business-minded man, but when they call Mr. Wong he hopes he is ready hopefully, and he will make that move to allow them to come in there. He said we have to get these houses built. He said his wife works at the appraisal district, and she is the secretary of the head chief of appraisal, and she knows all about this MUD, and she explained all this to him the whole time, and it is MUD everywhere. He said there is MUD in Lake Jackson and Angleton and when you buy a house that is in a district you know that when you buy that house it is not like they pop anything up on you to that, but if you want to live in a nice neighborhood like a HOA, everybody does not want to live there because you have to go by their rules, but it is still full. He said if you have all these MUD district subdivisions out there, it is still full and the people know where you want to live is where you want to spend your money and how you want to spend your money, and if you can afford a \$400,000 house, and it is in a MUD you are going to buy it because you like it and you like the area and that is where you want to live at, but everybody can not afford to live in a MUD district that is the extra taxes and taxes are already high

enough, but it is not for everybody. He said he may not stay in the MUD district, and it just depends on where he works and what kind of money he is making, but we need all kinds of houses. Councilman Davis said we need some lower subdivisions where you can get the higher \$150,000 to \$200,000 houses but we need all of that and we need retail. He said he understands if you put retail shops out there and half of them belly up and in the shops are just sitting there and, well, you need that big store there to have foot traffic there. Councilman Davis said if you buy a regular house, and you can not pay that, and you can not afford to pay it up or the taxes on it, then it gets foreclosed, and it is just like any other house. Councilman Davis said it is your choice, and it is not putting it on the backs of the citizens. He said the citizens know that their house is in the MUD district, and so they know if they can afford that house or not, and it is not putting it on the back of the TIRZ. He said the TIRZ then means the City has to pay some money to help with that infrastructure or something or whatever is going on in there. He said when they are in the MUD they pay for the whole bill. Councilman Davis said we need to get houses built here in Freeport in some kind of way, and he does not know how long it has been since there has been a development or houses built. He said he did not know if Mr. Brimage was the last one that built houses on the levee, and he can remember when they were building those houses and everybody said that they were not going to make it and could not sell not \$300,000, \$400,000, or \$500,000 in Freeport, and they all sold because he had a vision. He said that it was a low-income area and a drug-infested area. He said he had been around Freeport forever and so that was the main thing that they said Mr. Brimage could not build \$400,000 houses because it was infested with drugs and that is where all the crime was at and every house he built over there sold off the water. He said that is why Freeport has missed out and did not capitalize on the water like they should. He said to Mr. Wong that when he has a vision, and he likes his vision he hopes that he does what he says he is going to do.

Mr. Wong said he appreciates the comments and observations of what it takes to make any development within Freeport or anywhere successful. He said you need to see what needs to be done and what can make it attractive so that people will want to come and live in Freeport. He said to keep in mind also that Freeport is done by the end of 288, and it is still a long haul coming in and so Freeport needs to try and even attract other developers, not just one developer, but could get 3, 4, or 5 other developers and everybody comes in with different ideas. He said to, image Lakeshore Harbor and put that feature in Freeport for the higher end, and people even North of Houston want to house with their yacht and to be able to get into the Gulf and that would be a nice feature, but there are so many other features that can be added, into the City and that is why having multiple developers there with different ideas, and it is the way to grow the City, but the bottom line is to create more traffic, and you have to bring the traffic in. He said the traffic is going to determine what gets built. He said as much as he would like to do everything, it is best if the City could even have other developers going to Freeport and get their visions and see what they want to do. Mr. Wong said to Mr. Petty with the collective amount of ideas, it would be better for the whole City but he sees the water feature living here on the Gulf of Mexico, and it could be one of the attractions that would get more people higher end coming to live in Freeport and so, that is only one feature, but there are so many other things. He said he would love to see big boxes coming in, and those guys are smart, and they are going to do their homework, and they want to see the traffic to justify the investment before they commit. Mr. Wong said he has been through all of this, and he is very interested in participating in the development of Freeport, and he needs to look at working with the Council to share ideas and to get to support and work together to build Freeport. He said he is willing to take the risk and calculate risk to help grow Freeport, but he can not do it alone, and he is going to need the help, support, and understanding of the Council to make all of this possible.

Councilman Rossow said he personally uses that old adage that he has been using ever since he has been on the Council and that it is a no-brainer. He said he liked what Mr. Wong said that it could be the start and liked what Councilman Davis said about this project that they are trying to take on, that if you build it they will come. Councilman Rossow said the property Mr. Davis talked about, he remembers telling the guy that did it you are only one idea from being a millionaire, and he responded he is one idea from going broke also. He said that it is true and had been throwing that word around all night long and that it was a vision and that is a powerful word. He said he was so glad Mr. Wong decided to come back this way and does not know

what brought him back this way, but whatever it was, he liked it and was glad to see him and liked Mr. Wong said taking a risk, and he is saying this to everybody out there in cyberspace. He said a lot of people watch the meetings and, although there are not many there tonight, there are a bunch of them on Facebook watching it because it is broadcast for whoever wants to watch it. Councilman Rossow said he wants to be the first to say he would love for something like this to happen on his watch while he is on the Council. He said not that he was not going to take credit for it, but he would just love to see it. He said let's move forward and do not look back and everything that happened in the past is in the past and can not change the past, but as a Council they have the opportunity to get something started. He said he believes it, and it only takes one match to start a bonfire. He said the Council could be that one match to get this thing started. He said he does not see any risk to the City, or maybe something he is not seeing. He said he did the same thing and went out to Lakeshore and looked at that subdivision, and it looked like something in Florida. He said if you go out there it is amazing and beautiful and for Freeport to get something like that or get it started it is an opportunity that he does not think the Council should pass up. He said these are only thoughts and everybody has a say about this. Councilman Rossow thanked Mr. Wong for coming down and looking after Freeport. He said he had been in Freeport longer than anybody in the room. He said he thinks it is a great opportunity regardless of how it turns out and just wants it to be known that he thinks it is an awesome idea, an awesome vision that Mr. Wong has for this City. He said he loved Freeport.

Mr. Wong said he appreciated those comments and if Councilman Rossow liked what he saw at Lakeshore Harbor with all the houses and the water with the docks in the back and boats hanging there, and asked, can you imagine if you have that in Freeport and have access to get into the Gulf with your yacht? He said at Lakeshore you are within that subdivision and there is no Gulf to go to. He asked, could you imagine if you could get boats to get to the people in Dallas or people further North want to come down here and pay the price for it. Mr. Wong said this is just one of the ideas he can see other things and when they decide to come to Freeport to make an investment he will come in with a plan. He said he would say let's do the industrial,, and let's get that piece of land that can do housing the 13 acres and let's also get the retail site. He said all these he has acquired sitting down and mowing it but like any development there are always problems that you have to overcome industry, and there is big drainage that has to be taken care of, and they are willing to take on that risk and spend capital to improve it, and he would like to be able to negotiate a more feasible way of doing it but can see that he has already made a physical commitment to do the land, and he intends to fulfill the development of all of them. Mr. Wong said the only acquisition he has made so far he has not been able to do much about it except today, he got a lease on it, and that is the old pharmacy. He said the old pharmacy that has been battered by the hurricane and by people and everything, and it was offered to him to purchase it, which he did, but the development is really going to be on the West side of Freeport coming in. He said, but today he can say he got what sounded like a good lease for the pharmacy with the whole thing being repaired, roof, doors, and everything. He said he is working on that also, but that is a small part of the equation and what he is needing to get going is industrial development to bring jobs and people to live here. He said what he would like to do is to acquire more land in the future to do more housing and the foot traffic is what is going to create the growth in Freeport and that is what he is looking at.

Mayor Cain said everybody that knows anything about Freeport knows that rooftops are needed and that rooftops mean residential and rooftops also mean commercial. He said a comment Mr. Wong just made that said on every development there is obstacles. Mayor Cain said, speaking with Mr. Wong over the past 5 or 6 years, on this he said that the MUD was one of his main obstacles holding him back on this development. Mayor Cain asked if the MUD is the only obstacle remaining that he is aware of tonight? Mr. Wong said to give him the MUD and that will allow him to compete with all the subdivisions North of Freeport and give him the tools so that he can be on an even playing field with those guys and if he can get that in place with good operators for the MUD, then yes that is what he needs to be at an even playing field to help in the development of Freeport. Councilman Davis asked Mr. Wong if there are any obstacles other than the MUD to do this and to make this happen? Councilman Davis asked Mr. Wong the MUD comes in, and he makes this happen? Mr. Wong said yes, all the engineering, drainage, and everything had been resolved. Mayor

Cain said that is what the Council wanted to hear.

City Manager Lance Petty said he would continue the conversations with Mr. Wong, based off the Council's comments, and if the City looks to move forward with this, then he will have the financial advisors take a look at it as well and that is pretty normal. Mr. Petty asked Mr. Wong if he knew the threshold for big box stores population wise like H-E-B and Krogers? Mr. Wong said adequate foot traffic and the spending power is all they need to be able to determine the viability of a development. Mr. Petty said he currently knows of three pieces of property in Freeport that can be developed into residential areas and if that is not going to be enough to bring a big box here, then he strongly feels that they need to start looking at the lower end of the H-E-B and thinks like that to start building that retail sooner than later. Mr. Wong said they must build more housing than just on those 13 acres because that is not enough, and he would be interested to start to explore other sites that the City has. Mr. Wong said there is another site near to the Golf Course that he heard of and on the other sites, but he is committed not only to starting with the 13 acres, but he wants to keep industrial going on, but he is going to need more land to build housing. He said housing is very important, and he just does not want to see more traffic keep going in the evenings back to Houston. He said he would take care of those in Houston but let those stay here and enjoy life just like those that have lived here a long time. He said there is no reason why people should not be doing it here. He said he gets all the services and everything they need in Freeport. He said Freeport has a good advantage. He said on the land that is right against the Gulf he would like to examine that more and more to see what he can do. He said there are a lot of opportunities here, but you have to go and look for it and make it work, and he thinks he has already committed to a good-sized industrial, and he needs more land for housing. He said industrial is going to bring more jobs and more jobs need housing and housing needs retail. Mayor Cain said it is all about rooftops. Mr. Wong said jobs first and rooftops after.

Tom Pearson resides in Freeport. He said Freeport needs more houses, and he has no problem with that. He said Freeport has the land and does not understand why they are not looking at building houses. Mr. Pearson said he understands Mr. Wong got a sweet deal on the 13 acres and 120 acres. He said \$200,000 for 13 acres of pretty prime land over there. He said within the last two years the appraisals have gone way up and the 25-foot lots went from \$2,000 to \$11,000, and so he is curious what the appraised value of the 13 acres is now and the 120 acres. He said when Mr. Wong bought that property, and he was going to build houses all that up out there, and it had been 13 or 14 years since he had had it and nothing had happened yet, because he could not get the MUD with the 13 acres and the 120 acres out there all together because these people had to pay the taxes on that. Mr. Pearson said he would like to know what the appraised value of those 13 acres is now and asked if Mr. Wong knew this? Mr. Wong said he hopes it is higher than when he bought it. Mr. Pearson said it is way higher than what he bought it for, but he never did anything with it like he said he was going to. Mr. Wong said that it is big steps do it. Mr. Pearson asked if there were going to be some 25-foot lots? Mayor Cain said it is not specified, but just looking at the drawings that there are some lots that are smaller than others. Mr. Pearson said Freeport was incorporated in 1912, and they put a bunch of those 25-foot lots in, and they have had so many meetings with the City Council about what they are going to do with the 25-foot lots, and it does not make a lot of sense to him to put in another 25-foot lot. Mr. Pearson said 25-foot lots are still sitting there growing grass. Mr. Pearson asked Mr. Wong if he could get him the appraisal value of the property of the 13 acres and the 120 acres? Mr. Pearson said he just would like to know compared to what Mr. Wong paid for that property. Councilman Davis said it is a public record and can be looked up on the website. Mr. Pearson said it is broken up into so many little pieces, and now it is hard to tell. Mr. Wong asked Mr. Pearson, what 120 acres was he referring to? Mr. Pearson said the industrial out there. Mr. Wong said it is more than 120 acres. Mr. Pearson said what Mr. Wong gave because it was way lower than what it is.

Councilman Davis asked about the development on Skinner Street and how many acres is that? City Manager Lance Petty said it is 19 acres. Councilman Davis asked how much it was sold for? Mr. Petty said \$150,000. Councilman Davis said talk about a sweet deal.

Mr. Wong said he would like to get this matter resolved so he can move forward with development in Freeport. He said that is what he is looking forward to getting started, and he has a lot of work cut out for him, but he needs to be able to have a clear understanding of what the Council wants and how they need to work together. Mr. Wong said it just does not stop here tonight it is going to continue, and other ideas are going to be coming up, and there is going to be more land that is going to be brought up for annexation, so there is going to be a continuous process as they go forward with development in Freeport. Mayor Cain said this is a good way to start the conversation. Mayor Cain said he appreciated Mr. Wong and his team for coming out and for their interest in Freeport.

Mr. Wong asked what is the next step after this workshop? Mayor Cain said, since this is just a workshop, the Council can not take action on it and so, basically, it was set up to explain to the new Council and him what his plans and goals are and what it is going to take to get him there. Mayor Cain said it gives the Council the opportunity to ask the questions that they have to Mr. Wong and from this point the Council is going to put the ball back to Mr. Petty's court and he will continue the conversation and then, eventually, it will end up in a City Council meeting and so, that is how it goes from here. Mr. Wong asked when the Council thought he would have a final answer and asked if there was a time period? City Manager Lance Petty said it will actually be at the recommendation of the Council to move forward with this project, and then it will be placed on an agenda item or one coming up, and then he will be given another presentation if needed, and then they will have an action item that night, and they will take action on it but like he said he will send the information to the financial advisors just to go through everything and there will probably be some changes engineering wise to this plan because he thinks some of the entry coming off of 2nd Street and thinks like that are going to have to be adjusted. He said it does not look wide enough right now but will get into those details if the Council moves forward with the project. Mr. Wong thanked the Council and said he looks forward to going forward with this.

Adjournment

Adjournment – Jerry Cain, Mayor

Mayor Cain adjourned the meeting at 7:44P.M.



Jerry Cain, Mayor



Clarisa Fernandez, City Secretary