

**CITY OF SANTA FE**  
**SPECIAL COUNCIL MEETING**  
**SEPTEMBER 28, 2023 6:00 P.M.**  
**COUNCIL CHAMBERS**  
**12002 HWY. 6, SANTA FE, TEXAS**

**MINUTES**

The meeting was called to order at 6:00 p.m. by Mayor Bill Pittman.

Roll Call: Present: Mayor Bill Pittman  
Mayor Pro Tem Brandon Noto  
Councilmember Dana Marks  
Councilmember John Dickerson  
Councilmember Jason O'Brien

Absent: None

**Business:**

**1. Consideration and possible action: Development entitlements and land use tools to include entering into a development agreement with Megatel for a possible development located generally North of Cowan Road, South of FM 517, East of Rymal Road, and West of Country Meadow Lane**

The Santa Fe City Council met with Megatel Homes, LLC (Megatel) via Zoom online conferencing regarding the possible development of land for commercial and residential use that it calls Tres Rios. The land in question encompasses approximately 1,056.7 acres and is partially located within the city limits of Santa Fe, partially located within the City of Santa Fe's Extraterritorial Jurisdiction (ETJ), and partially located within the City of League City's ETJ. Megatel Chief Executive Officer Zach Ipour estimated the cost of the main commercial entertainment building to be between \$45,000,000 and \$50,000,000. Mayor Pittman explained that the residential portion of the development will occur in the portion of land in Santa Fe and in Santa Fe's ETJ, and the commercial development is planned for the portion of land that is currently located in League City's ETJ.

Mayor Pittman informed Council that, should Megatel proceed with the purchase and development of this land, it would need to secure a release from League City's ETJ in order for the City of Santa Fe to enter into this proposed development agreement. Mayor Pittman explained that this is so the City of Santa Fe would be able to approve the requested 80% Tax Increment Reinvestment Zone (TIRZ) for the residential area of the development.

Mayor Pittman informed the Council that a possible solution would be to allow Megatel to create a Municipal Utility District (MUD) for the development in order to protect their company from any potential amendments made by future Santa Fe City Councils, which would then get annexed into a Public Improvement District (PID) once Megatel started selling sections of the subdivision. Mayor Pittman emphasized that this proposed development would need to be within Santa Fe's taxing jurisdiction in order to protect both the City of Santa Fe and Megatel.

Mayor Pittman explained that Megatel would be responsible for negotiating with the City of League City, Galveston County, and Water Control and Improvement District 8 (WCID 8) for any TIRZ, etc., as the City has no control over other entities.

Megatel Chief Executive Officer Zach Ipour and Megatel Vice-President of Land Acquisitions and Development Steve Maglisceau presented a YouTube video and PowerPoint presentation of the renderings of each section of the proposed Laguna Azure development, including:

- Outdoor Recreation Area: laguna, sandy beaches, water slides, wave pool, cabanas, swim-up bar, and splash pad
- Entertainment District, which will employ 75 – 80 people: 35,000 square foot clubhouse, which provides food and beverage service to the cabanas and pool area, restaurant, arcade, and fitness center
- Residential Area: the construction of 2707 homes and 1200 apartments

Mr. Ipour added that non-residents to this community will also have access to all of the facilities.

Mr. Ipour believes that there will be no issues negotiating with the City of League City to release the property from League City's ETJ and annexing it into the City of Santa Fe.

Mr. Ipour stated that prior to the start of construction of the development, Megatel will be making a one-time payment to the City of Santa Fe for the City to use at its discretion for projects unrelated to this development. In addition, Megatel has agreed to deposit \$1,000,000 (up from the \$500,000 that was previously discussed) into an escrow account for the City to utilize for legal fees (other than PID costs) should Megatel fail to deliver on the terms of their agreement with the City. At the end of the project, if there has been no litigation, the \$1,000,000 would be refunded to Megatel.

Mayor Pittman stated that Megatel will be responsible for conducting a traffic study for all roads that lead to the subdivision.

In response to Councilmember O'Brien's question as to how the City of League City would benefit from releasing the 89 acres from their ETJ, Mayor Pittman responded that League City would request the retention of the first 600 feet so that they would be able to build commercial properties.

Mr. Ipour stated that the home prices range from \$323,050 to \$600,000, and that the multi-family homes that will be built around the laguna will bring in tax revenue for the City of Santa Fe. Mayor Pittman asked Mr. Ipour to clarify and confirm his understanding that Megatel is projecting around \$40,000,000 in annual sales, which would result in approximately \$800,000 in sales tax for the City of Santa Fe; Mr. Ipour responded affirmatively. The proposed 60/40 Situs Agreement states that Megatel will set up a separate entity to purchase all of the supplies for the residential construction, with all of the sales tax dollars going through the City of Santa Fe and the City receiving 60% of those sales tax funds.

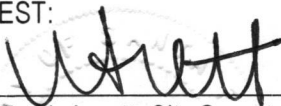
Mayor Pittman, in response to a question by Councilmember Dickerson, stated that construction on the laguna would begin once water and sewer are extended to the development. Mr. Ipour emphasized that construction of the laguna is essential for attracting homebuyers to the development and that the development's Entertainment District is projected to be complete by the end of the first year of development.

When asked by Mayor Pro Tem Noto if it would be possible to tour one of their developments next week when he is in the Dallas area for a conference, Mr. Ipour extended an invitation for him to do so.

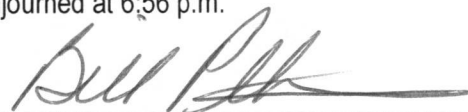
The Council agreed that they would move forward with gathering more information for the proposed development agreement.

Mayor Pro Tem Noto made a motion to adjourn, and the meeting adjourned at 6:56 p.m.

ATTEST:



Natalie N. Arnett, City Secretary



BILL PITTMAN, MAYOR