

Minutes of Meeting May 26, 2016

A Regular Meeting of the Port Commission of Port Freeport was held May 26, 2016 beginning at 4:02 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Ravi Singhania, Chairman
Mr. Rudy Santos, Asst. Secretary
Mr. Shane Pirtle, Commissioner
Mr. John Hoss, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Jeff Strader, Chief Financial Officer
Mr. Jason Hull, Director of Engineering
Mr. Al Durel, Director of Operations
Mr. Mike Wilson, Director of Economic Development
Ms. Dianna Kile, Director of External/Governmental Affairs
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager

Absent:

Mr. Bill Terry, Vice Chairman
Mr. Paul Kresta, Secretary
Mr. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development

Also present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Bob Arroyave, Brown & Gay Engineers
Ms. Suzanne Crawford, Brown & Gay Engineers
Mr. Edward Smith, Phillips 66
Mr. James Nash, Horizon Terminal Services
Ms. Rheda Valrey
Mr. & Mrs. Ruben Renobeto
Mr. Nick Aluiso
Mr. Jason Mills, Terracon

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Pledge of Allegiance: U.S. Flag & Texas Flag
3. Invocation – Mr. Bobby Fuller, Texas Port Ministry

4. Roll Call.

Commissioner Terry and Commissioner Kresta were absent. All other Commissioners were present.

5. Approval of minutes from the Regular Meeting held May 12, 2016.

A motion was made by Commissioner Santos to approve the minutes as presented. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

6. Reports from Executive Staff:

- A. Receive report from Executive Director/CEO on activities and matters related to administrative affairs. Port tenant updates, USCOE, rail issues, AAPA Committees, leases, contracts, upcoming Port and civic events and other related administrative affairs.

Ms. Saathoff announced that Julianna Miura made her debut to the Miura family this week. Mom and baby are doing well. The Brazoria-Fort Bend Rail District held a meeting last Friday at the Port. The Rail District continues to become more organized and getting affairs in order. The project was also discussed at the Alliance Luncheon today with Dr. Alex Metcalf speaking at the luncheon. An upcoming meeting with the Sunset Advisory Commission staff will take place June 1 at the HGAC offices. Staff will hear from ports and other freight stakeholders to hear how well TxDOT is addressing freight needs and activity. Ms. Saathoff also reported on communication from the TxDOT Maritime Division asking ports to respond to a questionnaire submitted on behalf of the State Legislative Budget Board staff who is reviewing Texas seaport funding. Responses are due June 10. A tour of Port Freeport will be arranged for the Senate Sub-Committee on Texas Ports. The date is to be determined. June 13-14 is the JOC Gulf Shipping Conference and Ms. Saathoff is recommending members of the Business Development team participate in the conference. In addition, Ms. Saathoff stated that staff is evaluating the security of the administration building, especially access to the first floor and controlled access to the other floors. In the meantime, a security guard will be placed at the front desk on the first floor. The next board meeting will be June 9th and will begin at 2:00 p.m. The next Community Advisory Panel (CAP) Meeting will be held at 5:30 p.m. the same day.

- B. Receive report from Chief Financial Officer on monthly activity and matters related to financial results, investments, insurance, leases, real property matters and other related administrative affairs.

Mr. Strader gave a brief financial presentation and update to the Commission.

- C. Receive report from Director of Engineering on activities and matters related to Freeport Harbor Federal Channel, capital projects and other projects, Hydrographic Report and other related facility engineering matters.

In addition to his report, Mr. Hull shared pictures of tank #3 at Freeport LNG, maintenance dredging area at Seaway dock #3 and Lamar Street on Quintana Island where they are setting the girders for the bridge. He also reported projects that are currently out for bid. The asbestos abatement for the Freeport Inn will open bids June 2, Dock 2 floodwall modification will open June 7 and the fiber optic extension which will extend fiber out to Parcel 19 will open June 14. Commissioner Hoss inquired about the plans for the build-out being submitted to the City for review, asking if a government entity was exempt from

submitting those plans. Mr. Hull stated that we are not exempt and added that he supports this submission so the plan is approved prior to going out for bids.

- D. Receive report from Director of Operations on activities and matters related to operations, vessel activity, tonnage and other related port operation matters.

Mr. Durel stated that although activity for project cargo has been below budget, it will soon increase. Between now and the end of September, we are expecting 20 vessels carrying project cargo. Most of those vessels will contain units to be moved by truck or barge with some larger units being direct discharge. The first vessel for Freeport LNG is due June 6-7 so conversations are ongoing to prepare. In addition, staff has been meeting with Horizon Terminal Services in anticipation of Caterpillar sending 32 D11's (bulldozers) to the Port in increments of 5-6 at a time. The first set is anticipated to arrive June 8-9. In addition, Mr. Durel shared graphs tracking the gross and net activity of containers on Velasco Terminal which date back to November 2014. The graphs show how inconsistent the productivity was in the beginning when they first starting working the ships at this terminal to six months later when things have evened out.

- E. Receive report from Director of Protective Services on matters related to safety meetings/injury report, security meetings, EMS update and other related safety, security and environmental matters.

In Chris Hogan's absence, Brandon Robertson updated the Board on the disaster recovery program stating that after hardware was refreshed a few months ago, it allowed Information Technologies to move the old back-up server to the new administration building to store back-ups made each night. These are now stored at the administration building and EOC building. He also reported on the audio/visual and access control system for the administration building adding that after tomorrow, the exterior doors will be badge accessible.

- F. Receive report from Director of Business & Economic Development on activities and matters related to industry meetings and Port presentations, Port events, and other related trade development or community relation matters.

In Jason Miura's absence, Mike Wilson stated that BASF modules will be arriving late 2016, early 2017 with approximately 60 pieces of project cargo. The Interlocal Agreement approved at the last meeting will not be reviewed by the TxDOT Commission until their meeting in late June. Following a 60-day comment period for the public, the agreement is anticipated to be approved by TxDOT in late October. Commissioner Singhania inquired about the Tenaris lease. Mr. Wilson stated there have been discussions regarding heavy-lift corridor as well as adding an additional 20 acres on Parcel 14. A meeting is forthcoming to discuss further details. Commissioner Singhania also suggested making contact with Vice President of Goya to discuss possible exporting of cargo.

- G. Receive report Director of External/Governmental Affairs on activities and matters related to federal, state and local governmental affairs, Port tenant updates, USCOE, rail issues, HGAC/TPC, Committees, upcoming Port and civic events and other related governmental affairs.

In addition to her report, Ms. Kile is preparing for the Senate Committee on Ports visit and continues work on acquiring East End property. Lastly, Sally McDonald with Fox News contacted Ms. Kile to gather information and photos for a piece on Port Freeport that will air this afternoon.

- 7. Receive report from Commissioners on matters related to meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Pirtle shared pictures taken of the simulations in Florida as well as a video of a vessel simulation leaving Berth 7.

Commissioner Singhanian reported attending the meeting held last week with BNSF and the Alliance Membership Luncheon held earlier in the day.

8. Public Comment

Ms. Rheda Valrey congratulated the Port on the new administration building and thanked the Port for efforts made with her mother on the house swap. She also thanked Dianna Kile and Jason Cordoba for their help and compassion throughout the process. Ms. Valrey then addressed the Board on behalf of the East End residents asking the Port to consider being the host advertiser for the East End commemorative souvenir booklet for their reunion that will be held at the Park Street Park, October 22, 2016. The cost of the publication is estimated to be approximately \$1,000.

9. Approval of financial report presented for period ending April 30, 2016.

A motion was made by Commissioner Pirtle to approve the financial report as presented. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

10. Adoption of a resolution approving the acceptance of the Port's portion of proceeds received from high bidders on delinquent tax property held in trust by Brazoria County, Texas and authorizing the Chairman to join in conveyance to high bidders.

A motion was made by Commissioner Pirtle to approve the resolution. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

11. Approval of Executive Director/CEO & Commissioners travel for June, 2016.

Ms. Saathoff is seeking approval for travel to visit Freight Shuttle International June 21st as well as BNSF. Dates for the BNSF trip have not been finalized but it is anticipated to take place in June. Jason Miura will also be traveling to Freight Shuttle International as well as 3 commissioners.

A motion was made by Commissioner Santos to approve the travel for both Ms. Saathoff and the three Commissioners. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

12. Approval of Letter of Engagement for legal services with Blank Rome regarding Pilot Board.

A motion was made by Commissioner Pirtle to approve the letter. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

13. Approval of Letter of Engagement for legal services with Blank Rome regarding general maritime law.

A motion was made by Commissioner Pirtle to approve the letter. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

14. Approval regarding the relocation of an electrical easement with CenterPoint Energy on Quintana Island.

Mr. Hull explained that this easement was previously brought to the Strategic Planning Advisor Committee March 24 for discussion. Freeport LNG needs to install a pipe rack between their liquefaction plant and new facility (Dock 1 and 2). An existing CenterPoint electrical easement will need to be relocated along with a power line. CenterPoint is requesting the Port's permission to relocate said easement. It is staff's recommendation to approve this request.

A motion was made by Commissioner Santos to approve the easement. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

15. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

- A. Under authority of Section 551.071 for discussion regarding:
 - 1. Consultation with attorney regarding the lease terms with Western Seafood, Inc.
- B. Under authority of Section 551.072 for discussion regarding:
 - 1. Discussion regarding matters related to the Lease Agreement between Port Freeport and Tenaris Global Services.
 - 2. Discussion regarding the terms and conditions of an amendment to the Lease Agreement between Port Freeport and Coastal Cargo of Texas, Inc.
 - 3. The potential purchase, exchange, lease or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berth 7.

16. RECONVENE OPEN SESSION to review and discuss the following:

17. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:19 p.m.