

# Minutes of Regular Meeting

## Port Commission Port Freeport

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A Regular Meeting of the Port Commission of Port Freeport was held February 12, 2015 beginning at 4:15 PM in the Port Freeport Administration Building, 200 West Second Street, Third Floor, Freeport, Texas.

### Commissioners present:

Mr. John Hoss, Chairman  
Mr. Paul Kresta, Vice Chairman  
Mr. Shane Pirtle, Secretary  
Mr. Thomas S. Perryman, Commissioner  
Mr. Bill Terry, Commissioner

### Staff Members present:

Mr. Frank Mauro, Legal Counsel  
Mr. Glenn A. Carlson, Executive Port Director/CEO  
Mr. Jeff Strader, Chief Financial Officer  
Mr. Al Durel, Director of Operations  
Mr. Mike Wilson, Director of Economic Development  
Mr. Chris Hogan, Director of Protective Services  
Mr. Jason Hull, Director of Engineering  
Ms. Mary Campus, Controller  
Ms. Missy Bevers, Executive Assistant  
Mr. Brandon Robertson, IT Systems Administrator  
Mr. Cecil Booth, Project Engineer

### Absent:

Mr. Ravi Singhanian, Assistant Secretary

### Also present:

Mr. Bobby Fuller, Texas Port Ministry  
Mr. Gary Myers, Brown & Gay Engineers  
Mr. Bob Arroyave, Brown & Gay Engineers  
Mr. Kevin Cadenhead, Kennemer, Masters & Lunsford  
Ms. Sarah Marsh, Dole Fresh Fruit  
Mr. Will Bohlen, Moffatt & Nichol  
Mr. Jonathan Thomas, Moffatt & Nichol  
Mr. George Kidwell, Velasco Drainage District  
Mr. James Teeter, Brazos Pilots Association  
Mr. Manning Rollerson

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. Approval of minutes from the Special Meeting held January 13, 2015 and the Regular Meeting held January 15, 2015.

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

5. Report from Executive Staff and Commissioners.
  - A. Receive report from Executive Port Director/CEO on activities and matters related to federal, state and local governmental affairs, Port tenant updates, USCOE, rail issues, HGAC/TPC, AAPA Committees, leases, contracts, upcoming Port and civic events and other related administrative and governmental matters.

Mr. Carlson commented on the Groundbreaking Ceremony for the Port's new Administration Building, held earlier in the day, stating it went well and thanked staff involved for making it a success. He noted that year end numbers for growth in vessel arrivals were published in the latest issue of Port Bureau magazine with Corpus growing 18, Port Freeport in second at 12.2%, Galveston at 6.8% and all other Ports were combined for a loss of 1.4%. Mr. Carlson also reported that the last payment on the cranes was made to ZPMC in the amount of \$1,410,000. He further stated, the Pacific Maritime Association (PMA) has been in labor contract renewal negotiations with the ILWU since June. They announced today that all vessel operations have been suspended Thursday – Monday as holidays are premium work hours with a 50% increase in pay. Slowdowns are expected to continue and a lock-out is likely in the next few weeks to force contract acceptance.

- B. Receive report(s) from Commissioners related to meetings and conferences attended Port presentations and other related Port Commission matters.

There were no reports from Commissioners.

6. Receive comments from the public.

Mr. Manning Rollerson addressed the board regarding the status of his work eligibility and port access as a member of the ILA local.

7. Receive report on the September 30, 2014 Fiscal Year End Audit Report.

Mr. Kevin Cadenhead with Kennemer, Masters & Lunsford stated that the audit went according to plan and that the internal controls in place as specified in policies and procedures by the Port Commission are functioning as should be. There were no audit findings to be reported and there were no findings of any type of improvements to be made. Mr. Cadenhead explained the four letters of communication from his firm that are included in the report. The first letter is the audit opinion on the financial statements taken as a whole, which is an unmodified opinion, the best possible opinion. The amount of federal funds (grant funds) that came into the Port this year required single audit to ensure compliance

with established federal policy and procedures. The second letter indicated that there were no findings as it related to this compliance. The third letter from the auditors states what a deficiency is with respect to internal controls and the Port had none. Mr. Cadenhead also explained the final letter which is a communication from the auditors stating that nothing came up during the audit that warranted notification to the Port Commission and everything went according to plan.

#### 8. Approval of the FY 2014 Comprehensive Annual Financial Report

Mr. Strader acknowledge the quality of the report and thanked the finance department for their hard work in putting the report together. Ms. Campus gave a brief overview of the financial report highlighting the MD&A section of the report which is very informative and puts a perspective of the history by comparing three years of Port statistics. She added that operating revenues are just slightly under \$17 million with operating expenses at \$14.5 and an operating income of \$2.5 million. Non-operating revenues saw a change in net position of \$5.8 million which compared to last year's \$9.4 is a good increase. Last year's number included the Berth 7 settlement.

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

#### 9. Award of Construction Contract for the Turning Basin Road Improvement Project.

Mr. Hull stated that three bids were submitted for this contract with the low bidder being to Sorrell Construction Equipment Materials LLC in the amount of \$307,848.00. It is his recommendation to award the contract to Sorrell. Commissioner Pirtle noted concerns with traffic management while this project is taking place. Mr. Hull explained the phasing plan for the construction to ensure traffic flow continues.

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

#### 10. Approval for Executive Port Director/CEO to execute a Letter of No Objection for CenterPoint Energy's 408 Application for Transmission Line.

Mr. Hull explained that this letter is similar to the letter approved at the previous meeting, stating that the Corps is requiring CenterPoint to submit a 408 for their review of the transmission line. The Port has no objection to their building a substation and associated drives needed and therefore recommends approval of the project and authorize the Port Director to sign the no objection letter.

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

#### 11. Adoption of a resolution supporting Countywide Joint Elections with Vote Centers

Mr. Strader explained that the County has been approved to move forward with a proposed plan for countywide vote centers that will be used in the upcoming May election, and they are still requesting a resolution of support from political subdivisions

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

12. Adoption of a resolution ordering an Election be held May 9, 2015 for the purpose of electing two Port Commissioners, Positions 4 and 6.

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

13. Approval of a Joint Election Agreement and Contract for Election Services between Brazoria County and Port Freeport.

Mr. Strader explained that this is a standard agreement the Port has previously entered into with the County for election services. The amount of the contract has run from low to mid \$20K and that \$25K had been budgeted.

A motion was made by Commissioner Terry to approve the agreement and contract. The motion was seconded by Commissioner Perryman with all Commissioners present voting in favor of the motion.

14. Approval of an extension to the Consulting Services Contract between Steinberg & Associates and Port Freeport.

Mr. Carlson is proposing a one year extension to the contract with Steinberg & Associates with no increase in the hourly rate. He added that Rich Worthington has done a phenomenal job in assisting the Port through the difficult processes with the Corps and recommends approval of this extension.

A motion was made by Commissioner Perryman to approve the extension. The motion was seconded by Commissioner Terry with all Commissioners present voting in favor of the motion.

15. Approval of purchase contract for property located at 410 East 6<sup>th</sup> Street.

Mr. Strader stated that the owner of this property has approached our agents with an offer to sell at \$46,000 which is in the range of the 150% tax value that was established as a pricing guideline. This property is within the corridor of interest for the Port.

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

16. Approval of Commissioners travel for the month of February, March and April.

Upcoming travel for Commissioners include Pearland Day, Brazoria County Day and an invitation from Fort Bend County to join a Trade Mission in China. Commissioner Terry expressed his concerns for the travel, especially the trip to China but noted that he supports Brazoria County Day. After some discussion regarding the mission to China, the board agreed to gather more information on the trip and table approval for China.

A motion was made by Commissioner Pirtle to approve travel for Pearland Day and Brazoria County Day, and table the China trip until more information is obtained. The motion was seconded by Commissioner Terry with all Commissioners present voting in favor of the motion. Commissioner Pirtle then made a

motion to add either another Commissioner or staff, if available, to Pearland Day. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

17. Approval of an Administrative clerical position.

Mr. Strader explained that staff is seeking approval of this is an hourly position for a full-time employee who would start out focused on administrative duties, helping to organize staff for the move to the new building and long-term, develop this person into a HR person from a clerical standpoint.

A motion was made by Commissioner Perryman to approve the new position. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

18. Update regarding C-TPAT inspection results.

Mr. Hogan explained that C-TPAT is a Customs-Trade Partnership Against Terrorism program which is a voluntary supply chain program the Port participates in. If the Port maintains certification, Port users benefit by receiving reduced cost and time from CBP for getting product back out. Mr. Hogan shared the scorecard the Port received from the DHS visit, which was a perfect score. The only recommendation made was that they would like to see firearm presence.

19. Approval of Design Concept for Velasco Terminal, Berths 8 & 9.

As presented in the Capital Planning Committee, Mr. Hull explained the different design concepts for the berths and made a recommendation to approve Option 1 which is the open base pile supporting pavement for Berth 8 and a closed base relieving platform-supported pavement for Berth 9. After some discussion, the Board accepted the recommendation and requested that as part of the approval, a Letter of Recommendation from Moffatt & Nichol is included with the final report.

A motion was made by Commissioner Perryman to approve the recommended design concept. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

20. Receive 3D presentation of proposed Port Freeport Master Plan.

Mr. Carlson shared a 3D presentation from Paul F. Richardson Associates of the proposed Master Plan and how it would look once put into place.

21. 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. 551.076 – Security Matters

1. Issues related to the deployment, or specific occasions for implementation of security personnel or devices or security audit and services.

B. 551.071 – Consultation with Attorney

1. Discussion with attorney regarding legal issues arising out of injury occurring to individual at Port Freeport.
2. Discussion with attorney regarding proposed legislative amendments to the Texas Government Code and Texas Water Code.

3. Update regarding the terms and legal issues of the General Reevaluation Report (GRR)/U.S. Army Corps of Engineers associated with the initial phase of the Federal Harbor Channel Improvement Project.
4. Discussion with attorney regarding terms of contract amendment with Paul F. Richardson Associates for the Freeport Harbor Channel Improvement Project.

22. RECONVENE OPEN SESSION

23. Approval of additional funding to Paul F. Richardson Associates for the Freeport Harbor Channel Improvement Project.

This item was tabled.

24. Adjourn.

With no further business before the Commission, the meeting adjourned at 8:45 p.m.