

Minutes of Meeting April 9, 2015

A Regular Meeting of the Port Commission of Port Freeport was held April 9, 2015 beginning at 3:00 PM at the Administration Building, 200 W. Second Street, 3rd Floor, Freeport, Texas.

Commissioners present:

Mr. John Hoss, Chairman
Mr. Paul Kresta, Vice Chairman
Mr. Shane Pirtle, Secretary
Mr. Ravi Singhania, Asst. Secretary
Mr. Tom Perryman, Commissioner
Mr. Bill Terry, Commissioner

Staff Members Present:

Mr. Frank Mauro, Legal Counsel
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. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Brandon Robertson, IT Systems Administrator
Mr. Nick Malambri, Engineering Specialist
Mr. Bill Fox, Interim Director of Trade Development
Ms. Dianna Kile, Director of External Affairs

Absent:

Mr. Glenn Carlson, Executive Port Director/CEO

Also present:

Mr. Peter Nemeth, Crain, Caton & James
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Gary Meyers, Brown & Gay Engineers
Mr. Jeff Taylor, Freese & Nichols
Mr. Richard Fields, Aguirre & Fields
Ms. Sarah Vuskov, HDR Engineering

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 – Commissioner Shane Pirtle.
4. Approval of minutes of the Regular Meeting held March 26, 2015.

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

5. Reports from Executive Staff & 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 affairs.

In Mr. Carlson's absence, Mr. Strader updated the Board on the progress in preparing for Hoegh and the first vessel scheduled to arrive May 28th. He reported on meetings held with Phillips 66 earlier in the week to discuss Area E and potential improvements. He also mentioned discussions with the Texas A&M Transportation Technology Institute (TTI) to update our economic impact analysis.

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

Commission Singhania reported attending the ACIT Economic Outlook Breakfast. Commissioner Hoss introduced Commissioner-elect Rudy Santos who will take office June 1st. Mr. Strader introduced Dianna Kile, who will begin work Monday as Director of External Affairs and Mr. Bill Fox who is returning to assist in the Business Development department until the position can be permanently filled.

6. Receive comments from the Public.

There were no comments.

7. Approval of a purchase contract for property located at 419 East Broad.

Mr. Strader stated that this house is relatively new, built in 2011 and given its location, wants to consider maintaining it to utilize for temporary housing for new employees who are relocating or potential service providers (i.e., consultants and vendors) that we otherwise would pay or reimburse for temporary hotel lodging. His recommendation is to purchase this property.

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

8. Approval of an Amendment to Collateral Access Agreement between Chiquita Fresh North America, Wells Fargo Bank and Port Freeport dated March 29, 2013.

Mr. Strader stated this modification is to an Access Agreement, which was previously approved by the Commission in 2013, which will substitute Bank of America for Wells Fargo Bank.

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

9. Approval of a Consulting Agreement with Aguirre & Fields, LP for consulting services related to the Highway 36A Corridor Project.

Mr. Strader explained this agreement would be for consulting and advisory services pertaining to the 36A improvement initiatives, more specifically for the proposed rail corridor. He added that Richard Fields' expertise relative to the 36A Corridor Coalition would bring a lot of assistance and help into the organization. Mr. Fields will work under the direction of the CEO and Director of External Affairs.

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

10. Approval of a Consulting Agreement with K.R. "Doc" Adams for the development of a cargo identification process relating to security and safety.

Mr. Strader stated that Doc Adams would be an independent consultant and provide services in the development for the strategy and supporting plan for the identification/notification and safe handling of hazardous cargo that transit our facility. Mr. Adams will work under the direction of the CEO, or his designee, Chris Hogan. Duration of the contract is for one year with a \$500 per day compensation, local travel and expenses included.

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

11. Approval of a Consulting Agreement with Bill Fox as Interim Director of Trade Development.

Per a wording change request by the Board to the agreement, Mr. Fox will serve as a consultant to the Business Development department. The contract is for one year at \$3200 per week.

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

12. Approval of Feasibility Credit Sharing Agreement between Port Freeport and the Department of the Army for the Federal Harbor Channel Improvement Project General Reevaluation Study.

Mr. Strader explained this is the cost shared agreement for the General Review Report (GRR) that we have been working on since August. It will look at improvements in the lower Stauffer Channel, issues associated with the levee system on the Dow thumb side as well as bend easing. The cost estimate for the study is \$2.4 million which will be cost shared 50/50 resulting in a \$1.2 million share for the Port. The agreement contemplates the Port's entire share will be in the form of work in kind but will need to be agreed upon prior to engaging in services.

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

13. Discussion regarding possible Strategic Workshop to discuss current draft of the Master Plan and proposed plan of action regarding the Freeport Harbor Channel Improvement Project.

Commissioner Hoss asked for this item explaining that he has received a lot of feedback and questions individually from other Commissioners and felt with the Port launching into certain agreements and capital expenditures that are part of the Master Plan, a workshop was needed to bring the Master Plan into better focus. After some discussion, a workshop was set for May 4th at noon.

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

- A. Under authority of Section 551.071 and Section 551.072 for discussion regarding:
1. Consultation with attorney regarding proposed structure of financing for liquefaction project and agreements requested from Port Freeport in connection therewith, including, without limitation, a Recognition and Non-Disturbance Agreement and an Estoppel Agreement related to the Freeport LNG Train 3 Financing.
- B. Under authority of Section 551.071 for discussion with attorney regarding:
1. Discussion regarding current contract status of Master Plan and Freeport Harbor Channel Improvement initiatives.

15. RECONVENE OPEN SESSION to review and consider the following:

16. Approval of agreements requested from Port Freeport in connection proposed financing for liquefaction project, including, without limitation, a Recognition and Non-Disturbance Agreement and an Estoppel Agreement related to the Freeport LNG Train 3 Financing.

Mr. Peter Nemeth of Crain, Caton & James explained that Freeport LNG has lined up financing for its third liquefaction train. The collateral agent, Mizuho Bank (USA), has requested new documents be signed in favor of financing of Train 3. The Landlord Estoppel Certificate is a standard lender required document which confirms all the leases, easements, guarantees and all other documents the Port has executed in favor of Freeport LNG and its affiliates. The Recognition and Non-Disturbance Agreement is in favor of Mizuho Bank as collateral agent for the lenders. It includes provisions authorizing liens on the Train 3 for personal property installed.

A motion was made by Commissioner Singhanian to approve the resolution authorizing execution of Freeport LNG Train 3 financing related documents. The motion was seconded by Commissioner Terry with all Commissioners present voting in favor of the motion.

17. Adjourn.

With no further business before the Commission, the meeting was adjourned at 5:55p.m.