

Minutes of Meeting September 10, 2015

A Regular Meeting of the Port Commission of Port Freeport was held September 10, 2015 beginning at 3:00 PM at the Administration Building, 200 W. Second Street, 3rd Floor, Freeport, Texas.

Commissioners present:

Mr. Ravi Singhanian, Chairman
Mr. Bill Terry, Vice Chairman
Mr. Paul Kresta, Secretary
Mr. Rudy Santos, Asst. Secretary
Mr. Shane Pirtle, Commissioner
Mr. John Hoss, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Mr. Glenn 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. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Brandon Robertson, Network Systems Manager
Mr. Bill Fox, Interim Director of Business Development
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Mr. Jason Miura, Director of Business & Economic Development

Also present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. James Nash, Horizon Terminals

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 – All members of the Board were present.

5. Approval of minutes from the Regular Meeting held August 27, 2015.

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

6. 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.

Mr. Carlson reported on a meeting held with the East End homeowners in Freeport stating the information was well received and had good feedback. GM has a target of over 10,000 units of export this month. This number is aggressive but Horizon Terminals has assured us they have the man power and as long as the cargo arrives, the ships are scheduled to pick them up. The first Brazoria-Fort Bend Rail District Meeting is scheduled September 15 at 9:00 a.m. The weekly Freeport Harbor Channel Improvement meeting was not held this week due to scheduling conflicts however continued efforts to monitor the timeline to keep the Corps on track. Mr. Carlson also reported attending meetings in Jacksonville last week with AmPorts, G& W and Hoegh to continue to develop the inland location to support the development the rail infrastructure on Parcel 14. G & W has provided some indication of investment levels driven by potential volume. November 19th is the inaugural ceremony for the new Hoegh service.

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

There were no reports from Commissioners.

7. Receive comments from the Public.

There were no comments from the public.

8. Award of a Construction Contract for the Transit Shed 2 Demolition Project.

Mr. Hull stated that bids were opened earlier in the day for the Transit Shed 2 Demolition which was re-bid due to no bids received in the first round. Mr. Hull explained that his estimated budget for this project was \$2M however, all 3 bids received came in over that amount. He went on to state that the scope was adjusted to also include demolition of Building 51 which is an office building just north of Warehouse 51 that has mold and water damage inside. Mr. Hull recommends awarding the contract to the low bidder of Bartlett Cooke in the amount of \$2,461,308.

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.

9. Approval of a Professional Services Agreement for Freeport Harbor GRR (General Re-Evaluation Report) in-kind work activities.

Mr. Hull explained that the in-kind work for the FHCIP GRR will include required sedimentation analysis, sea level rise analysis, wave barrier analysis, levee overtopping analysis, hydrodynamic modeling and H&H analysis. This is cost-shared 50/50 with the Corps of Engineers. It is Mr. Hull's recommendation to approve this agreement with HDR, Inc. in the amount of \$187,900.

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

10. Approval of acceptance of an Easement from CenterPoint Energy.

Mr. Hull stated that CenterPoint is giving the Port an easement that is 100 feet wide to develop our rail on Parcel 14 and asking for our acceptance and execution of the document. Legal Counsel Jason Cordoba stated that CenterPoint is asking for signature because they are giving us the easement "as is" and wanting us to accept it as is as opposed to just giving it to us.

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

11. Approval of a Letter of Engagement with Mauro & Cordoba, P.L.L.C. for legal services as General Counsel.

A motion was made by Commissioner Kresta to approve the engagement letter with a term limit of two years as discussed in executive session. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

12. Adoption of a Form of Credentials appointment Glenn Carlson as delegate to the Annual Convention and Annual Meeting of the American Association of Port Authorities.

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

13. Adoption of the FY 2015/16 Budget for Port Freeport.

Ms. Campus gave a brief summary of the recent changes made to budget based on comments and requests from the workshop. Commissioner Hoss began a discussion regarding the harbor master initiative and numbers for that project that will affect the current budget presented. After discussing this for some time, the board agreed to move forward with the current budget knowing the Security/Safety Committee may come back with a request to revise the budget later in the fiscal year in order to implement a phase of the initiative.

A motion was made by Commissioner Terry to adopt the budget contingent on approval of the tax rate. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

14. Adoption of a resolution setting the 2015 Tax Rate for Port Freeport.

On the request of Commissioner Singhania, Ms. Campus prepared a ten year projection with the tax rates and tax revenues to estimate future tax rates. She also plugged in the capital projects based on schedules today. Discussion then began regarding the tax rate, tax rate revenues and in particular the Maintenance and Operations tax rate. Discussion included leaving the tax rate the same at \$.045, reducing the rate to the

effective tax rate of \$.044476, and lowering to \$.041304 which would keep the maintenance and operation taxable levy the same as the previous year.

A motion was made by Commissioner Hoss to adopt a tax rate of .041304 with instructions for staff to construct a capital reserve fund equal to the Maintenance and Operations monies to be set aside for future capital projects. The motion was seconded by Commissioner Santos 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 551.001. et. seq., to review and consider the following:

- A. Under authority of Section 551.072 for discussion regarding:
1. Discussion regarding an amendment to the Lease Agreement between Port Freeport and Hoegh Autoliners.
 2. Discussion regarding matters related to the Lease of Container/Trailer Marshalling Yard Complex between Port Freeport and Dole Fresh Fruit.
 3. Discussion and update regarding the exchange, lease or value of Port Freeport real property as it relates to potential private capital investment.

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

17. Approval of an amendment to the Lease Agreement between Port Freeport and Hoegh Autoliners.

This item was tabled for consideration at the next meeting with staff instructed to send the materials discussed in executive session to legal counsel for drafting and final approval at the next board meeting.

18. Adjourn.

With no further business before the Commission, the meeting was adjourned at 6:00 p.m.