

Minutes of Meeting January 14, 2016

A Regular Meeting of the Port Commission of Port Freeport was held January 14, 2016 beginning at 4:08 PM at the Administration Building, 200 W. Second Street, 3rd Floor, Freeport, Texas.

Commissioners present:

Mr. Ravi Singhania, 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. Jeff Strader, Chief Financial Officer
Mr. Al Durel, Director of Operations
Mr. Jason Hull, Director of Engineering
Mr. Chris Hogan, Director of Protective Services
Mr. Mike Wilson, Director of Economic Development
Mr. Jason Miura, Director of Business & Economic Development
Ms. Dianna Kile, Director of External/Government Affairs
Ms. Mary Campus, Controller
Ms. Missy Bevers, Executive Assistant

Also present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Billy Burns, Brazos Pilots
Mr. Daniel Blanton, Brazos Pilots
Mr. Shaw Ottis, Freeport LNG
Mr. Jeff Kuhn, Zachry
Mr. Bob Arroyave, Brown & Gay Engineer
Ms. Suzanne Crawford, Brown & Gay Engineer
Mr. George Kidwell, Velasco Drainage District
Ms. Katie Blair, Shrader Engineering
Mr. Richard Fields, Aguirre & Fields
Ms. Melanie Oldham

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 December 17, 2015.

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

6. Receive report from Director of Engineering and Chief Financial Officer 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.

Mr. Hull updated the Board on the flood wall project stating that the Corps is in the final review of the 408, which was submitted to them September 25, 2015, with a permit soon to come. Mr. Hull also stated that the Freeport Harbor dredging project will bid July 1st.

Mr. Strader stated that Ms. Campus was able to produce a draft financial statement for the Board. Year to date, we are a little over \$5.2 million in revenue which is 27% over the prior year and on target with budget. Expenses are running approximately 15% under budget, which yields about \$1.5 million net operating income which is 334% over the prior year and 69% over budget. A more detailed report will be available later in the month.

7. 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.

8. Public Comment

There were no comments from the public.

9. Consideration and possible action regarding Port Use Fees and construction of temporary docks on Quintana Island.

Late last year discussion took place regarding construction of the temporary docks for the current phase of construction for the liquefaction trains on the Freeport LNG project and the matter of port use fees was discussed as well. Mr. Strader stated that it was management's recommendation then that the Port approve the docks and waive any Port use fees associated with them. A draft letter has been prepared to be sent to Freeport LNG outlining this recommendation. He added that another condition of the letter is that the Board reserves the right to require the removal of the docks upon completion of construction that the Board deems necessary. Management recommends approval.

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

10. Approval of Change Order No. 1 for the Website Development Project.

Mr. Miura stated that the website is about 80% complete with about six more weeks before deployment in early March. When the agreement was entered with AdHere, 320-400 hours was estimated for the scope of work presented. Because of changes in personnel within the Port and additional training sessions, these hours have gone over budget. AdHere is estimating an additional 100 hours required to complete this project within six weeks at a discounted rate of \$140/hour. The change order is for \$14,000 and an additional \$2800 for the creation of content, which is the actual copy that will go on the website. After some discussion, staff recommended approval of a revised contract in an amount not to exceed \$72,800.

A motion was made by Commissioner Terry to approve the change order for an amount not to exceed \$72,800. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

11. 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 Terry with all Commissioners present voting in favor of the motion.

12. Receive update from staff regarding upcoming Trade Mission trip to Panama.

Mr. Miura stated that Commissioners Singhania, Santos Hoss as well as himself will be traveling will be traveling to Panama this Sunday. Monday will begin with breakfast and a business forum with presentations by Port Freeport and the 36A Coalition followed by presentations by the Panamanian public and private sectors. After a tour of the canal, the group will attend a reception with Mediterranean Shipping Company. Tuesday's schedule includes traveling to Colon to visit Manzanillo International Terminal and Panama Ports with a possible visit to a marine scientific base in Panama. Wednesday morning the group will meet with SSA Marine, which is the operator of Manzanillo International Terminal before returning to Houston.

13. Receive update from staff regarding the FM 1495 Bridge.

Mr. Hull reported that Mark Woolridge, who is the former Brazoria County Area Engineer and now the Houston District Maintenance Engineer, will be the contact for projects in Brazoria County on an interim basis until a new area engineer is seated. TxDOT has pulled their construction money for this project so they are only funded through design. According to TxDOT, there are too many moving parts to this project so they have decided to fund other projects. TxDOT is considering signage around 332/288 that will direct traffic through Freeport before the detour. They also conducted a traffic impact analysis to make recommendations on the ultimate detour to mitigate the traffic, which was completed last week and is in review. Commissioner Pirtle added that he met with Roy Yates who is on the Freeport Economic Development who learned they had a master plan for the City of Freeport. They are suggesting that Freeport and the Port merge their master plans together to form a committee to work with TxDOT and local industry to guide this project. Commissioner Singhania suggested adding an item to the next agenda to discuss a possible committee further.

14. Receive update from staff regarding the widening of Highway 36.

Mr. Hull stated that TxDOT has a conceptual design for this project but not detailed design, meaning they know what the section will look like but not where the speed limit signs and striping will go. Those plans are being developed. This project will be funded in September, 2017.

15. Receive update from staff regarding the Brazoria-Fort Bend Rail District.

Mr. Miura presented the agenda for the rail district meeting that will be held Friday which includes discussion on the goal and mission of the rail district, workshop to discuss budget and financing as well as discussions with prospective law firms to represent the district. Questions and issues were raised regarding the administrative and legal support the Port is providing to the rail district at this time. Mr. Miura stated that those topics were also on the agenda for the meeting.

16. Receive update from staff regarding the Federal Harbor Channel Improvement Project.

Mr. Hull has asked HDR to prepare a PSA for a seventh sampling of the dredging piece on the tip of the Dow thumb. Mr. Hull anticipates bringing it to the Board at the next meeting. In addition, he will have a PSA on the agenda for ship simulation with Starr. The Pilots will be invited to be a part of the simulation along with representatives from Starr, HDR, and the Corps of Engineers. The goal of the simulation is to demonstrate that the Panamax & Hoegh vessels will navigate the improved channel with the 400 foot width, a bend easing and a turning notch. Mr. Hull also stated that the cost to date for this project, which has been ongoing for 13 years, is \$13 million. Total funds spent by the Port and the Corps is \$6.5 million each.

17. Receive report from staff regarding feedback from the Joint Meeting of the Operations & Security/Safety Committee held December 1, 2015.

Commissioner Hoss stated that various discussions were held and comments were expressed by the public and captured by Port staff. Commissioner Hoss then noted key items of concern were the following:

- 1) overall harbor safety and efficiency should be a priority for the expenditure of our resources;
- 2) who provides and coordinates emergency services in the event of an emergency;
- 3) communications and notifications on a 24 hr. basis for ships, agents, users and terminals;
- 4) develop small working groups to address specific issues; and
- 5) Port's priority should be on emergency response

Mr. Durel added that a large crowd attended this meeting with most of the industry represented. The consensus in the room is that the Pilot's do a good job at scheduling vessels now. As the larger vessels make their way here, scheduling will become a little more difficult with daylight restrictions therefore communication with Pilots will be key.

18. 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 Sections 551.071 and 551.072 for discussion regarding:

1. Consultation with attorney regarding an Interlocal Agreement between Port Freeport and the City of Freeport.

2. Consultation with attorney regarding terms of agreement to purchase real property in East End Freeport, Texas and regarding the purchase, exchange, lease or value of real property in East End Freeport, Texas.
3. Consultation with attorney regarding an Amendment to the Lease Agreement between Port Freeport and Hoegh Autoliners.
4. Consultation with attorney regarding terms being discussed with Phillips 66 related to the proposed Cut-In Berth Project including value of real property located at Port Freeport.

B. Under authority of Section 551.074 for discussion regarding:

1. To deliberate, the appointment, employment, evaluation, reassignment or duties of a public officer or employee – Interim Executive Port Directors/CEOs.
2. To deliberate, the appointment, employment, evaluation, reassignment or duties of a public officer or employee – New Executive Port Director/CEO.

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

20. Approval of Change Order No. 1 to Parcel 19 Development project.

Mr. Hull stated that this change order was put together for Parcel 19 in order to fix city streets on the east end. Mr. Hull recommends approval subject to an executed Interlocal Agreement with the City of Freeport.

A motion was made by Commissioner Hoss to adopt the proposed change order by staff subject to a completed Interlocal Agreement with the City of Freeport. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

21. Approval of Commissioners travel in February for the AAPA Commissioners Seminar.

Commissioners Pirtle, Santos and Singhania will be attending the Commissioners Seminar in West Palm Beach, Florida February 9-11.

A motion was made by Commissioner Hoss to approve travel for three commissioners to attend the seminar. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

22. Approval of proposed Board Meeting dates for 2016.

Commissioner Singhania stated that the proposed schedule is to go to one meeting a month for 2016. Commissioner Hoss and Commissioner Pirtle expressed reservations going to one meeting a month. Commissioner Singhania suggested letting staff determined if a second meeting is needed each month. After further discussion, Commissioner Singhania stated that he will bring a new schedule to the next meeting for consideration.

23. Adjourn.

With no further business before the Commission, the meeting adjourned at 6:51 p.m.