

Minutes of Meeting June 23, 2016

A Regular Meeting of the Port Commission of Port Freeport was held June 23, 2016 beginning at 4:02 PM at the Administration Building, 1100 Cherry Street, 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
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. 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/Governmental Affairs
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager
Mr. Cecil Booth, Project Engineer

Also present:

Ms. Suzanne Crawford, Brown & Gay Engineers
Mr. Edward Smith, Phillips 66
Mr. James Nash, Horizon Terminal Services
Mr. Jason Mills, Terracon
Mr. Chad Williamson, McGriff
Mr. Javier Infante, Raba Kistner Consultants
Mr. Tim Hurst, Hurst Technologies
Mr. David Eby, Terracon
Mr. Jodi Eby, Terracon
Mr. Gary Basinger, The Alliance
Mr. Neil McLellan, HDR
Ms. Sarah Vuskov, HDR

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. Roll Call.

All Commissioners were present.

5. Approval of minutes from the Regular Meeting held June 9, 2016.

A motion was made by Commissioner Kresta to approve the minutes as presented. The motion was seconded by Commissioner Terry 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 stated that two letters of objection have been received in response to the Brazos Pilots Association application request for a rate adjustment. The Pilot Commission has set a public hearing July 13 at 9:00 a.m. The channel users and pilots met June 17 to collectively discuss the request for rate adjustments. Channel users were allowed to ask questions to further understand the rate request. Options are being evaluated but an agreement is hopefully moving forward. Ms. Saathoff reported on Chairman Singhania's presentation at the Highway 36A Coalition Luncheon last week. Port Freeport has submitted their responses to the TxDOT Maritime Division questionnaire that was sent on behalf of the state legislative board. Responses will be included in Ms. Saathoff's written report to the Board. Additionally, tour dates with the TxDOT Maritime Senate Sub-Committee for Texas Ports have not released but when they are, those dates will be relayed to Commissioners. Ms. Saathoff along with Commissioners Singhania, Terry and Pirtle and Jason Miura attended a meeting at the Fort Worth offices of the BNSF railroad earlier in the week to discuss rail developments in the Port as well as possible opportunities for BNSF. An invitation has been extended to Commissioners for an event on the Expansion of the Panama Canal opening to be held June 29 at the Consulate of Panama in Houston. Additionally, a Houston-Texas Trade Mission to Panama is planned for July 31–August 3 with Lt. Governor Dan Patrick and Ambassador Sosa coordinating the event. Sponsorships for this event will be available. Representatives from Tenaris recently visited Port Freeport and extended an invitation to tour their Bay City plant July 5 or 6. Once the date is confirmed, the Commission will be informed. UPRR is hosting a Shortline Railroad and Ports Conference in Omaha in August Ms. Saathoff is planning to attend and possibly take another individual from staff. Ms. Saathoff is also attending the retirement ceremony for Robert Slockbower at Corps Headquarters in Dallas June 30 as well as attending Change of Command ceremony July 8 in Galveston.

- 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 the asbestos abatement progress at the hotel as well as construction on the houses being built on 9th Street. Notice to Proceed has been issued for twenty houses.

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

In addition to his report, Mr. Durel shared photos of project cargo for Freeport LNG consisting of 25 modules going into Mammoet's lease yard, then shuttled to LNG by barge. Six more ships of this cargo are expected over next few months. Additional photos also show Horizon Terminal Services bringing in Caterpillar D-11's by rail this week with the Gottwald crane unloading the cargo. The cargo will go to India via Hoegh vessel.

- 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.

Mr. Hogan reported on the challenge creating access control on Parcel 19 that works within Horizon Terminal Services schedule. Biometrics were added to this site and will go live June 24. This will eliminate a guard at this gate and allow drivers to enroll in the system at Gate 4. The wave radio system has been installed which will allow the Port to communicate with fire, EMS and police departments.

- 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.

Mr. Miura reported on the trip to BNSF in Fort Worth where an overview of the Port was provided. A meeting was held with Mediterranean Shipping Company where they advised that they are very happy with the service they receive at Port Freeport and are looking expand their business. MSC has asked Port Freeport for support in growing their business by reaching out to local resin producers to send more export containers to the Port.

- 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 stated that Port Freeport hosted 76 children from the Boys & Girls Club for a presentation and virtual tour of the facilities earlier in the day. A second group is scheduled to visit July 14. Congressman Weber has requested to visit Port Freeport in August. Ms. Kile will relay details of the visit once the date and time are confirmed.

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

Commissioner Terry commended Ms. Saathoff and Mr. Miura for their presentation at BNSF which was well received. Commissioner Santos and Commissioner Hoss reported attending the 36A Luncheon. Commissioner Hoss also commended Ms. Saathoff and Mr. Miura for hosting the Chinese Delegation June 20.

8. Public Comment

There were no public comments.

9. Receive update from Steve Bruno with Bruno Public Affairs regarding legislative affairs.

Mr. Bruno gave a brief update to the Board on what's been happening in Austin as well as what to expect in the upcoming legislative session. In the interim, the newly created Senate Select Committee on Texas Ports has met and was given a copy of the Texas Transportation Institute economic impact analysis regarding the Port. He discussed how transportation needs have received more focus over the last five years due to a major effort with a series of two constitutional amendments to put more money into the transportation system. Major focuses during the session, which runs January 10, 2017 through May 29, 2017, will be a Sunset review of TxDOT by the Texas Sunset Commission as well as the budget for the State. Mr. Bruno also shared a monthly information packet called Fiscal Notes that is distributed by the Comptroller of Public Accounts, in which he highlighted a cover article on Texas Road and Transportation Finance, Part 1.

10. Approval of financial report presented for period ending May 31, 2016.

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

11. Approval of Port Freeport Liability Insurance.

Ms. Campus stated that Finance Committee met to discuss the port liability insurances program for primary, excess, maritime employer's liability and business automobile insurance and is recommending renewal in the amount of \$97,394. This is an increase of \$1,488 with the addition of two new vehicles to the policy. The public officials and employment practices liability has a proposed premium of \$38,741 which is an increase of 6%. The primary and excess limits are \$5,000,000 each. Commissioner Terry stated that the Finance Committee felt the public officials \$10,000,000 limit was low, therefore staff was instructed to check pricing on increased coverage which came back to be an increase in premium of \$12,445 for an additional \$5,000,000.

A motion was made by Commissioner Terry to renew the liability insurance July 1 as presented, with staff to continue shopping for a better price on the additional \$5,000,000 of Public Officials and Employment Practices coverage. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

12. Approval of invoice to Vanguard Environments for office relocation.

Mr. Strader stated that Vanguard Environments was the company hired to perform the office relocation from Second Street to our current location. The original bid for this move was \$19,850 however, because there were no functioning elevators the day of the move, the additional labor and time increased the invoice \$11,950. With this amount pushing the total over management's threshold of approval, Mr. Strader is seeking approval for the full invoice in the amount of \$31,800.

A motion was made by Commissioner Pirtle to approve payment of the invoice from Vanguard Environments. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

13. Approval of award of Construction Contract for Berth 2 Floodwall Modification.

Mr. Hull stated that bids were opened June 16 with one contractor submitting a bid. The budget was \$600,00 and the bid came in at \$841,785. Due to various reasons, other contractors were not able to submit bids for this job. Additionally, this is a Corps permitted floodwall with a lot of redundancy and fracture critical members that have to be certified and tested. Mr. Hull does not recommend re-bidding this project as he feels we would not receive additional bids and it is most likely the price would go up, therefore, he is recommending approval of the bid submitted by Taylor Marine Construction in the amount of \$841,785.

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

14. Approval of award of Construction Contract for the Extension of Fiber Optics Network Infrastructure Project.

This project is for the extension of the fiber optics network which connects Parcel 19 to the Emergency Operations Center. The budget for the expansion of this project was \$1,000,000 with a sole bidder by Network Cabling Services, Inc. (NCS). It is Mr. Hull's recommendation to approve this contract to NCS in an amount not to exceed \$815,436.87.

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

15. Approval of a Professional Services Agreement for Freeport Harbor General Re-Evaluation Report (GRR) in-kind work for a Value Engineering Study.

This is a PSA on the Freeport Harbor Channel Improvement project and work-in-kind with the Corps of Engineers. A proposal was requested from HDR, Inc. for the Value Engineering Study that is a requirement of the GRR. HDR submitted a proposal for \$78,000. The Corps has approved the scope of work and fee. It is Mr. Hull's recommendation to approve the agreement with HDR, Inc. in the amount not to exceed \$78,000 for the value engineering study work.

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

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

17. Receive update from staff regarding the Brazoria-Fort Bend Rail District, related meetings & projects.

Mr. Miura stated that the last meeting of the Rail District was held June 17 in Angleton with a number of administrative items being discussed. Presentation was received from Mr. Gordon Dorsey of Freight Shuttle International with an invitation extended to visit their facility July 12. Additionally, a presentation was received from Figg Bridge who design the upright supports for the freight shuttle and recently completed the toll way in Tampa, Florida. The Rail District's attorney, Andrews & Kurth provided an analysis of the two member counties, the Port and the Rail District, taking a look at the powers each have, how they may

overlap and potential deficiencies. They also included a suggestion how legislation may be tweaked to incorporate all the powers to provide oversight and control of the rail line between Freeport and Rosenberg which will require additional analysis by all entities involved. Mr. Miura also noted a possible Scope of Work for engineering firms that was included in BoardPqg for the Commissioners review. The document will be distributed to engineering firms to further define the project in order to prepare a request for interest to then be sent to potential concessionaires.

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 Section 551.071 for discussion regarding:
 - 1. Consultation with attorney regarding terms of Letter of Intent with City of Freeport.
 - 2. Consultation with attorney regarding terms and conditions of an Advanced Funding Agreement with TxDOT and Acceptance of RIDER48 Grant.
 - 3. Consultation with attorney regarding legal authority on development of rail infrastructure.

- 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 matters related to the Lease Agreement between Port Freeport and Horizon Terminal Services, LLC.
 - 3. Discussion regarding matters related to the Lease Agreement between Port Freeport and Dole Fresh Fruit.
 - 4. The potential exchange, lease, or value of real property located at Parcels 14, 19, 27, 34 and 38, Port Freeport.
 - 5. 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.

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

20. Approval of Letter of Intent with City of Freeport.

Ms. Saathoff explained that the Letter of Intent before the Board is to enter into an Interlocal Agreement with the City of Freeport. It provides that immediate repairs will commence to 2nd Street and will be cost-shared 50/50 between Port Freeport and the City of Freeport. It will also allow discretion on the contractor chosen to make the repairs which are to be completed by July 15, 2016. The letter also states the Port will move forward in making a request to the Attorney General for an opinion on the park relocation and transfer of the streets. Additionally, once an Interlocal Agreement is executed, the Port will proceed with the necessary improvements to relocate the truck route along Terminal and 5th Street. In the interim, the businesses within the Port will be allowed to continue to use the existing truck route along 2nd Street.

A motion was made by Commissioner Pirtle to approve the Letter of Intent with the City of Freeport and further grant the CEO to make such reasonable changes which may be necessary to affect an agreed Letter of Intent. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

21. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:38 p.m.