

Minutes of Meeting July 14, 2016

A Regular Meeting of the Port Commission of Port Freeport was held July 14, 2016 beginning at 4:12 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Ravi Singhania, Chairman
Mr. Bill Terry, Vice Chairman
Mr. Rudy Santos, Asst. Secretary
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. 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. Mary Campus, Controller
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager

Absent:

Mr. Paul Kresta, Secretary
Mr. Shane Pirtle, Commissioner
Ms. Dianna Kile, Director of External/Government Affairs

Also present:

Ms. Suzanne Crawford, Brown & Gay Engineers
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Edward Smith, Phillips 66
Ms. Melanie Oldham
Mr. Chad Williamson, McGriff
Mr. Javier Infante, Raba Kistner
Mrs. Maria Kouches

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 Hoss

4. Roll Call.

Chairman Singhania noted that both Commissioner Kresta and Commissioner Pirtle were absent.

5. Approval of minutes from the Regular Meeting held June 23, 2016.

A motion was made by Commissioner Santos 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 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 & governmental affairs.

Ms. Saathoff shared pictures from the Panama Canal Expansion Inauguration Ceremony she attended in June in Panama. She stated that the President of Panama and Chairman of the Panama Canal Authority were present and she had the pleasure of meeting with the President. She noted the actual ceremony began at 1:30 p.m. with the vessel not entering the locks until 6:00 p.m. The Chairman and CEO of the of the Panama Canal Authority, both made presentations, emphasizing the difference in capacity between the previously used vessels (Panamax vessels) and the new vessels (NeoPanamax vessels). She also noted that the Steamship line selected as the first to transit the new locks was COSCO Container Lines This had been decided by way of a drawing. Ms. Saathoff stated that it was a great opportunity for Port Freeport as there were not as many actual port executive representatives present as she had expected but rather more of the presidents of the stevedoring companies and shipping lines, so it was a great networking opportunity. Ms. Saathoff thanked the Board for supporting her and allowing her to attend this event. Chairman Singhania thanked Ms. Saathoff for attending the ceremony as well and noted that it was very important to have a presence, as this is a large project that we are focused on. Chairman Singhania inquired about the comparison of the ship that went through the locks to the channel and berth projects that we are working on. Ms. Saathoff referenced an aerial of a ship at Port Freeport, which was in the 2,500 TEU range, compared to the 9,600 TEU range vessel that was at the event. Commissioner Hoss said that our expectant range for vessels at Port Freeport will be in the 5,000-7,500 TEU range.

Ms. Saathoff stated that a budget workshop is planned for Thursday, August 11, and noted the tax rate needs to be adopted by September 20th. At this time, Ms. Saathoff shared the proposed changes to the Board Meeting dates for the remainder of 2016. Chairman Singhania stated that he had received inquiries from both commissioners and staff to switch to one meeting a month and call special meetings as necessary. Chairman Singhania stated the proposed schedule is open for discussion and would be adopted at the budget workshop, if there are no issues.

Ms. Saathoff indicated that representatives from the TxDOT, Maritime Division will be visiting the Port July 20th for a tour and update on the Port. Chairman Singhania noted that he would like 3 commissioners present, and suggested that Commissioner Pirtle and Commissioner Terry attend along with himself. Ms. Saathoff then report that the USACOE had a public scoping meeting for the GIWW Brazos River Flood Gate Study which Commissioner Pirtle and Jason Hull attended. The USACOE is beginning the feasibility study for replacing the Brazos and Colorado River locks and is something Port Freeport will be monitoring.

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

Commissioner Santos reported attending the inaugural canal opening at the Panamanian consulate with Ambassador Sosa along with Ms. Saathoff, Chairman Singhania, and Jason Miura. Chairman Singhania commended Ms. Saathoff on her presentation at the event.

Ms. Saathoff noted attending the retirement ceremony of the USACOE Program Director, Southwest Division, Bob Slockbower. Ms. Saathoff was able to meet the new, incoming Colonel for the Galveston District and had the pleasure to sit next to him at lunch. She also noted that Jason Hull represented the Port at the Change of Command ceremony in Galveston and Col. Zetterstrom is now in place as the Colonel of the Galveston District. Chairman Singhania then mentioned Project Nexus that has been created to bring the NeoPanamax vessels to Port Freeport in order to ship to Rosenberg and transfer cargo to Dallas/FTW area. He noted that the meeting went well with Commissioner Dude Payne and Commissioner Linder representing Brazoria County, and Commissioner Morrison and Commissioner Meyer from Fort Bend County.

8. Public Comment

Chairman Singhania noted that it is Port Policy to restrict public comments to five minutes and that the board of commissioners is unable to interact with the public speaker, but will consider their comments, and act at a later date or respond with internal work.

Maria Kouches addressed the Board on the East End Project on behalf of her Aunt, Mrs. Perez who lives at 427 East Broad. She stated that by the time Port Freeport added her street to the properties to purchase, there were no lots left on 9th Street to build her a house. She then stated that she lives on social security, is over eighty years old, has lived in the East End over sixty years, owns her house, and it bought herself. She asked that Port Freeport consider building her a house on another piece of land, either one that we own, or a property that she own, in Clute, that her parents left her.

Melanie Oldham who serves on the Oversight Committee with the CCF (Concerned Citizens of Freeport), addressed the Board regarding East End residents who have been approaching the CCF seeking advice. She stated that she has a patient with MS, who is on a respirator, and that Greg Flaniken told this patient the Port was using Imminent Domain, will evict them, and he would pay them more than Port Freeport would. He also told them that they had four weeks to be out. They packed all their possessions, put it in storage, and are now living in a little rental house in Clute. Ms. Oldham asked that Port Freeport be fair and not threaten them with Imminent Domain. Ms. Oldham also reported that citizens have also approached the CCF about the truck route, and that they are unhappy with its current route. CCF has been asking for a long time what the City of Freeport is doing with the 18 million they planned to use for a sports complex, years ago. She noted that the heavy truck corridor pays a fee, and inquired why that fee is not going to road repair. Secondly, why isn't Mr. Pynes consulting citizens on this predicament? Finally, many tax payers are wondering what the timeline is, until the NeoPanamax ships will have access to Port Freeport.

9. Approval of additional coverage for Port Freeport Liability Insurance.

Mr. Strader stated that in the last meeting, the primary and secondary layers of coverage were approved, and that at the request of the Board, Mr. Williamson, of the McGriff agency, research the marketplace for better pricing on a proposed 3rd layer of coverage. Mr. Williamson found that that the pricing he provided was the best, but it does progressively go down, with each additional layer. Mr. Strader stated the last layer would be a little under \$2,500 per million, of additional cost per million of coverage with the total package cost coming in at a little over \$3,400 per million of coverage. The original recommendation was to acquire all three layers based on the benchmarking that McGriff had performed. This coupled with the increasing cost of litigation, management feels it is appropriate to recommend the approval of the third layer. This would bring the premium up to \$51,196.00. The additional premium of that being \$12,455.00.

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

10. Approval of sponsorship for the Houston and Texas Trade Mission to Panama, July 31 - August 3, 2016.

Ms. Saathoff gave a short explanation for the importance of the Houston and Texas Trade Mission to Panama. She stated that our participation is important and recommends the Gold Level Sponsorship which will include room and board for four representatives. Chairman Singhania recommended approval of the trip and stated that Ms. Saathoff, Commissioner Hoss, Commissioner Kresta, and himself attend.

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

11. Approval of Executive Director/CEO & Commissioner travel for the months of July and August.

August 16-18, Short line Railroad and Port Conference. Ms. Saathoff recommends that she and Commissioner Terry attend.

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

12. 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 matters related to Port Freeport Tariff No. 5.
2. Consultation with attorney regarding lease terms with Western Seafood, Inc.
3. Consultation with attorney regarding terms of Letter of Intent with City of Freeport.

B. Under authority of Section 551.072 for discussion regarding:

1. The potential exchange, lease, or value of real property located at Parcels 10, 14, 19, 27, 34, 37 and 38, Port Freeport.
2. 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.

13. RECONVENE OPEN SESSION.

14. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:18 PM.