

Minutes of Meeting September 22, 2016

A Regular Meeting of the Port Commission of Port Freeport was held September 22, 2016 beginning at 4:03 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. 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/Governmental Affairs
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager
Ms. Mary Campus, Controller
Mr. Cecil Booth, Project Engineer
Ms. Vicki Smith, Accounting Manager
Ms. Holly Gautreaux, Accounting Clerk
Ms. Nancy Stephens, Administrative Supervisor

Also present:

Mr. Bob Arroyave, Brown & Gay Engineer
Ms. Suzanne Crawford, Brown & Gay Engineer
Ms. Ann Marie Poninski, Phillips 66
Mr. Javier Infante, Raba Kistner
Mr. Neil McLellan, HDR
Ms. Melanie Oldham
Mr. Jason Ellison, Raba Kistner

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. Safety Moment – Mr. Chris Hogan

6. Approval of minutes from the Regular Meeting held August 25, 2016.

A motion was made by Commissioner Kresta to approve the minutes as presented with a correction to the October 14 Board Workshop making it Friday, not Thursday. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

7. 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 reported that Colonel Zetterstrom made his first visit to the Port September 1 to receive a briefing and tour of the Port. Ms. Saathoff, did confirm the GRR is on schedule with all the required deliverables to keep schedule with the TSP, which is a Vertical Team Integration meeting that will occur November 28. The Port submitted a request letter to Col. Zetterstrom requesting the Corps to move forward with the validation and pre-construction engineering and design of Reach 1 as well as Reach 3 and Reach 4 on the project. A response has not been received. Ms. Saathoff also reported on the trip to Washington, DC this week to meet with the Chief of Planning & Policy Division USACE , Tab Brown, along with Katie Williams, SW Division Integration Team to discuss the channel project. She also reported on congressional visits held in DC with the offices of Weber, Poe, Babin, Farenthold and Eddie Bernice-Johnson, in addition a meeting was held with staff from Senator Cruz's office. A letter of support was received from the Brazos Pilots confirming the results of the ship simulation study. Ms. Saathoff recognized the Pilots for their successful piloting of the first Neo Panamax Class Vessel into the Port. She noted that Hoegh hosted a reception on board the vessel September 15 with the Port presenting a Maiden Voyage plaque to the Captain of a vessel and recognizing that the vessel was the first Neo Panamax Class Vessel to travel through the expanded Panama Canal and call Port Freeport. The City's contractor began repairs earlier in the week to Second and Sycamore and the Port's contractor started improvements to Fifth and Terminal. Several meetings have been hosted by the Port including a TxDOT meeting regarding the Pine Street Bridge, the Highway 36 Traffic Safety and Control Committee and the Freeport Economic Development Alliance to discuss a joint master plan development. Ms. Saathoff also noted that during a public comment period with regard to the San Bernard River, the Port resubmitted their previously adopted resolution by the Board supporting the dredging of the mouth of the river. Lastly, the Brazoria County Transportation Conference was held earlier in the day with Speaker of the House Joe Strauss speaking to the group.

- 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 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 the first three houses on Ninth Street have been completed. Walk-throughs were done this week and they are now ready for closing.

- D. 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.

Mr. Hull shared a pictures of the completed houses on Ninth Street as well as progress on the improvements to Terminal Street in the East End. Mr. Hull also reported that the Berths 8 and 9 plans were submitted to the Corps about two weeks ago but are on a back log as all the Corp funding had been committed for this fiscal year. Mr. Hull also explained how the GRR looked into the necessity of the wave barrier and that the hydraulic monitoring confirmed that the wave barrier provides no benefit to the levy system. He also noted the sediment sampling came back clean from around the Dow thumb.

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

Mr. Durel reported that project cargo is picking up with four vessels this month and projecting 20-30 vessels next year. He shared pictures of a special steel going to Freeport LNG that will be used for the lining of the tanks. In addition, he had pictures of a vessel with a separator weighing 320 tons also headed to Freeport LNG. Mr. Durel also reported that operations, ABB staff and Brazosport College are working together to create a program/class at the college for future crane technician training. He also noted that an upcoming maintenance project headed to the Operations Advisory Committee will be the for the lighting systems.

- F. 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.

In addition to his report, Mr. Hogan shared a safety statistics table requested by the Board. The table shows three elements, accidents, near misses and safety violations. Each category is broken down to see what is type of incidents are trending so staff can mitigate.

- G. 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 attending the Senate Select Committee Hearing in Austin September 15. The Breakbulk Conference will be held next week, September 27-29 in Houston. Port Freeport will be in attendance with a new booth and new material to promote the Port and growing marketing campaign. Mr. Miura extended an invitation to the Commissioners to attend the conference next week. Mr. Miura also spoke on recent articles in the Journal of Commerce on the container market experiencing severe depression due to the over capacity of vessels.

8. 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 Freight Shuttle Ceremony September 9 in Bryan, Texas.

Commissioner Hoss reported attending the Senate Select Committee Hearing in Austin and the meetings in Washington, DC with USCOE and Congressional offices.

Commissioner Kresta reported attending the Rail District meeting September 16.

Commissioners Pirtle and Terry thanked staff for keeping the Board up to date on all the activity through the departmental reports submitted.

Commissioner Singhania also attended the Freight Shuttle Ceremony and shared pictures from the ceremony as well as from the trip to Washington, DC.

9. Public Comment

Melanie Oldham addressed the Board regarding the joint meeting recently held to discuss the City of Freeport Master Plan, Highway 36 widening and Pine Street Bridge replacement as well as Freeport LNG's announcement of a fourth train to their project. She also thanked the Port for recent improvements being made on East End streets.

10. Upcoming Meetings & Events:

October 6 – Port Freeport Open House & Welcoming of New Port CEO

October 13 – Board Meeting

October 14 – Board Workshop

October 23-27 – AAPA Annual Convention

Ms. Saathoff reviewed the upcoming meetings stating that the Board Meeting will begin at 4:00 p.m. October 13 and the Board Workshop will begin at 9:00 a.m. October 14.

11. Update from staff regarding the Brazoria-Fort Bend Rail District and the Brazoria-Fort Bend Nexus Project Group.

Mr. Miura stated that the Rail District is continuing to move forward and has included the minutes from the August meeting with his report. The District currently has \$134,000 in their account with approximately \$11,000 in payables going to the legal firm. A Mission/Vision statement was adopted at the September 16 meeting. He also noted that Fort Bend County Commissioner Andy Meyers has volunteered Fort Bend County's legal team to draft legislation that will modify current legislation of the Rail District so they are allowed to enter into a public/private partnership, incorporate the potential to develop a freight shuttle and allow the Rail District to receive funds through a transportation reinvestment zone. The next steps for the Rail District is to hire a project manager. A scope of work for a project manager is attached to the report.

Ms. Saathoff stated that the Nexus Group consists of herself, Brazoria County Commissioners Payne and Linder, Fort Bend County Commissioners Meyers and Morrison and Port Freeport Commissioners Singhania and Hoss. At the meeting held September 14, Ms. Saathoff reported that Alan Clark, Transportation Director with HGAC, gave an overview of the more northern portion of State Highway 36 Widening Project and other regional mobility projects.

12. Approval of financial report presented for period ending August 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.

13. Presentation of the Governmental Finance Officers Association Award of Financial Reporting Achievement for the FY 2015 Comprehensive Annual Financial Report.

Mr. Strader stated the award makes 25 years the Port has secured this designation. He introduced his staff of Mary Campus-Controller, Vicki Smith-Accounting Manager and Nancy Stephens-Administrative Supervisor, whose due diligence and dedication to ensure the financial statements are accurate and complete has made this award possible.

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

15. Approval to sign a U.S. Department of Energy Consent to Cross for the Parcel 14 Rail Development project.

Mr. Hull stated this consent (permit) is to cross a 40-inch crude pipeline in two locations for the rail development project. Mr. Hull recommends approval to execute the document.

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

16. Approval of a Form of Credentials appointing Phyllis Saathoff 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 Santos with all Commissioners present voting in favor of the motion.

17. Approval of an update to Policy 2.8 – Legal Defense.

Mr. Strader stated the Finance Committee requested additional language be added to this policy to include an annual review of policy coverages and limits as well as a comparison to peer ports.

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

At this time, staff requested the Board to consider Item No. 22 prior to going into Executive Session to allow Mr. Strader to give his overview of the budget changes while the public was still in attendance.

Mr. Strader then gave a general overview of the changes made to the budget since the August meeting. These included an increase to commercial and community events to incorporate the upcoming Open House as an additional CAP meeting. A decrease in lease expense, tax levy and grant income reflects a reduction in offsite

records storage, Commission's approval of tax rate and the deferral of the security boat purchase until 2018. Expenditures related to the Freeport Harbor Project-GRR which will keep planned spending in line with the USCOE project timeline, also contributed to an increase in capital contributed to others.

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 purchase contract for property at 212 E. 6th Street.
 - 2. Consultation with attorney regarding purchase contract for property at 314 E. Broad Street.
- B. Under authority of Section 551.076 for discussion regarding:
 - 1. Discussion regarding issues related to the deployment, or specific occasions for implementation of security personnel or devices or security audit and services.
- C. Under authority of Section 551.072 for discussion regarding:
 - 1. Discussion regarding the terms and conditions of a Second Amendment to the Lease Agreement between Port Freeport and Mammoet USA South, Inc.
 - 2. Discussion regarding all property owned by Port Freeport, including but not limited to the real property located at SURFSIDE BLK ALL 565-566-567 & 568 LOT 6TO8-9-11-13 (A0051 FJ CALVIT).
 - 3. The potential exchange, lease, or value of real property located at Parcels 4, 5, 6, 19, 27, 34, and 38, Port Freeport.
 - 4. The potential exchange, lease, or value of real property located at Parcels 7, 8, 10, 26, and 37, Port Freeport.
 - 5. The potential exchange, lease, or value of real property located at Parcel 14, Port Freeport.
 - 6. 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 a purchase contract for property located at 212 E. 6th Street.

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

21. Approval of a Second Amendment to the Lease Agreement between Port Freeport and Mammoet USA South, Inc.

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

22. Adoption of the FY 2016/2017 Budget for Port Freeport

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

23. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:57 p.m.