

Minutes of Meeting November 10, 2016

A Regular Meeting of the Port Commission of Port Freeport was held November 10, 2016 beginning at 4:10 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. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Cecil Booth, Project Engineer
Mr. Jesse Hibbetts, Terminal Manager
Mr. Trey Fuller, Operations

Also present:

Mr. David Eby, Terracon
Mr. Peter Nemeth, Crain, Caton & James
Mr. Lance Goodwin, Freeport LNG
Mr. Wes Jackson, Cummings Weslake
Mr. Neil McLellan, HDR
Mr. Charles McFarland
Ms. Ann Poninski, P66
Ms. Wendy Mazurkiewitz, Freeport LNG
Ms. Anne-Marie Suire, Freeport LNG
Mr. Sam Reyna

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Commissioner Pirtle
3. Pledge of Allegiance: U.S. Flag & Texas Flag

4. Roll Call.
All Commissioners were present.
5. Safety Moment – Mr. Chris Hogan
6. Approval of minutes from the Regular Meeting held October 13, 2016 and Special Meetings held October 14, 2016 and November 1, 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.

7. Upcoming Meetings:
December 1 – Port Commission Meeting
2017 Tentative Board Meeting Schedule

At the workshop held October 14, Commissioners discussed a meeting schedule for 2017 and having two meetings per month as in previous years. Commissioner Singhania noted that Ms. Saathoff prefers having back to back meetings and has included a schedule for review in BoardPaq. The fourth Thursday meeting will be to discuss executive session items and conduct committee meetings, if needed. The first Thursday meeting will be to conduct regular business. Commissioner Pirtle questioned why they moved away from holding meetings the second and fourth Thursdays. Ms. Saathoff explained there is a continuous process of preparing for meetings when they are held then, adding this would also allow executive session items to be covered in more detail and allow to prepare for the regular meeting. Ms. Saathoff asked the Board to consider the schedule and give their feedback.

Commissioner Singhania noted the next and last meeting of the year will be held December 1.

8. 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 staff is still monitoring the 2016 WRDA bill which is currently in conference. Staff is hopeful it will get passed however there will not be much time to reconcile and move it out as Congress goes back into session November 14, recess November 19-27 and then returns November 28 for two weeks. The American Association of Port Authorities has sent recommendations that encourage improving various aspects of the bill. The TSP meeting at Corps headquarters has been pushed back because the economic analysis was not completed in time. The proposed date is February 17, 2017. Additionally, the Corps is indicating we can make up loss time in the schedule and not push the completion date. The Nexus group meeting for November did not occur due to scheduling conflicts. Ms. Saathoff noted that there will be a change in members because of the election, Fort Bend County Commissioner Morrison lost his seat to Vincent Morales. Chevron Phillips representatives visited the Port for a briefing and tour November 4. They also provided the Port with an overview of their company and their expansion project. Ms. Saathoff reported attending the AAPA Annual Convention and has shared links to various presentations made during the convention adding the topics were very timely and relevant. She also reported attending the U.S. Legislative Policy Council meeting while at AAPA.

- 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 year-end financial presentation and update to the Commission.

At this time, Commissioner Singhanian and the board recognized Port staff and Veterans Cecil Booth and Trey Fuller in honor of Veterans Day tomorrow, November 11. They then asked for Veterans in the audience to come forward as well.

- 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

Ms. Kile updated the Board on the East End acquisition project stating that November 4, she accompanied eight residents to their closing. The keys to their new homes were presented to the residents today by Commissioner Singhanian. The next twelve residents will close on their homes November 14. Ms. Kile thanked the Board for allowing her to work on this project. Commissioner Pirtle thanked Ms. Kile for all her work.

- 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 pictures of the demolition of the Freeport Inn and houses on the East End as well as an area of the trench drain on Velasco Terminal that will be replaced. This project will be under \$25,000 but wanted the Board to be aware of the repair. He also updated the Board on discussions with the Corps stating the TSP meeting has been moved back, tentatively scheduled for February 17, 2017. This is due in part to the economics which are being prepared by the Corps. Commissioner Hoss expressed his frustration with the Corps and not keeping up with their own deadlines.

- 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 stated that things are progressing along and is excited about the numbers for project cargo adding that the vessels are moving in regularly. Between the regular vessels and project cargo, it can be a challenge to get everyone in/out. Mr. Durel also shared pictures of a heavy lift vessel that removed a 785-ton piece, an ammonia synthesis converter, from the deck of the ship to a barge using ships gear.

- 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.

Mr. Hogan updated the Board on reports from the Coast Guard, what's happening in DC what is expected over the next twelve months.

TWIC Rule & Readers: The navigational and vessel inspection circular will be coming out soon. It will give us direction on what they are expecting.

FSO (Facility Security Officers) Training: A notice of proposed rule-making for FSO training is expected out February 2017. One of the proposed rules is no grandfathering at all, which means everyone who has been through FSO training will have to go through it again. In addition, no modular training can be held. All training will take place at once. Industry has submitted their comments.

Seafarer Access: This concerns bringing seafarers from the ships to gates. The stipulation for family

members has been dropped but it has not been defined who is responsible for the cost, only that the seafarer is not responsible. They are anticipating this decision will be left up to the Captain of the Port's interpretation. Final rule should come out in January.

NTSA2: NTSA is the regulation that controls security around the Port. NTSA2 is not a new regulation but will bring all regulations into one combined code section.

Port Security Grants: Expecting it to be lower next year. The format of the application will also change to make it easier. Nothing else will change in the process.

The USCG will form a small working group to focus on cyber regulations and give recommendations to the Captain of the Port. Mr. Hogan has been asked to participate in the group. The CG received a tour and presentation of what the Port has done from a cyber standpoint and were very impressed with what they saw.

Lastly, the Port is coordinating and hosting the next BMAT which will take place December 13.

- 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 had no additions to his written report.

- 9. 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 Tenaris Open House along with Commissioner Hoss, Mr. Durel and Mr. Miura.

Commissioner Hoss also reported attending the Tenaris Open House.

Commissioner Terry reported attending the AAPA Annual Convention in New Orleans adding it was well attended and the program was probably the best AAPA has put out in a long time. He also attended the Rail District meeting October 21.

Commissioners Kresta and Pirtle also reported attending the AAPA Annual Convention. Commissioner Pirtle noted that the 36A Coalition is proposing to expand from just the 36A to the Heartland Coalition to expand into Oklahoma taking it beyond the scope of Texas.

Commissioner Singhania attended the Chevron Phillips meeting

- 10. Public Comment

There were no comments from the public.

- 11. Adoption of a resolution approving the application for tax abatement for Freeport LNG Development, LP, ET AL No. 6 for property located in the Freeport LNG Development, LP Reinvestment Zone Nos. 2A and 3, approving Tax Abatement Agreement on the same terms and conditions as granted to Freeport LNG Development, LP by Brazoria County and authorizing Chairman and Secretary to execute said agreement.

Mr. Lance Goodwin with Freeport LNG gave a brief presentation and update on the three trains currently under construction at Freeport LNG and highlighted the addition of the fourth train project. Mr. Strader stated that staff is requesting approval of a ten-year abatement that would be approved as a variance under

the Port's current guidelines. The abatement would begin 2019. He added the County did approve a ten-year abatement with Freeport LNG in August.

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

12. Approval of an Award of Contract for janitorial services.

Mr. Durel stated that bids were requested for janitorial services with the inclusion of the new administration building and received five bids. The bids were reviewed in detail in the Operations Committee and is prepared to make a recommendation.

Commissioner Santos made a motion to award the janitorial services contract to Maintenance of Houston as the best qualified company in the amount of \$45,540 per year. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

13. Approval of nomination for Phyllis Saathoff to join the Board of Directors for the Port Authority Advisory Committee.

Ms. Saathoff explained that the Port Authority Advisory Committee is an advisory group to TxDOT and the Maritime Division meeting a few times a year in Austin. Ms. Saathoff feels it's important to have a seat back on the advisory committee because TxDOT has taken more interest in ports and connectivity to ports. This will allow us to be more closely associated with the Maritime Division and will serve the Port well.

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

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

15. Adoption of a resolution authorizing a contribution to the Port Freeport Retirement Fund.

Ms. Campus stated the resolution presented is to authorize the contribution to Port Freeport Retirement plan, adding this is a calendar year plan and contributions will be made in January to eligible employees. This is a budgeted item for 6% of the eligible wages. Commissioner Hoss asked if this contribution was a matching program. Ms. Campus stated this the base contribution to the profit sharing plan.

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

16. Discuss and consider granting authority to Executive Director/CEO Phyllis Saathoff to execute any and all documents necessary and required by Stewart Title to close the transactions on the following properties:

310 East 6th Street, Freeport, TX 77541 and 203 West 9th Street, Freeport, TX 77541
524 East Broad Street, Freeport, TX 77541 and 301 West 9th Street, Freeport, TX 77541
413 East 8th Street, Freeport, TX 77541 and 219 West 9th Street, Freeport, TX 77541
530 East 8th Street, Freeport, TX 77541 and 314 West 9th Street, Freeport, TX 77541

315 East 7th Street, Freeport, TX 77541 and 223 West 9th Street, Freeport, TX 77541
222 East 6th Street, Freeport, TX 77541 and 207 West 9th Street, Freeport, TX 77541
526 East 6th Street, Freeport, TX 77541 and 311 West 9th Street, Freeport, TX 77541
318 East 7th Street, Freeport, TX 77541 and 303 West 9th Street, Freeport, TX 77541
303 East 6th Street, Freeport, TX 77541 and 323 West 9th Street, Freeport, TX 77541
511 East Broad Street, Freeport, TX 77541 and 306 West 9th Street, Freeport, TX 77541
511 East 8th Street, Freeport, TX 77541 and 307 West 9th Street, Freeport, TX 77541
310 East 7th Street, Freeport, TX 77541 and 211 West 9th Street, Freeport, TX 77541

Mr. Strader stated that properties listed are tentatively scheduled to close next week but require Board approval to authorize Ms. Saathoff execute related documents.

A motion was made by Commissioner Pirtle to grant authority to the Executive Director/CEO to execute closing documents. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

17. 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 (consultation with attorney) for discussion regarding:
 - 1. Consultation with attorney regarding terms of Fort Bend Brazoria County Rail District Bylaws.
- B. Under authority of Section 551.072 (deliberation of real property) for discussion regarding:
 - 1. Discussion regarding the terms and conditions of a Lease Agreement between Port Freeport and Village of Surfside.
 - 2. Discussion regarding the terms and conditions of an Amendment to License to Operate & Maintain Water Well between Port Freeport and Town of Quintana.
 - 3. Discussion regarding the terms and conditions of a Lease Agreement between Port Freeport and Town of Quintana.
 - 4. The potential exchange, lease, or value of real property located Port Freeport, including but not limited to Parcels 7, 8, 10, 26, and 37.
 - 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 Berths 1, 2, 5 and 7.
 - 6. Discussion regarding the potential exchange, lease or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
 - 7. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 9, 14, 19, 27, 31, 34, and 38.

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

19. Approval of an appointment to the Board of Directors for the Brazoria Fort Bend County Rail District.

Commissioner Terry stated that Dan Croft is President of Sweeny First State Bank and resident of Jones Creek.

A motion was made by Commissioner Terry to appoint Dan Croft to the Board of Directors for the Rail District. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

20. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:43 p.m.