

Minutes of Meeting February 9, 2017

A Regular Meeting of the Port Commission of Port Freeport was held February 9, 2017 beginning at 3:09 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Ravi Singhania, 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. Brandon Robertson, Network Systems Manager
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist

Absent:

Mr. Bill Terry, Vice Chairman
Ms. Dianna Kile, Director of External/Government Affairs

Also present:

Mr. Bob Arroyave, Brown & Gay Engineer
Ms. Suzanne Crawford, Brown & Gay Engineer
Mr. Jeff Taylor, Freese & Nichols
Mr. Jon Thomas, Moffatt & Nichol
Mr. Javier Infante, Raba Kistner
Mr. Jason Bundick, Noble Building & Development
Mr. William Wachel, WSP/PB
Ms. Sarah Vuskov, HDR
Mr. Scott Marr, HDR

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:

2. Invocation – Commissioner Shane Pirtle
3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call.

Commissioner Singhania noted that Commissioner Terry was absent and Commissioner Santos had a prior commitment and would be arriving later. All other Commissioners were present.

5. Safety Briefing – Mr. Chris Hogan
6. Approval of minutes from the Regular Meeting held January 26, 2017.

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

7. 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 reminded the Board of the TSP meeting/conference call set for February 21 with the U.S. Army Corps of Engineers, headquarters, division and others associated with the approval of the Port's GRR Project. House Committee assignments have been announced at the State level. A Select Committee on Texas Ports Innovation and Infrastructure has been formed with Joe Deshotel as Chairman with a total of 11 members appointed with representation across the State including the coastal regions however no representation from Freeport. Another change to note is in the Transportation Committee with Jeannie Morrison as Chair, previously chaired by Joe Picket from El Paso who is now chairing the Environmental Regulation committee. The Special Purpose Districts will be chaired by Jim Murphy with Marion Perez from the Houston area serving as Vice Chair. Staff will be further evaluating the committee assignments and point out areas of interests. The Port Authority Advisory Committee will meet February 22. Ms. Saathoff is expected to be appointed to this committee and is planning to attend. The Texas Ports Association Legislative Reception will also be held the evening of February 22 and Brazoria County Day is March 7. The next meeting of the Brazoria-Fort Bend Rail District is set for February 17 in Richmond and the next Nexus Group meeting will be February 16 at Port offices. The Parcel 14 Rail Project is moving along with the 10% approval received from the UPRR. A pre-bid meeting is set for February 14 and bid opening scheduled for February 23 with award in March. Mr. Strader updated the Finance Committee on the Accounting Billing Systems Project on January 26 and that the project continues to be moved forward. Ms. Saathoff thanked the accounting team for tightening up the accounts receivables in recent months. Ms. Saathoff also mentioned the Election process is ongoing with the last day to file for a place on the ballot February 17. Lastly, Ms. Saathoff asked members of the audience to take time to cast a vote for the 17th Annual Take-A-Child Fishing Tournament Logo Contest. Over 300 entries were received from schools throughout Brazoria County which were narrowed down for voting. The tournament will be held May 13 at the Freeport Municipal Park beginning at 8:00 a.m. Entry for the tournament is one canned food item. All participants receive a t-shirt as well as other goodies. Additionally, numerous prizes donated by sponsors are given away with first place winners (of each age group) of the tournament receiving computers.

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

Commissioner Pirtle reported attending the ABC/ACIT luncheon February 1 and the Hispanic Chamber Gala February 2. He also mentioned the upcoming Boy Scout Fundraising Breakfast to be held February 16.

Commission Hoss reported attending Brazosport Chamber Government Affairs Committee, Joint Chamber meeting held earlier today with Commissioner Pirtle and also attended the Dow Praxair Grand Opening January 31.

Commissioner Singhania reported attending the Brazosport Chamber Government Affairs Committee and also thanked Commissioner Hoss for his contact to help to arrange a meeting with Congressman Joe Barton to discuss the Port's projects. He also thanked Jason Miura for his recent presentation to the West Columbia Rotary. He also thanked staff and Commissioners for their efforts in getting the message out to the community about the Rail District efforts.

Commissioner Singhania added that at the last meeting the Board approved a one-third share of the funding for the Development Plan proposed by the City of Freeport Economic Development Corporation adding it was a little painful to read a not so positive comment about the Port and how we have not been doing everything we agreed to with the City. He further indicated he, Ms. Saathoff would like to visit with the new Mayor and new council members in order to get things straightened out. He also wants to see the Port obtain seats on the Oversight Board for this project since we are contributing, and asked Ms. Saathoff to follow-up. Ms. Saathoff stated that the Board authorized staff to move forward but an MOU Agreement will be drafted and presented for approval.

9. Public Comment

There were no comments from the public.

10. Approval of an agreement with Texas Gulf Bank for Port Freeport depository services for an initial 3-year term beginning April 1, 2017 and an optional 2-year renewal term.

Mr. Strader explained this process began last Fall in anticipation of the present depository agreement terminating March 31 of this year. Thirteen financial institutions with physical locations within the Port's District were identified and were provided a copy of the RFP package in addition to the required postings. Four institutions responded; First State Bank, Texas Gulf Bank, First National Bank of Lake Jackson and Wells Fargo. The criteria used to evaluate each institution surrounded around services offered, any fees charged for the services, interest earnings offered on deposits, financial strength and proximity of the closest branch to the Administrative offices. Texas Gulf Bank and First State Bank stood out in the review process as offering strong bids. Wells Fargo fees for their services and First National's interest rate offering wasn't as strong as compared to the top two institutions. The differences that separated Texas Gulf Bank and First State Bank was that Texas Gulf Bank offered a variable rate whereas First State Bank was a fixed rate. Additional time was requested to evaluate the scope and availability of services. Following that process, Texas Gulf was found to offer all of the required services currently. First State indicated there were a several of the required services were not available at this date. Also during the process, staff saw significant upward movement of interest rates which made Texas Gulf Bank stand out with their variable rate structure.

During the Finance Advisory Committee, the Committee asked that an exit clause be included in the security agreement. After reviewing with legal counsel, additionally wording was recommended to include in the agreement. Management is recommending approval by way of the enclosed resolution of Texas Gulf Bank for depository services with the following addition to the Security Agreement, *the term of this contract shall commence April 1, 2017 and terminate March 31, 2020, which will be subject to one 2- year renewal option at the election of the Port, notwithstanding the foregoing, the Port is under no obligation to maintain its deposits with the Bank and withdraw them at any time without notice.* Mr. Cordoba clarified the wording was already in the Resolution, but felt it should also be in the Service Agreement. Commissioner Singhania asked to see the list of 13 financial institutions that were identified during the initial review process and given the chance to submit a proposal. He also stated that he had a conversation with Commissioner Terry who is the Chairman of the Finance Advisory Committee who relayed he is supportive of management's recommendation and appreciates the work and tenacity of the staff in the evaluation process.

A motion was made by Commissioner Hoss to approve Texas Gulf Bank as depository as recommended by staff and adopt the resolution as presented by staff. The motion was seconded by Commissioner Kresta. Mr. Cordoba clarified that if the optional extension is exercised at the Port's discretion, it will require Board approval. Commissioner Hoss modified his motion to include the optional 2-year extension to be brought back to the Board for approval. The modified motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

11. Approval of a contract with Sitek Omni Services, LLC for the asbestos removal and demolition of houses for the East End Properties Demolition 2017 Project in an amount not to exceed \$248,380.00.

This project involves the demolition of 22 houses in the East End with 19 requiring asbestos removal. Mr. Hull stated that five contractors submitted bids with the lowest bid that complied with all the requirements of the project submitted by Sitek Omni Services, LLC. It is staff's recommendation to award contract in the amount of \$248,380.00 to Sitek Omni Services, LLC.

Commissioner Singhania inquired about the addendum included in the bid tabulation, where some contractors included it and some did not, specifically, JTB submitted a lower bid but had no addendum. Mr. Hull explained that a new bid form was included in the addendum that revised the scope of work. In addition to removing some of the houses, the contractor had to haul in clean fill dirt so the property can be properly mowed and maintained. This was corrected by addendum. JTB did not get the correct bid form and therefore their bid submitted was for an incorrect scope of work.

A motion was made by Commissioner Pirtle to accept staff's recommendation. The motion was seconded by Commissioner Hoss with all Commissioners 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 (consultation with attorney) for discussion regarding:
 1. Consultation with attorney regarding the terms and conditions of a proposed Lease Agreement with U.S. Customs Border Protection.

- B. Under authority of Section 551.072 (deliberation of real property) for discussion regarding:
1. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 7, 8, 10, 26, and 37.
 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 Berths 1, 2, 5 and 7.
 3. 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.
 4. 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.
- C. Under authority of Section 551.074 (deliberation of personnel matters) for discussion regarding:
1. Discussion regarding the CEO review and merit/pay increases of Manager Level Staff: Controller, Accounting Manager, Operations Manager, Crane Maintenance Manager, Network Systems Manager.
 2. Discussion regarding the CEO review and merit/pay increases of Director Level Staff: Director of Operations, Director of Engineering, Director of Protective Services, Director of Economic Development, Director of Business & Economic Development, Director of Government/External Affairs and Chief Financial Officer.

13. RECONVENE OPEN SESSION to review and consider the following:

14. Review and discuss bids received from Bartlett Cocke, Sterling Structures, Inc. and Noble Building & Development, LLC for the construction of the Customs and Border Protection Build-Out at the Emergency Operations Center (EOC) Project.

Mr. Hull stated that bids were opened for this project February 2. All three bids received were compliant with specifications however they were over Mr. Hull's estimate of the project which was \$850,000. In spite of bids exceeding Mr. Hull's estimate, he is recommending the Board award a contract to Noble Building & Development LLC for an amount not to exceed \$1,063,000.00.

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

Commissioner Kresta inquired if staff had looked into having a separate building versus adding onto the EOC and if it was any cheaper. Mr. Hull stated that option was not studied in great detail but it was obvious to him it would not be cheaper due to existing roof, walls and services. Mr. Jason Bundick with Noble explained that each project is different based on original design and the means and methods of that construction type. Historically, a renovation project is typically more expensive than new construction. However, based the Port's design requirements for this specific project, a new building will be more expensive. Because of specific requirements requested of the entity going in the building, this runs the price up, i.e., bullet proof glass, blast resistant walls, secured air vents and lab vent hoods. Mr. Bundick further stated that when you look at the proposed space, you would need a separate parking area and site development for an independent building, you could potentially add cost. Mr. Hull added that with current space; parking, driveway, drainage is already included as well as power and emergency generator.

Commissioner Hoss inquired about the funding plan for this project. Mr. Strader stated that the project will be cash funded. Commissioner Hoss also asked that because this is a necessary service we are providing to the industrial community; could it potentially be paid out of our tax collections. Mr. Strader stated that it could be potentially paid out of the Capital Project Reserve the Commission funds at the beginning of the year.

15. Approval of merit/pay increases of Manager Level Staff: Controller, Accounting Manager, Operations Manager, Crane Maintenance Manager, Network Systems Manager.

A motion was made by Commissioner Kresta to affirm the recommendation by Executive Director/CEO Phyllis Saathoff as presented in Executive Session. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

16. Approval of merit/pay increases of Director Level Staff: Director of Operations, Director of Engineering, Director of Economic Development, Director of Business & Economic Development, Director of Government/External Affairs and Chief Financial Officer.

A motion was made by Commissioner Kresta to affirm the recommendation by Executive Director/CEO Phyllis Saathoff as presented in Executive Session. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

17. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:28 p.m.