

Minutes of Meeting March 23, 2017

A Regular Meeting of the Port Commission of Port Freeport was held March 23, 2017 beginning at 3:01 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. 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
Ms. Callie Cole, Accounting Clerk

Absent:

Ms. Dianna Kile, Director of External/Government Affairs

Also present:

Mr. Neil McLellan, HDR
Mr. Bobby Fuller, Texas Port Ministry
Mr. James Nash, HTS
Mr. Bob Arroyave, Brown & Gay Engineer
Mr. Jim Bielstein, LJA Engineering
Mr. Javier Infante, Raba Kistner
Ms. Ann Poninski, Phillips 66
Mr. Bob Adair, P66
Mr. Chris Cisneros, P66
Mr. Gary Basinger, The Alliance
Capt. Daniel Blanton, Brazos Pilots Association
Capt. James Teeter, Brazos Pilots Association
Mr. Ron Bavarian, Freese & Nichols

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Bobby Fuller, Texas Port Ministry
3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call.
All members of the Board were present.
5. Safety Briefing – Mr. Chris Hogan.
6. Approval of minutes from the Regular Meeting held March 9, 2017.

A motion was made by Commissioner Kresta to approve the minutes as presented. 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 since the TSP meeting with the Corps, the engineering team and HDR have been working with the Corps to complete all documents to be published for public comment and concurrent agency review. This should be done by April 19. The Nexus Group meeting previously scheduled for March 22 was postponed due to numerous scheduling conflicts. The Port is supporting several bills in Austin, including one to extend the existing Heavy Lift Corridor from Hwy 35 near the Conoco Phillips site extending across the Matagorda County line to the Tenaris site. Staff has received letters of support from the cities along Highway 35, including West Columbia, Brazoria and Jones Creek. In addition, Representative Bonnen and Senator Kolkhurst have filed bills in the House and Senate, HB 4156 and SB 1921 respectively. Ms. Saathoff also reported on the Transportation Committee hearing held to hear testimony regarding SB 28, which provides for a revolving loan program for ports to fund channel widening and deepening projects that are authorized in a WRDA bill. The House Select Ports Innovation & Infrastructure Committee held its first organizational meeting. The committee heard testimony from the U.S. Army Corps of Engineers, TxDOT, Texas Ports Association, inland ports and the Texas Transportation Institute. The Port is tracking SB408 that will help define what the relationship between a chamber, economic alliance or another private entity and what is defined as an extension of the governmental body and making them subject to public information requests. The AAPA Spring Conference is the first week of April. In addition to the conference, Ms. Saathoff, Commissioners Singhania and Terry and Mr. Hull will be attending meetings at the Corps' office while in DC. The Texas Maritime Caucus has been reinstated and will also have their first meeting while staff is in DC for the AAPA Conference. Staff is also working to coordinate a meeting with office of management and budget. Upcoming events include Joe Ripple Dinner and Roast and J.A. Celebrity Waiter Dinner. Ms. Saathoff will be speaking at the Women's Transportation Seminar in Houston March 30 and will attend a dinner April 11 with Lance Fritz, President & CEO of Union Pacific Railroad. Commissioners Singhania and Terry will be attending the dinner as well. Additionally,

Ms. Saathoff also reported on a conference call to discuss HB 2557, the Rail District bill, narrowing the scope and how it can be modified. Commissioner Singhania added the idea behind narrowing the scope to include Brazoria County and Fort Bend County is to get the bill passed.

- B. Receive report from Controller on monthly activity and matters related to financial results, investments, insurance, leases, real property matters and other related administrative affairs.

Ms. Campus 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.

Ms. Kile submitted a written report in her absence.

- 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.

In addition to his report, Mr. Hull shared pictures of swap houses nearly complete in Freeport and Clute as well as progress on the constructions phases of Freeport LNG's Trains 1 and 2.

- 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 tonnage is down with Vulcan continuing to lag however they are expecting two vessels for March. Hoegh is also a little behind as compared to last year with 3600 units of import/export of autos. Vessel counts are still good with 114 vessels this year as compared to 106 last year. Mr. Durel also shared pictures of Caterpillar pieces Hoegh has been moving through the Port. He also updated the Board on the gantry cranes on moves and down time.

- 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 written report, Mr. Hogan reported on the I.T. project underway of migrating email to a cloud base program. BMAT met earlier in the month with Capt. John Taylor speaking on Best Practices for Emergency Management in the Marine Industry and Jeff Johnson with Resolve speaking on salvage and fire services vessel owners hire as part of their emergency plans. There was also an interest in a workshop for the new TWIC reader rules. Steve Roberts, who is an expert in national and homeland security regulations and laws, has volunteered his time to give the workshop with the Port hosting. The next BMAT meeting is scheduled for June 15. Commissioner Hoss added that he has asked Capt. Taylor to bring his presentation to the Board soon.

- 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 on his attendance at the Trans-Pacific Maritime Conference in Long Beach, California and the Vehicle Logistics Conference in Huntington Beach. Upcoming meetings include a

March 28 meeting with TIL (Terminal Investments Limited) who is the preferred terminal provider across the globe for MSC. UP will also meet with staff March 29.

8. Receive report from Commissioners on matters related to:
 - A. March 9 & 23 Strategic Planning Advisory Committee - Commissioner Pirtle reported the committee discussed the Cathodic Protection Repairs, Building 51 Paving and Parcel 14 Rail Development. . Additionally, a Professional Services Agreement was discussed for surveying the Horizon Terminal Services property. He also reported his unofficial visit for the replacement of the swing bridge on the San Bernard River. The Boys and Girls Club along with Yaklin Ford will be hosting a fundraiser at the Brazos Mall March 25. For every person who test drives a Ford, Yaklin will make a donation to the Boys & Girls Club.
 - B. March 9 Finance Advisory Committee – Commissioner Terry reported that the committee discussed an update to the Port’s brokerage services contract and the transfer of services to Hilltop Securities. They also received an update on the RFP process for financial software.
 - C. March 15 Security/Safety Advisory Committee – Commissioner Hoss reported the committee discussed proposals submitted for security services contract and recommended the related item on the agenda for approval be tabled for further review. The committee also discussed port safety and the verification study to confirm that tenants are maintaining their safety procedures as well as reviewing safety incidents that have occurred within port property.
 - D. Meetings and conferences attended, Port presentations and other related Port Commission matters. Commissioner Singhania stated that as time allows, he would like to see the Rail District reach out to the cities for support. He also stated that Commissioner Payne has suggested the Port express its support for the dredging of the mouth of the San Bernard River and recommends requesting Chris Salles with Dannenbaum Engineering make a presentation to the Port Commission.

9. Public Comment

There were no public comments.

10. Approval of financial reports presented for the period ending February 28, 2017.

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

11. Adoption of a Resolution approving the application for tax abatement for Phillips 66 for property located in the Phillips 66 Reinvestment Zone No. 7, approving Tax Abatement Agreement on the same terms and conditions as granted to Phillips 65 by Brazoria County and authorizing Chairman and Secretary to execute said agreement.

For the record, Commissioners Kresta and Terry both acknowledged they would abstain from discussion and voting on this agenda item.

Mr. Bob Adair with Phillips 66 gave a brief presentation regarding this application stating they are requesting a 10-year abatement to construct a fractionator facility to process raw natural gas liquids into marketable purity products. This project is estimated to bring \$1.3 billion in capital investment and 1300 jobs during peak construction. The project will begin in the 1st quarter of 2019.

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

12. Approval of a contract with Sunstates Security for security services for a term of 3 years in the amount of \$1,279,279.00 per year with option to renew for 2 years.

This item was tabled.

13. Adoption of a resolution declaring items surplus and ordered sold separately for cash, after notice of sale and receipt of bids to the highest bidder, destroyed if no bids are received; or offered as trade-in for new property of the same general type.

Mr. Durel stated this is to surplus a 13-year old ice machine that cannot be repaired. A replacement will be purchased.

A motion was made by Commissioner Kresta to approve the resolution. The motion was seconded by Commissioner Hoss 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.

Ms. Saathoff read the account numbers and bid amounts included in the resolution exhibit adding that its staff's recommendation to approve these offers.

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

15. Receive update from staff regarding the Brazoria-Fort Bend Rail District and the Brazoria-Fort Bend Nexus Group.

HB 2557 was discussed at the last meeting of the Rail District held March 17. A conference call was also held earlier in the day (March 23) to further the discuss the bill. A Master Services Agreement with Freese & Nichols was approved at the meeting for an amount not to exceed \$50,000 to move forward with Phase I which includes seeking additional funding for the Rail District. Freese & Nichols is prepared to make a presentation to Port Commission at a meeting in April.

Ms. Saathoff deferred to her previous comments regarding the Nexus Group.

16. 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 551.074 (deliberation of personnel matters) for discussion regarding:
 1. Discussion regarding the goals and performance of the Executive Director/CEO.

- 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 4, 5, 6, 9, 14, 19, 27, 31, 34, and 38.
2. 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.
3. 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.
4. 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.

C. Under authority of Section 551.071 (consultation with attorney) for discussion regarding:

1. Consultation with attorney regarding the terms and conditions of a Lease Agreement between Port Freeport and Brazos River Fleeting.
2. Consultation with attorney regarding a Purchase Contract in the amount of \$105,000.00 for property located at Lot One (1) through Fifteen (15), Block Nineteen (19) Freeport Townsite in the City of Freeport, Brazoria County, Texas, according to the map or plat thereof recorded in Volume 2, Page 95 of the Plat Records of Brazoria County, Texas.

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

18. Discuss and consider Executive Director/CEO compensation.

After discussing in Executive Session, Commissioner Kresta made a motion to pay a one-time lump sum salary payment of \$6500 to Ms. Saathoff for her performance for her first year of appointment. The motion was seconded by Commissioner Terry with all Commissioners present voting in favor of the motion.

19. 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:

515 E. Broad Street, Freeport TX (East End Property) and 523 W. 5th Street, Freeport, TX
427 E. Broad Street, Freeport TX (East End Property) and 528 Montgomery Street, Clute, TX (land owned by East End resident, house contracted by Port Freeport)

Ms. Saathoff stated that staff is ready to complete the transaction for two additional swap homes as listed in the agenda.

A motion was made by Commissioner Hoss to grant authority to the Executive Director to execute all documents necessary to close transaction for the properties listed above. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

20. Approval of a contract with James Construction for the Parcel 14 Rail Development project in the amount of not to exceed \$21,286,265.94.

This item was tabled.

21. Approval of a Purchase Order to Vulcan Materials for the purchase of Limestone at our contracted rate, in the amount of not to exceed \$2,065,000.00.

This item was tabled.

22. Approval of a contract with Tegrity Homes for the New Housing Project 2017 in the amount of not to exceed \$2,297,500.00.

Mr. Hull stated that competitive sealed proposals were open March 16 at 2:00 p.m. R & L Solutions submitted a proposal for \$189,000 per house with a schedule of 90 days. Tegrity Homes submitted a proposal for \$146,375.00 per house and a schedule of 60 days. Mr. Hull stated this was a competitive sealed proposal project and in accordance with 9.3 of the policy manual. Tegrity Homes received a combined weighted score of 7 points, R & L Solutions had a combined weighted score of 4.3 points. It is staff's recommendation to award contract to Tegrity Homes in the amount of \$2,297,500.00 to build 20 homes.

A motion was made by Commissioner Pirtle to approve the contract as staff recommended in the amount of \$2,297,500.00 or \$146,375 per home for a total of 20 houses. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

23. Approval of a Professional Services Agreement with John T. Jakubik, Associates in the amount of \$30,300.00 for surveying of HTS lease areas.

Mr. Hull explained there is a provision in the first modification to the Hoegh lease that upon execution of the lease that bonafied surveys be performed to record the boundaries of the lease areas which include 14 areas. It is Mr. Hull's recommendation to authorize Ms. Saathoff to execute an agreement with John T. Jakubik in the amount of \$30,300.00 for surveying services to survey Hoegh lease.

A motion was made by Commissioner Terry to approve staff's recommendation of \$30,300.00 for surveying services of lease areas, and request Hoegh to pay 50% of the cost. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion

24. Discuss and consider approval of a Resolution amending Port Freeport Investment Policy 9.1.

As previously discussed in Finance Committee, the Port's broker of record Coastal Securities is being bought out by FTN Financial and will no longer exist after March 31. After researching alternatives, Ms. Campus stated it is management's recommendation to amend the Port's investment policy to add Hilltop Securities as an approved broker and to open and transfer all security accounts from Coastal Securities to Hilltop Securities. Ms. Campus added that staff will be researching firms to add additional brokers to split and allocate investment accounts to have more than one broker on file.

A motion was made by Commissioner Terry to approve staff's recommendation to approve a resolution amending the Port's Investment Policy 9.1. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

25. Approval of a Lease Agreement with Brazos River Fleeting for a certain 1.2 acres of land owned by Port Freeport situated in the 5.252 acre tract for a term of 10 years in the amount of \$20,000 per year with two 5-year options to renew.

This item was tabled.

26. Approval of a Purchase Contract in the amount of \$105,000.00 for property located at Lot One (1) through Fifteen (15), Block Nineteen (19) Freeport Townsite in the City of Freeport, Brazoria County, Texas, according to the map or plat thereof recorded in Volume 2, Page 95 of the Plat Records of Brazoria County, Texas.

Ms. Saathoff stated that the contract before the Board is for Lots 1-15 at Block 19 in Freeport. The property has been appraised and the Diocese is willing to sell. This is adjacent to the hotel property previously acquired.

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

27. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:52 p.m.