

Minutes of Meeting June 8, 2017

A Regular Meeting of the Port Commission of Port Freeport was held June 8, 2017 beginning at 3:49 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
Ms. Callie Cole, Accounting Clerk
Ms. Lauren McCormick, Marketing Specialist
Ms. Tricia Vela, Receptionist

Also present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Neil McLellan, HDR
Ms. Ann Poninski, P66
Mr. Gene Theriot, Dow Chemical
Mr. Richard Foreman, Brazoria County Sheriff's Office
Ms. Melanie Oldham

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.

Commissioner Singhania noted that all Commissioners were present.

5. Safety Exit Briefing and Safety Moment – Chris Hogan.
6. Approval of Oath of Office and Surety Bonds for Newly Re-Elected Commissioner Shane Pirtle and Newly Re-Elected John Hoss.

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

7. Election of Officers for the Port Commission for the period of June, 2017 – May 2019.

Commissioner Santos made a motion to nominate Paul Kresta as Chairman. Commissioner Singhania asked if there were any further nominations. Hearing none, the nominations were closed. Commissioner Singhania asked for vote with all Commissioners present voting in favor of the nomination.

At this time, Commissioner Hoss presented Commissioner Singhania with a parting gift from the Board. Commissioner Kresta thanked the former Chairman and presented him with a plaque for his service and guidance during his term.

Newly elected Chairman Kresta asked for nominations for the office of Vice Chairman. Commissioner Terry made a motion to nominate Commissioner Hoss as Vice Chairman. Commissioner Kresta asked if there were any further nominations. Hearing none, the nominations were closed. Commissioner Kresta asked for a vote with all Commissioners present voting in favor of the nomination.

Commissioner Kresta asked for nominations for the office of Secretary. Commissioner Hoss made a motion to nominate Commissioner Pirtle as Secretary. Commissioner Kresta asked for further nominations. Hearing none, the nominations were closed. Commissioner Kresta asked for a vote with all Commissioners present voting in favor of the nomination.

Commissioner Kresta asked for nominations for the office of Assistant Secretary. Commissioner Singhania made a motion to nominate Commissioner Santos to continue his term as Assistant Secretary. Legal Counsel Jason Cordoba stated an officer cannot succeed himself in a position. With that, Commissioner Singhania withdrew his previous nomination and nominated Commissioner Terry as Assistant Secretary. Commissioner Kresta asked for further nominations. Hearing none, the nominations were closed. Commissioner Kresta asked for a vote with all Commissioners present voting in favor of the nomination.

8. Approval of minutes from the following meetings held:
 - May 10, 2017
 - May 16, 2017
 - May 25, 2017

Commissioner Kresta stated the minutes for May 25 are not ready and will be tabled for the next meeting. A motion was made by Commissioner Terry to approve the May 10 and May 16 minutes

as presented. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

9. 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 gave a quick recap of the legislative session that recently ended. The legislative consultants will be attending the June 22 meeting to present their quarterly report to the Board. HB 4156 (Heavy Weight Corridor) was signed by the Governor and will be going into law. HB 2557 (Rail District) is still awaiting signature by Governor Abbott. SB 28 (Establishment of Revolving Loan) has been signed by the Governor. SB 1395 (TX Ports Association Ominous) was passed and will take effect immediately. SB 2265 (Gulf Coast Waste Disposal Authority) was left in committee in the House and was not passed. The Governor has called a special session to begin later in July to discuss certain items. Ms. Saathoff has reviewed the list and doesn't find anything specific to port matters but will continue to monitor as it does address tax reform. A Change of Command Ceremony at the Southwest Division of USACE will take place June 29 in Dallas.

Ms. Saathoff asked Mr. Hull to discuss matters associated with the Corps related to shoreline repairs along the GIWW, Sabine to Galveston Coastal Protection Study, GRR project and 5th Street Entrance Project. Mr. Hull shared photos of the erosion protection on the GIWW which has been completed as well as graphics from the Sabine to Galveston study. Mr. Hull also updated the Board the TxDOT permit for the 5th Street and 1495 intersection will be ready soon. The Port will then advertise the project and subsequently bring a construction contract to the Board for approval. The responses/comments for the GRR have been submitted back to the Corps. The Port also submitted a white paper showing the anticipated container volume as supplemental information for the economics review.

Mr. Durel reported a vessel working at Dock 5 now is discharging the first set of billets which was about 400 tons. Tenaris's schedule shows each month with increase.

Ms. Saathoff also reported that Mammoet has started work to stabilize the additional acres inside their leased area near Berth 7. The Nexus Group will meet June 14 and the next Brazoria Fort Bend Rail District meeting is scheduled for June 16 in Angleton at the Annex Building. Mr. Miura added the meeting may be cancelled due to lack of quorum. The TxDOT Stakeholder Workshop for Freight Prioritization is also June 16 in Houston. Bill Banta with CenterPoint is retiring and a reception hosted by the Economic Alliance will be held June 21 at the Airport. The next Port Commission meeting will be held June 22 and the Citizens Advisory Panel (CAP) will meet at 6 p.m. that evening at Vernor Material.

10. 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 Angleton Leadership Luncheon where Port Freeport was a nominee for the Distinguished Leader in the Community. Commissioner Santos thanked the Port staff, volunteers and sponsors associated with the Take-A-Child Fishing Tournament for a great job done at the tournament. He also reported attending the swearing in ceremony and reception held June 7 for the Commissioners Hoss and Pirtle.

Commissioner Hoss also reported attending the Angleton Leadership Luncheon. He briefly reported on the recent meeting of the Safety & Security Committee to review safety incidents inside the Port dating back to 2014 along with mitigation actions taking by Port staff to reduce the risk of reoccurrence. Additionally, the Brazoria County Sheriff's Office requested the Port develop an access kit for law enforcement first responders. Potential projects were also discussed in relation to 2017 Port Security Grants.

Commissioner Singhania echoed Commissioner Santos' comments regarding the Take-A-Child Fishing Tournament. He reported attending the Angleton Leadership Luncheon as well as the Commissioners Seminar in Indianapolis back in May.

Commissioner Pirtle reported attending the Tenaris Open House as well as the mill tour of the facility held May 22.

Commissioner Kresta also reported attending the mill tour.

Commissioner Hoss acknowledged the unexpected passing of Rich Worthington, the Port's Washington consultant who worked with the Port on the Corps project.

11. Public Comment

There were no comments from the public.

12. Approval of Budget Reforecast for FY 2016-2017.

Staff has reviewed numbers realized thus far this fiscal year (thru March 31 and compared it to the budget adopted last August. Management is recommending changes to the budget in wharfage/dockage, equipment use fees and customer service fees. A budget reforecast change in operating revenues is recommended from \$24,738,300.00 to \$23,142,200.00 which is a 6% reduction. Operation expenses are expected to come in right at or slightly below budget however staff took the opportunity, due to recent changes in staffing, to slightly reduce employee benefits. The proposed change in operating expenses is \$17,982,700.00 to \$17,283,200.00 which is a reduction of 3.8%. This brings the operating income budget reforecast to \$5,859,000.00 and still leaves an operating margin of 25%. Other changes noted were the loss of assets for the removal of the port security dock and the change in capital contributions related to the Berth 7 dredging. Final change in net assets is proposed from \$1,787,500.00 to \$6,120,100.00.

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

13. Approval of a Professional Services Agreement with Hurst Technologies, Corp. for the Parcel 25 Security Cameras in an amount not to exceed \$75,810.00.

This agreement is for the design of fiber optic extension, camera placement and electrical work. This project is grant funded. Total grant amount is \$287,000.00, 75% of which is federal share and 25% share to the Port. It is Mr. Hull's recommendation the Board approve this agreement in the amount of \$75,810.00.

At this time, Commissioner Pirtle stated he would recuse himself from any action on this item since he has an interest in Hurst Technologies.

A motion was made by Commissioner Hoss to approve Professional Services Agreement as presented by staff. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

14. Approval of a Letter of Support regarding the RESTORE Act Grant for the Lower San Bernard River Ecosystem Restoration project. Receive update regarding Freeport Harbor Channel Improvement Project GRR.

Mr. Hull presented a letter of support lower San Bernard River Ecosystem Restoration project. This letter is similar to what the Brazoria County Commissioners Court recently approved however, the Port's letter only addresses the San Bernard River Ecosystem Restoration project. It is staff's recommendation the Board approve this letter of support for the San Bernard River.

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

15. 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 551.076 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.

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

1. Consultation with attorney regarding legal matters related to the Lease Agreement between Port Freeport and Ports America Texas, Inc.
2. Consultation with attorney regarding legal matters related to the Lease Agreement between Port Freeport and Riviana Foods, Inc.

C. 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. 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.
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. 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.

D. Under authority of Section 551.074 (deliberation of real property) for discussion regarding:

1. Discussion regarding the goals and performance of the Executive Director/CEO.

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

17. Approval of invoice from Jeff Strader in the amount of \$2,487.55 for professional services for the week of May 16, 2017 – May 22, 2017.

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

18. Approval of a lease renewal between Port Freeport and Ports America Texas, Inc.

Mr. Miura stated that Ports America previously executed a two-year lease in July 22, 2015. The primary term ends July 23, 2107 but has an option for extension. They are required to give notice 90 days prior to expiration of current term that they elect to renew their lease. Proper notification was made. It is staff's recommendation the Board approve the first renewal term of two years which would end July 23, 2019.

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

19. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:20 p.m.