

## Minutes of Meeting October 26, 2017

A Regular Meeting of the Port Commission of Port Freeport was held October 26, 2017 beginning at 2:06 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

### Commissioners present:

Mr. Paul Kresta, Chairman  
Mr. John Hoss, Vice Chairman  
Mr. Shane Pirtle, Secretary  
Mr. Bill Terry, Asst. Secretary  
Mr. Rudy Santos, Commissioner  
Mr. Ravi Singhania, Commissioner

### Staff Members Present:

Mr. Jason Cordoba, Legal Counsel  
Ms. Phyllis Saathoff, Executive Director/CEO  
Mr. John Mannion, Chief Financial Officer  
Mr. Al Durel, Director of Operations  
Mr. Jason Hull, Director of Engineering  
Mr. Chris Hogan, Director of Protective Services  
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. Lauren McCormick, Marketing Specialist  
Ms. Callie Cole, Accounting Clerk

### Absent:

Mr. Mike Wilson, Director of Economic Development

### Also present:

Mr. Jason Foltyn, HDR  
Mr. Bobby Fuller, Texas Port Ministry  
Mr. Bob Arroyave, Brown & Gay Engineers  
Mr. Neil McLellan, HDR  
Mr. James Nash, HTS  
Mr. Patrick Tamasias, HTS  
Mr. Jake Berry, P66

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 Kresta noted that all Commissioners were present.
5. Safety Briefing – Mr. Chris Hogan, Director of Protective Services
6. Approval of minutes from the Regular Meeting held October 12, 2017.

A motion was made by Commissioner Pirtle to approve the minutes as presented. The motion was seconded by Commissioner Terry 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 noted the activity at the Port has picked up thanks to HTS with the volume of vehicles handled through the Port increasing over the month. The Port has also seen an increase in steel pipe imports, and A&R Logistics continuing to increase the number of railcars received and conducting direct discharge into containers. The bagging line is expected to be installed this month. Commissioners Pirtle and Hoss along with staff visited the San Jacinto College Maritime campus October 20 to receive a demonstration of the simulator. Port representatives attended the first meeting of the Freeport EDC and City of Freeport October 24 to discuss the Master Plan. Ms. Saathoff will be attending the quarterly meeting with Col. Zetterstrom tomorrow to review the status of the Freeport Harbor Channel Improvement Project, the GRR and other applications the Port has pending. Ms. Saathoff also noted she will be delivering the Port's request (again) for the Corps to initiate preliminary design on Reach 1 of the Freeport Harbor Channel Improvement Project. Staff is working with Van Scoyoc consultants to plan a trip to WDC first week of November for agency and congressional visits. Staff will also meet with Tab Brown before he is reassigned as well as meet with Civil Works Director James Dalton. While in WDC, staff will take the opportunity to advocate for disaster relief and mitigation funds and raise awareness of the Port's INFRA grant application being filed. The Port participated at the JOC Breakbulk Conference in Houston last week, hosting a reception Wednesday evening for customers and potential business partners. The Port's annual golf tournament benefitting Texas Port Ministry is October 30 and the next Rail District meeting is October 27. The Harris County Transportation Conference is October 31 and November 9 Ms. Saathoff will be speaking at the Angleton Chamber State of the Community Luncheon.

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

Mr. Mannion gave a brief presentation on revenue and receivables to the Commission. Ms. Campus updated the Board on filing of the INFRA grant application and FEMA claims submitted as a result of Hurricane Harvey. She also reported that staff has finalized the electricity contract with the negotiated piece for the ZPMC cranes. Auditors will be at the Port the week of November 13 and new software users training will begin November 6.

- C. 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 picture inside the building of the CBP build-out project. He also reported the notice to proceed was signed to begin work on four more houses. The striping for the 5<sup>th</sup> Street/FM 1495 intersection project is complete and should be open for traffic tomorrow, October 27. Mr. Hull is told dredging should be completed by November 14 and advertisement for Placement Area #1 will be November 7 with construction to begin in January taking about 365 days to complete.

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

Mr. Durel shared a graph from his report highlighting tonnage over the last 10 years as well as monthly productivity of the gantry cranes. In addition, he showed a video of A&R Logistics working the very first car of resin.

- E. 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 reported the Port is another month incident free however there was a near miss reported in the Freeport Terminal/Chiquita yard. Safety vests are the number one violation with visitors in the Port because they are not aware of the policy. Commissioner Kresta questioned the absence of hard hats in the Chiquita incident. Mr. Hogan stated they were not required in this particular area but would follow-up to make sure that is correct.

- F. 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 continues to meet with developers for the Parcel 14 Warehouse Project as well as potential customers for use of the additional acreage on P14. The Port was awarded USA cargo of pre-fabricated kitchens going to U.S. Virgin Islands for hurricane relief. Mr. Miura invited board members to join staff at the Petrochemical Conference Dec 12-13 in Houston. Port Freeport and A&R Logistics are joining together for a joint marketing effort at the conference to highlight plastics packaging capabilities, rail connection and future warehouse space. The next Rail District meeting is October 27. Public Hearing will be held to approve the FY 2018 Budget which is expected to be approved contingent upon Fort Bend County approving the Reimbursement Agreement. Mr. Miura was advised that TEMS will be awarded a contract to perform an intermodal facility study for Rosenberg. Additionally, their Director of Economic Development will be leaving for Round Rock. Mr. Miura thanked the Board for attending the

reception held at the Breakbulk Conference last week. It was announced at the end of the conference that the breakbulk carriers were moving into an alliance similar to container carriers, to combine efficiencies and increase profitability.

8. Receive report from Commissioners on matters related to:

A. October 11 & 26 Finance Advisory Committee

Commissioner Singhania stated the committee discussed the proposed tariff rate increase and a reservation agreement, both of which are on the agenda for approval today.

B. October 24 Personnel Advisory Committee

Commissioner Hoss reported the committee met earlier in the week to discuss modifying Port policies to include Port officers, and review of health insurance renewal policy which has come in under budget.

C. October 26 Strategic Planning Advisory Committee

Commissioner Terry reported the committee discussed a proposed agreement with UPRR for design and construction of the rail connection as well as a PSA with Rain Bowen for air quality monitoring for the East End properties. Both are on the agenda later today for approval.

D. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Santos reported attending the Breakbulk Conference and reception held in Houston as well as the kick off community meeting October 24 with the City, EDC and the Port.

Commissioner Pirtle also reported attending the Breakbulk Conference and reception and the community meeting October 24. In addition, he attended the San Jac Simulation October 20.

Commissioner Hoss also attended the San Jac Simulation and shared photos from the demonstration.

Commissioner Singhania reported attending the State of the Community luncheon October 19 as well as the Annual EDA Membership Meeting October 25. He will also attend the Rail District meeting October 27.

9. Public Comment

Mr. Bobby Fuller with Texas Port Ministry addressed the Board regarding the BBC Rhine.

Nic & Estela Aluiso also addressed the Board regarding their East End property at 303 E. 2<sup>nd</sup> Street.

10. Approval of general rate adjustment to Port Freeport Tariff No. 005, to be effective November 1, 2017 2017.

Staff previously met the Finance Advisory Committee to discuss a general rate adjustment to the tariff. The last increase was approved October 2015. Staff is recommending a minimum 2% increase to items with a 3% increase to security fees related to wharfage and dockage items. Staff recommends approval of the tariff as presented with two additional amendments of Item 640 as discussed in the Finance Advisory Committee. Two words will be changed, arrived to received, depart to dispatched. The changes will take effect November 1, 2017.

A motion was made by Commissioner Hoss to approve the general rate adjustment as presented by staff. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

11. Approval of an Industry Track Agreement with Union Pacific Railroad and payment of \$260,889.00 as reimbursement for design and construction of new track connection, grade crossing and signal at Cherry Street.

Mr. Hull explained this is a standard track agreement with UPRR and is required for service of the new rail line. He noted that only UP and their employees can perform work on the railroad. The Port must reimburse UP for labor and materials for modifications to the crossing and crossing signal across Cherry Street as well as make the rail connection to their tracks. It is staff's recommendation the Board authorize Port Director to execute the agreement and approve payment in the amount of \$260,889.

A motion was made by Commissioner Terry to approve the agreement as presented and approve payment. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

12. Approval of a modification to Policy 9.9 – Competitive Sealed Proposal Selection Criteria.

As previously discussed in the Strategic Planning Advisory Committee, Mr. Hull stated the policy before the board shows changes to the criteria and the weight to be used when the competitive sealed proposal for selection of construction projects is used.

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

13. Approval of a Letter of Support to the Texas General Land Office to extend period of time for San Bernard River owners to repair dock structures.

Ms. Saathoff explained that many residents who experienced flooding along the San Bernard River lost dock structures and have been given to the end of the year to make those repairs. However, with limited availability of resources and other circumstances, they are requesting additional time. Ms. Saathoff is asking the Board to approve a letter to be sent to the GLO supporting the extension of the deadline to repair dock structures.

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

15. Approval of Port Policy for Commissioner health, dental and vision insurance.

Commissioner Hoss stated the Personnel Advisory Committee has been reviewing the benefits associated with Port Commissioners, specifically the potential of offering benefits coverage to Commissioners. After researching the law, the Committee is satisfied this is legal and the Commissioners should be able to receive health benefits, same as the staff. The Personnel Advisory Committee has reviewed modifying Port's personnel policy regarding insurance and benefits and recommends the board adopt a change that expands health coverage to include Port Commissioners as specifically provided by Texas Laws permitted by Chapters 172 and 60 of the Texas Code. The Committee further recommends the Commissioners participate at the same cost-share ratios as offered to all employees. This benefit is an elective for board members. They will not receive any type of compensation should they choose not to participate.

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

16. Discuss and consider approving Port Commission compensation fees.

Mr. Mannion presented a spreadsheet showing the history of fees, auto allowance and phone reimbursement for Commissioners, adding what is being proposed is an increase of the monthly fee from \$700 to \$800 per month.

A motion was made by Commissioner Pirtle to accept staff's recommendation as presented and approve the compensation fees. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion and Commissioner Singhania voting no.

17. Discussion regarding the date for the next CAP Meeting to be held in December 2017.

Mr. Miura stated that staff is recommending the next CAP Meeting be held December 7 at 6 p.m. at the Port offices. Staff is also recommending the Board review membership guidelines and adjust the attendance portion of the guidelines. Mr. Miura asked the Board to review the membership list included in BoardPaq and send any additions/changes to Business Development. Commissioner Kresta asked staff to review original guidelines, incorporate suggested changes and send back to the Board. The next CAP Meeting will be held December 7.

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 (consultation with attorney) for discussion regarding:

1. Consultation with attorney regarding legal matters related to Holman Shipping, Inc. invoice.

B. Under authority of Section 551.072 (deliberation of real property) for discussion regarding:

1. Discussion regarding the terms and conditions of a Reservation Agreement between Port Freeport and Invenenergy Thermal Development LLC.

2. Discussion regarding the terms and conditions of an Interlocal Agreement between Port Freeport and the Texas Department of Transportation.
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 2<sup>nd</sup> Street; Terminal Street and East 8<sup>th</sup> Street in Freeport, Texas.
5. 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. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee: Executive Director/CEO.

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

Commissioner Hoss noted that Commissioner Kresta had to leave for personal reasons but a quorum remained.

20. Approval of Reservation Agreement between Port Freeport and Invenergy Thermal Development LLC.

Staff recommends approval of a Reservation Agreement with Invenergy Thermal Development LLC as presented to Commission.

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

21. Discuss and consider an Interlocal Agreement between Port Freeport and the Texas Department of Transportation.

Staff recommends approval of an Interlocal Agreement with the Texas Department of Transportation as presented to the Finance Advisory Committee.

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

22. Discuss and consider the Port Freeport Compensation Plan and authorize Executive Director/CEO to proceed with implementation including annual performance based merit increases.

The Executive Director presented a plan to proceed with market and equity adjustments based on Management Advisory Group recommendations. The plan will also make adjustments to job descriptions that were under market cap and allow CEO to administer the performance based merit increases.

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

23. Discuss and consider an employee compensation policy.

Staff incorporated changes to policy recommended by the Personnel Advisory Committee regarding compensation and the compensation plan classification structure previously approved. Staff recommends approval of the revised policy.

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

24. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:36 p.m.