

Minutes of Meeting

August 23, 2018

A Public Hearing of the Port Commission of Port Freeport was held August 23, 2018 beginning at 3:01 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. 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. Scott Tafuri, Safety Coordinator
Mr. Nick Malambri, Engineering Specialist
Ms. Connie Wiegel, Sales & Marketing Specialist
Mr. Austin Seth, Operations Specialist
Ms. Callie Cole, Accounting Clerk
Ms. Darlene Winkler, Communications Specialist

Also, present:

Ms. Irasema Soto
Ms. Dianna Kile, Port Consultant
Mr. Rick Stephanow, Gulf LNG Services
Mr. Bobby Fuller, Texas Port Ministry
Mr. Jeff Taylor, Freese & Nichols
Ms. Ann Marie Poninski, Phillips 66
Mr. Daniel Womack, Dow Chemical Company

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Conduct a Public Hearing regarding a proposal to maintain the current tax rate of \$0.040100 which will increase total tax revenues from properties on the tax roll in the proceeding tax year by 3.67 percent (percentage by which proposed tax rate exceeds the effective tax rate calculated under Chapter 26, Tax

Code). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all the property and the tax rate that is adopted.

(The 2017 tax rate is \$0.040100; the proposed 2018 tax rate is \$0.040100; the 2018 Effective Tax Rate is \$0.038679.)

Mr. Mannion gave a presentation explaining the annual process for preparing the Port's tax budget, the Commission's adoption of a tax rate, and sources and uses of the Port's tax revenue. Ad valorem tax collection is used for two purposes, debt service and maintenance and operations expense for the Port. The Navigation District's tax base is residential and industrial with certified values provided by the County Tax Office every year. Earlier this year, the Port asked voters to support a \$130 million bond referendum to fund the Port's portion of the Freeport Harbor Channel Improvement Project (FHCIP). In open session at several Port Commission meetings and in dozens of information sessions held in the community, Commissioners and Staff described the project and funding plan, which can be accomplished over several years without increasing the Port's total tax rate of \$0.0401/\$100 of taxable value. This rate has been in effect for the last two years and, consistent with the funding plan, is the rate proposed for adoption this year. Mr. Mannion reviewed the current Port-approved general homestead exemption and additional exemption for those 65 or older or disabled. This additional exemption is being evaluated by the Commission at its current level of \$100,000 and the higher exemption levels of \$125,000 and \$150,000. He also reviewed the top ten industrial taxpayers and went over tax abatements that will be coming on the tax rolls in the next ten years. The increase in taxable valuation for 2018 was from the industrial/commercial sector while the residential value had a net decrease. The current industrial tax base is approximately \$8.6 billion, 72 percent of the total tax base, with more than \$10 billion in value coming on the rolls from tax abatements expiring in that time period. The Commission has been reducing tax rates since 2011, and over the last seven years, the total tax rate has gone down approximately 25%. Holding the tax rate through 2029, the tax levy would continue to increase due to growth in the base, primarily industrial. Year-to-year comparison of the tax rate shows the tax base has increased to approximately \$13.8 billion. Mr. Mannion discussed calculations for the effective tax rate and roll back tax rate, which are required to be published annually for comparison. He also described the special reserve for capital improvements created by the Port Commission in 2015, into which operating revenue amounts equal to the annual maintenance and operations tax levies of the last three years have been deposited for the FHCIP. To date, nearly \$11 million has been contributed to this reserve from the operating revenues of the Port. In summarizing Mr. Mannion stated the proposal is to hold the tax rate at \$0.0401 this year, as discussed with the community throughout the year.

Commissioner Kresta noted there were no public comments regarding the tax rate.

3. Adjourn.

With no further business before the Commission, the meeting adjourned at 3:14 PM.