

Minutes of Meeting January 25, 2018

A Regular Meeting of the Port Commission of Port Freeport was held January 25, 2018 beginning at 3:02 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. 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. Callie Cole, Accounting Clerk
Mr. Scott Tafuri, Safety Coordinator
Ms. Lauren McCormick, Public Affairs Manager

Absent:

Mr. Jason Hull, Director of Engineering
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. Jeff Taylor, Freese & Nichols
Mr. Drew Masterson, Hilltop Securities
Mr. Jonathan Frels, Bracewell
Ms. Ann Poninski, 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 except for Commissioner Pirtle who would be arriving later.
5. Safety Briefing – Mr. Chris Hogan, Director of Protective Services
6. Approval of minutes from the Special Meeting and Regular Meeting held January 11, 2018.

A motion was made by Commissioner Hoss 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 recognized Lauren McCormick for her promotion to Public Affairs Manager. Chris Hogan introduced Scott Tafuri, who filled the Safety Coordinator position in Protective Services. Al Durel also noted the Crane Operator position has also been filled by John Perez, who was not present at the meeting. Ms. Saathoff noted recent media coverage in the latest issue of Giants Magazine. Several other tenants were featured in articles in this issue. Port Freeport was recently highlighted in Forbes Magazine as a Top Ten Seaport with the most growth in 2017. Four Texas ports made the list including Freeport, Houston, Corpus Christi and Beaumont. Jason Hull is in Dallas representing the Port for the Colonel Owen promotion ceremony. The Senate confirmed the appointment of RD James to the position of Assistant Secretary of the Army for Civil Works. Staff recently attended the January 19 quarterly executive meeting at the Corps in Galveston. Colonel Zetterstrom is still expected to sign off on the GRR in April and hopefully receive approval in May. Landside drilling on the Dow property for the stability feature in Reach 2 will be completed this afternoon. The waterside will begin next week with all drilling complete by February 2. A draft of Administration's infrastructure package was leaked this week. Not expected to be final document, but the plan is to advance projects that have high level of non-federal or private funding associated with them. Monitoring for more information. AAPA Spring Conference is March 20-22 in Washington, DC. At the previous meeting, Jason Hull reported on TXDOT's plan of action for the bridge over the barge canal at FM 523. Mr. Hull confirmed there are no issues with other bridges. The TXDOT Commission agreed on proposed funding in the amount of \$600,000 for the feasibility study on the routing from Port Freeport to Rosenberg. This will be to conduct a planning level study using federal planning funds and transportation development credits. The public will be involved in the process for determining the route of the rail. TXDOT Commission is recommending the project will also benefit from Regional Mobility Authority, and that local authorities should consider it, as it provides tolling authority and will help further advance the project.

- B. Receive report from Chief Financial Officer 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 financial presentation and update to the Commission on results for the first fiscal quarter of 2018.

- 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.

In Mr. Hull's absence, Mr. Cecil Booth, Project Engineer highlighted ongoing projects from the written report. The CBP offices project is finished. Completion meeting should have taken place January 24. Parcel 14 Development continues to move forward. If the weather holds, the remaining culverts adjacent to Parcel 19 will be completed. All drainage work north of the bridge is complete and the electrical contractor will begin installing conduit for the high mast lighting. James Construction will begin bearing down on earth work associated with the rail on the west end of the project. Contractor has been selected for the East End Demolition project and work will begin in a week. Several roads within the Port are in need of heavy repair. This project is expected to begin first part of February and will take approximately 90 days to complete. Water sampling for the levee stabilization/wave barrier relocation project will begin at the end of January.

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

The Tenaris vessel previously in Port discharged over 27,000 tons of steel bar. In port seven days, the overall average for production was 200 tons per hour per gang. Mr. Durel noted the process for this vessel was continuous from the time the bars are discharged from the ship to the dock, then to trucks bringing them to the storage area. At the storage area the bars are then separated and delivered to trucks to bring them to the plant. It was a good opportunity for all the parties to get together to see how the process might impact other tenants in the port. Another vessel is due in mid-February with 25,000 tons. Along with Jason Hull, Mr. Durel reported attending the freight shuttle service system in College Station January 24. He also noted on the last page of his report, the addition to the purchase order for janitorial service which is for the cleaning of the CBP building.

- 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 updated the Board on safety for the month of December, stating there was one incident, one near miss, six safety vest violations and four speeding violations. Safety vest violations have been on a decline since December. BMAT met earlier in the week and conducted annual election of officers. Mr. Hogan was elected President and Scott Tafuri was elected Secretary. The remaining positions were tabled until the April meeting for further consideration.

- 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 reported on recent meetings of the Rail District as well as the next steps of the board which include selecting a marketing firm to engage the public on the rail project and creating a database server for all members to access documents, etc. for the Rail District. He noted that Program Manager Bob Laza is now providing administrative support to the District however, the Port will continue to provide support for the finances. Mr. Miura will be traveling the week of January 29 to attend the AAPA

Planning for Shifting Trade Conference. Ms. Saathoff also noted that Mr. Miura has a number of upcoming trips associated with further business development for Port Freeport.

8. Receive report from Commissioners on matters related to:
 - A. January 10 & 25 Finance Advisory Committee - Commissioner Singhania reported the Jan 10 meeting met in executive session to discuss property matters. Today's meeting included a review of quarterly investments and strategies, as well as discussion regarding a Plan of Finance which will also be discussed in executive session.
 - B. January 18 Personnel Advisory Committee – Commissioner Hoss reported the committee met in executive session January 18 to discuss the Executive Director's performance and goals.
 - C. January 23 Operations, Safety & Security Advisory Committee – Commissioner Hoss reported this committee met in executive session to discuss matters that were SSI (security sensitive information).
 - D. Meetings and conferences attended, Port presentations and other related Port Commission matters. Commissioner Santos reported attending the Brazosport College Foundation Soiree January 12. Commissioner Pirtle reported attending the Rail District meeting January 19 and the Quarterly Executive meeting with the Corps in Galveston that afternoon. Commissioner Hoss also attended the Executive meeting in Galveston. Commissioner Terry reported attending recent port committee meetings. Commissioner Singhania reported attending the Rail District Workshop January 13 and regular meeting January 19. Additionally, he attended the Brazosport College Foundation Soiree January 12 and January 11 reception for Senator Huffman. Commissioner Kresta reported attending the West Columbia Chamber of Commerce Banquet held January 11 and noted the next CAP Meeting will be February 6. Commissioner Pirtle noted he will be at the San Bernard River tomorrow morning with members of GLO and County Commissioners to assess the after-Harvey changes to the mouth of the river.
9. Public Comment – There were no public comments.
10. Approval of financial reports presented for the period ending December 31, 2017.

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

11. Approval of a contract with Vernor Materials and Equipment Inc. for the Velasco Terminal, Backland Area 5 Stabilization Project, for an amount not to exceed \$1,051,325.00.

Mr. Cecil Booth stated bids from six contractors were opened December 5 for this project. Vernor Materials submitted the best and lowest bid, estimating 150 calendar days to complete the project. This project includes stabilizing approximately 14 acres in the area north of Velasco Drainage District channel between Port Road and the levee. It is staff's recommendation the Board award the contract to Vernor Materials and Equipment Inc. for an amount not to exceed \$1,051,325.00.

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

12. Approval of a purchase order to Vulcan Materials Company for an amount not to exceed \$1,032,500.00 for limestone to be used on Velasco Terminal, Backland Area 5.

Mr. Booth explained this purchase order is for the limestone needed to stabilize the area on Velasco Terminal which the Board previously approved. The Port's current contract with Vulcan is for a unit price of \$14 per ton. Approximately 73,750 tons of limestone is needed to complete the project; therefore, it is staff's recommendation the Board approve a purchase order to Vulcan Materials in an amount not to exceed \$1,032,500.00.

A motion was made by Commissioner Terry to approve the purchase order for limestone as presented by staff. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

13. Approval of a contact with Pfeiffer & Son, LTD for the installation of Security Cameras for Parcel 25 Project, for an amount not to exceed \$183,072.00.

This project is to install security cameras on the south side of Parcel 25 and includes running power and fiber optic communication to the cameras. Two bids were received January 18 with Pfeiffer & Son, LTD submitting the best and lowest bid estimating approximately 160 calendar days to complete the project. Mr. Booth noted this is a matching funds project with a 75/25 match. It is staff's recommendation the Board enter into a contract with Pfeiffer & Son, LTD for an amount not to exceed \$183,072.00.

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

14. 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 issues related to issuance of bonds.
2. Consultation with attorney and discussion regarding Special District Local Laws Code Title 5 Transportation, Subtitle A Navigation District and Port Authorities, Chapter 5002 Subchapter A.

B. Under authority of Section 551.071 (Consultation with Attorney) and Section 551.072 (Deliberations Concerning Real Property) for discussion regarding:

1. Consultation with attorney and discussion regarding bid received from FLNG Liquefaction 4, LLC in response to Request for Bids for Pipeline Right-of-Way and Easement published in The Facts newspaper on December 18, 2017 and December 25, 2017.
2. Consultation with attorney and discussion regarding a short-term extension to the Lease of Container/Trailer Marshalling Yard Complex between Port Freeport and Dole Fresh Fruit.

C. Under authority of Section 551.072 (deliberation of real property matters) 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.

D. 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.

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

16. Approval of bid for Pipeline Right-of-Way and Easement submitted by FLNG Liquefaction 4, LLC, and possible adoption of Resolution approving same.

This item was tabled.

17. Consideration and possible approval of a short-term extension to the Lease of Container/Trailer Marshalling Yard Complex between Port Freeport and Dole Fresh Fruit.

Staff recommends approval of a short-term extension to the Lease of Container/Trailer Marshalling Yard Complex between Port Freeport and Dole which will effectively extend the current lease by one month to February 28, 2018.

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

18. Adoption of a Resolution approving a Plan of Finance, authorizing the Financial Advisor and Bond Counsel to proceed with the necessary arrangements to issue revenue supported bonds for rail and terminal infrastructure in accordance with the Plan of Finance, including providing TEFRA notice and conducting a TEFRA hearing, and approving other matters related thereto.

This item was tabled.

19. Discuss and consider action resulting from Executive Session for Executive Director/CEO.

Commissioner Hoss stated the Personnel Committee met with the CEO January 18 to conduct a performance review. After deliberation, it is the committee's recommendation the Board approve a salary increase for the Executive Director/CEO for cost of living and merit and ask the increase to be effective October 1, 2017.

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

20. Adjourn.

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