

Minutes of Meeting February 8, 2018

A Regular Meeting of the Port Commission of Port Freeport was held February 8, 2018 beginning at 2:32 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

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

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Jason Hull, Director of Engineering
Mr. Al Durel, Director of Operations
Mr. Mike Wilson, Director of Economic Development
Mr. Jason Miura, Director of Business & Economic Development
Ms. Mary Campus, Controller
Mr. John Mannion, Chief Financial Officer
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager
Mr. Nick Malambri, Engineering Specialist
Mr. Cecil Booth, Project Engineer
Ms. Lauren McCormick, Public Affairs Manager

Also, present:

Ms. Ann Poninski, P66
Captain Billy J. Burns, Brazos Pilots Association
Mr. Chris Noble, Dole Fresh Fruit
Ms. Francine Stefan, Hilltop Securities
Mr. Bobby Fuller, Texas Port Ministry
Mr. Rick Przeworski, K-BIN/Shintech
Mr. Jason Foltyn, HDR
Mr. Dave Weston, HDR
Mr. Neil McLellan, HDR
Mr. Bob Arroyave, Brown & Gay Engineer
Ms. Michelle Hargis, Cooksey Strategic Communications

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. Brandon Robertson, Network Systems Manager
6. Approval of minutes from the Regular Meeting held January 25, 2018.

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. Receive report from Executive Director/CEO and/or Port staff 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.

Mr. Al Durel, Director of Operations introduced new crane operator John Perez who joined the Port a few weeks ago. Ms. Saathoff reported testifying before the House Transportation Committee February 7 in Austin on behalf of the Texas Ports Association. Testimony was in relation to Hurricane Harvey and how the State and various agencies could better respond in the future to such events. She highlighted the need for ports and harbors to be maintained at their authorized depths and widths as well as the need for projects that have been authorized to be constructed. She also pointed out the Ports Revolving Loan Program created in the last session, if funded, will be helpful in funding the local sponsor requirements of the authorized channel projects. The Senate Transportation Committee will meet February 21. Ms. Saathoff has been asked to present testimony specific to the funding of the Ports Revolving Loan Program which legislature established in the last session. The USCOE released their draft 408 guidance. Mr. Hull participated on a webinar reviewing the document and will report to the Board once he reviews all the material. The Corps also released their Section 7001 report. The Port's submittals on the Port's project were noted in the report in the appendices. This will help further conversations as the Water Resources Development Act 2018 moves forward and assist in obtaining an extension (of time) for initiating construction of the project. The WRDA Bill is moving forward with a House T&I Water Resource Environment Sub-Committee hearing Feb 28 and the Senate Environment of Public Works hearing March 1. The Assistant Secretary of Army, R.D. James is expected to testify at both hearings. With the AAPA Spring Conference in Washington being held March 20-22, Ms. Saathoff noted the Board may want to consider an alternative date for the March 22 board meeting. Ms. Saathoff shared a current map of the Highway 36 Widening Project noting that Segment 15, which intersects at FM 1495 and is closest to Port Freeport, is scheduled to begin September 2018 and Segment 10, which is closest to the Fort Bend County line, will begin in November 2018.

8. Receive report from Commissioners on matters related to meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Singhania reported attending the CAP Meeting February 6 and Dennis Bonnen event February 7. Commissioner Terry reported attending the Dennis Bonnen event

as well. Commissioner Hoss also reported attending the CAP Meeting. Commissioner Pirtle reported attending CAP Meeting, ACIT Luncheon, Dennis Bonnen event and Round Table. He also went to the San Bernard River along with County Commissioners, GLO, Texas Fishing & Wildlife, Representative Bonnen and others to assess the changes of the mouth of the river post Harvey. Commissioner Santos reported attending the Freeport Master Plan and Town Hall Meeting January 30 as well as the Hispanic Chamber Gala February 1 and the CAP Meeting.

9. Public Comment - There were no public comments.
10. Adoption of a Resolution approving the amended application for Tax Abatement for Shintech, Inc. (dba K-Bin) for property located in Shintech, Inc. (dba K-Bin) Reinvestment Zone No. 10, approving Tax Abatement Agreement on the same terms and conditions as granted to Shintech, Inc. (dba K-Bin) by Brazoria County and authorizing Chairman and Secretary to execute said agreement.

The Board previously approved a resolution for this project, however Shintech has since amended the application due to the construction schedule changing and the tax abatement will now begin in 2019. It is staff's recommendation the Board approve the resolution and tax abatement agreement with Shintech under the same terms and conditions as approved by the County January 24.

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

11. Adoption of a Resolution updating the Port Freeport Investment Accounts with Hilltop Securities Inc. to add John Mannion, Chief Financial Officer.

In March 2017, the Board approved an amendment to the Investment Policy opening investment accounts with Hilltop Securities and authorizing Phyllis Saathoff, Mary Campus and Vicki Smith to conduct transactions associated with the accounts in accordance with the Investment Policy. The resolution today is requesting authorization to add John Mannion to the accounts with same authority.

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

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

13. 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 to discuss potential litigation.
 - 2. Consultation with attorney regarding legal issues related to issuance of bonds.
 - 3. 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 551.072 (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. 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.

- 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.

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

15. Receive update regarding Freeport Harbor Channel Improvement Project and related expenditures, and discussion regarding bond financing of local sponsor cost-share.

Ms. Saathoff gave a brief presentation regarding the Freeport Harbor Channel Improvement Project, related expenses and how issuing bonds, without increasing the current tax rate of \$0.0401, can help fund the Freeport Harbor Channel Improvement Project. The total cost to construct the FHCIP will be \$295 million of which \$130 million will be the Port's responsibility. The GRR approval will be received in May, and the U.S. Army Corps of Engineers is now engaged in the engineering and design for Reach 1 of the Project with the first construction contract expected in 2020. The Port has one tax supported bond series outstanding with a principal balance of \$2.2 million and two years of debt service payments remaining. Staff has determined and the Port's financial consultants have independently reviewed with voter approval, the Port can issue up to \$130 million in bonds without raising the tax rate. This is possible with the retirement of the prior bonds and the new value coming

on the tax rolls from expiring tax abatements beginning in 2021. The bond proceeds will be used to construct the deepening and partial widening of the FHCIP and associated improvements needed for construction and aids needed for navigation only. The deepening of Freeport Channel to 45 feet almost 30 years ago was supported by the taxpayers. The last study done by the Texas A&M Transportation Institute shows the Port is impacting 127,000 jobs and generating over \$47 billion in economic activity in the region and state. The Channel is an important asset to the County and State. Ms. Saathoff is recommending the Port Commission consider calling an election for authorization by the voters to issue \$130 million in bonds to be used for the FHCIP at the February 15 Port Commission meeting and further recommends it be done without an increase in the Port's tax rate.

16. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:45 p.m.