

Minutes of Meeting May 14, 2018

A Regular Meeting of the Port Commission of Port Freeport was held May14, 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. 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
Mr. Bobby Fuller, Texas Port Ministry
Mr. Jason Foltyn, HDR
Mr. Neil McLellan, HDR
Mr. Bob Arroyave, Brown & Gay Engineer

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 April 26, 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 and Commissioner Pirtle abstaining.

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.

Ms. Saathoff asked Lauren McCormick to report on another successful Take-A-Child Fishing Tournament. Ms. McCormick recognized Darlene Winkler, Tricia Vela and Alex Clubb for their contributions in making the tournament a success. She noted this year's tournament brought 242 registered anglers with over 600 attendees, 100 volunteers and 57 sponsors who donated a total of \$31,000 for the event. The canned goods donated went to the Brazoria County Dream Center. Ms. Saathoff reported the Bond Election passed with voter approval to issue \$130 million in bonds to meet the Port's share of the Freeport Harbor Channel Improvement Project. This was a win for this region, for this community and for future generations. She thanked Ms. McCormick for her efforts of coordinating the bond information materials, website and the many community engagements. Because of these efforts, the voters were able to make informed decisions about the bond package. Ms. Saathoff also acknowledged the participation of other staff and Commissioners, former commissioners, and the organizations and individuals in the community that helped with the communication of this information. Commissioner Kresta also recognized Ms. Saathoff for her hard work and efforts in getting information out to the community and making the election a success. Legislative Director Bill Christen with Congressman Randy Weber's office recently visited the Port and participated in roundtable discussion with channel industry partners. Ms. Saathoff also reported on the May 3 ribbon cutting for the U.S. Customs and Border Patrol new office space. Mr. Durel reported the Saipem Constellation vessel would conclude its visit and sail later today. Port staff and commissioners were granted tours aboard the vessel while in dock. The House released their Energy & Water Development Appropriations Bill which provides \$7.2 billion in annual funding for the U.S. Army Corps of Engineers. The Senate has also introduced their Water Resources Development Act legislation, which staff is currently analyzing. The Ports Caucus group is holding a briefing May 18 to discuss port multimodal rail access needs. Port consultants will be present for the meeting. Ms. Saathoff and Mr. Wilson will be speaking May 17 at the Marine Highway and Strong Ports Seminar in Houston. Ms. Saathoff will also be speaking at the Fort Bend EDC Meeting May 18.

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

Commissioner Pirtle reported attending the ribbon cutting for U.S. Customs Border & Protection, the Take-A-Child Fishing Tournament and Saipem Constellation vessel tour. He also attended a 36A Executive Meeting. Upcoming meetings include the May 15 Freeport Community meeting and May 18 Rail District meeting.

Commissioner Hoss also reported attending the CBP ribbon cutting as well as the Saipem Constellation tour.

Commissioner Singhania reported attending the Brazosport College Gator Classic Golf Tournament and the J.A. Golf Tournament. He also attended the CBP ribbon cutting and Saipem Constellation tour and noted the upcoming Rail District meeting.

Commissioner Terry asked staff to follow-up on a previous conversation with Texas Fish Hatchery regarding fish releases before the fishing tournament.

9. Public Comment - There were no public comments.
10. Discuss and consider adoption of a resolution canvassing returns and declaring results of Bond Election held May 5, 2018.

Commissioner Kresta presented the resolution canvassing returns before the Board stating the results with 4,471 votes cast for the proposition and 3,199 votes cast against the proposition.

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. Discuss and consider approval of Executive Director/CEO & Commissioners travel for June 2018.

Ms. Saathoff is requesting approval for travel, as necessary, to Washington, DC for possible meetings related to appropriations and WRDDA bills. Also included is an upcoming June 6 sales trip to Florida as well as the Port Commissioners Seminar to be held June 19-21 in Montreal, Quebec for any commissioners that may attend this seminar.

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

12. Discuss and consider setting date to conduct next Board Workshop.

Commissioner Kresta presented proposed dates for the next board workshop with June 27 being the best possible dates based on responses. After discussing all dates, the Board agreed to set the workshop for June 27 at 8:00 a.m. The Board also agreed to a 12:00 p.m. June 7 Pilot Board meeting to consider approval of two new deputy pilots.

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 and discussion regarding Special District Local Laws Code Title 5 Transportation, Subtitle A Navigation District and Port Authorities, Chapter 5002 Subchapter A.
 2. Consultation with attorney to discuss potential litigation.
- 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 608 South Avenue G, Freeport, Texas.
 2. Discussion regarding all property owned by Port Freeport, including but not limited to the real property located at SURFSIDE BLK ALL 565-566-567 & 568 LOT 6TO8-9-11-13 (A0051 F J CALVIT).
 3. 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.
 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 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
 5. 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.
 6. 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 551.071 (Consultation with Attorney) and Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:
1. Consultation with attorney and discussion concerning request by Freeport LNG Expansion, L.P. for Consent and Agreement related to Ground Lease and Development Agreement and Amended and Restated Ground Lease and Development Agreement, both dated May 24, 2012.
- 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.
- E. Under authority of Section 551.076 (Deliberation of Security Matters) 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.

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

15. Discuss and consider request by Freeport LNG Expansion, L.P. for Consent and Agreement, and possible approval of same.

Mr. Peter Nemeth with Crain, Caton & James stated the consent and agreement request by Freeport LNG is in connection with their refinancing a portion of debt on the Train 3 Liquefaction Train. They are requesting consent to pledge the limited partnership interest of Freeport LNG expansion and membership interest in FLIQ1 Holdings LLC, FLIQ2 Holdings LLC and FLIQ3 Holdings LLC and a 10% membership interest in FLNG Land II LLC. The consent and agreement has been reviewed by counsel and staff and it is their recommendation the board approve the consent and agreement as presented.

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

16. Discuss and consider approval to purchase Port Security Boat and associated equipment.

In 2016, the Port received a Port Security Grant to purchase a security boat. The Port advertised a public Request for Proposals and received one bid from Brazoria County Sheriff's Department in the amount of \$100,000 for a 2009 CR Commander. Staff had the boat appraised which came back at \$95,000. With that in mind, staff recommends approving \$105,000 to purchase the boat for \$95,000 and provide an additional \$10,000 allowance for recommissioning and safety necessities for the boat. Staff will come back to the Board in the future to address equipment additions and replacements with regards to the grant.

A motion was made by Commissioner Hoss to approve the purchase of security boat in the amount of \$95,000 and allow staff \$10,000 budget for recommissioning expenses with the knowledge staff will return later in the year with a detailed itemized list of equipment needed to meet the grant requirements. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

17. Adjourn.

With no further business before the Commission, the meeting adjourned at 6:48 p.m.