

Minutes of Meeting June 28, 2018

A Regular Meeting of the Port Commission of Port Freeport was held June 28, 2018 beginning at 3:00 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. 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. Lauren McCormick, Public Affairs Manager
Ms. Connie Wiegel, Sales & Marketing Specialist

Absent:

Mr. Rudy Santos, Commissioner

Also, present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Neil McLellan, HDR
Mr. Jason Foltyn, HDR
Mr. Geoff Bowman, Van Scoyoc Associates
Ms. Lijie Liu, Kennemer, Masters & Lunsford
Mr. Ron Bavarian, Freese & Nichols
Mr. Paul Shireman, Texas Port Ministry
Mr. Stephen Whalley, Arthur J. Gallagher & Co.
Mr. Jason Mills, Terracon

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 Commissioner Santos was absent. All other Commissioners were present.
5. Safety Briefing – Mr. Chris Hogan, Director of Protective Services
6. Approval of minutes from the Regular Meeting held June 14, 2018.

A motion was made by Commissioner Pirtle to approve the minutes as presented. The motion was seconded by Commissioner Hoss 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 first thanked Commissioners and staff for their efforts and time invested in the workshop held June 27. She then recognized Mr. Wilson for his efforts in supporting our partners when business prospects require input from either the Port or County, Mr. Wilson always responds to those needs. HGAC is considering doing an inland port feasibility study and has asked Port Freeport to participate. Ms. Saathoff is evaluating and will report back to the Board. Ms. McCormick reported on the Port's participation at the Hurricane Awareness event held June 23 at the Brazoria County Fairgrounds. She also noted her attendance at the Boys and Girls Club luncheon held June 27. Ms. Saathoff also noted the Brazoswood High School Goddard Rocket Team will be invited to give a presentation at the July 19 meeting.

- 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 presentation on financial results as of May 31, 2018.

- C. Receive report from Director of Engineering on activities and matters related to Freeport Harbor Federal Channel, capital projects, Hydrographic Report and other related facility engineering matters.

Mr. Hull shared a current photo of the Area 5 project. He also reported that bids were opened for an easement and right-of-way earlier this afternoon. Staff will bring this to the Board for approval at the July 19 meeting.

- 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 reported on issue with a gantry crane stating the electrical cable that connects the hoist down to the spreader bar broke. The crane is shut down and staff is working on the problem. Mr. Durel also shared pictures of the HHL Tokyo which was the first ship carrying cargo for ME Global.

- 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 shared a picture of the graphics for the new safety boat. Additionally, he reported the Port passed the U.S. Coast Guard inspection held June 27. He also reported on safety incidents for the month of May and noted a committee meeting will be held July 19 for the tenants involved to provide an update on their safety plans and efforts to mitigate future incidents. Mr. Hogan also reported attending a Hurricane Workshop June 27 which was hosted by the Texas Department of Emergency Management.

- F. Receive report from Director of Business & Economic Development on activities and matters related to industry meetings, sales reports, advertising, web activity, Foreign-Trade Zone and other ocean transportation related matters.

In addition to his report, Mr. Miura reported attending the Annual Fort Bend County Infrastructure Conference held earlier in the day.

- 8. Receive report from Commissioners on matters related to:

- A. June 14 & 28 Finance Advisory Committee – Commissioner Singhanian reported the committee met June 14 to discuss a contract with Kennemer, Masters & Lunsford for audit services, which is on the agenda for approval. Liability insurance coverage was also discussed and is on the agenda for approval. He further reported the plan of finance for the revenue bonds were discussed at the committee meeting held today and will be presented to the Board July 19. The committee also discussed the Port Freeport Golf Tournament budget and benefactor which is also on the agenda for approval.
- B. Meetings and conferences attended, Port presentations and other related Port Commission matters. Commissioner Pirtle reported attending the June 22 Rail District meeting and the 36A Coalition Conference held June 18.

Commissioner Hoss also reported the 36A Coalition Conference held June 18.

Commissioner Singhanian reported attending the Commissioners Seminar held in Montreal June 19-20.

- 9. Receive update from staff regarding Brazoria-Fort Bend Rail District and the Brazoria-Fort Bend Nexus Project Group.

Mr. Miura stated that Crouch Communications gave a preview of the new Brazoria-Fort Bend Rail District website which should be up and running before the next Board meeting which will be July 20 in Richmond. The website will detail information about the Rail District, board members, sponsoring entities, frequently asked questions and will also allow public to submit questions to the Board. FY2018 budget was also discussed and Mr. Miura noted an audit will be held this year. The Board is discussing and researching firms to retain legal counsel for the District. Mr. Miura noted a firm has not been chosen to perform the TXDOT feasibility and planning study. He anticipates this will be done at the July 20 meeting. Finally, Mr. Miura noted an article featured in the Brazoria County News that referred to comments made at the last district meeting in reference to a drawing with proposed route that has caused some confusion. Mr. Miura stated no route and no decision has been made. Ms. Saathoff also noted the grant received for the feasibility study requires public engagement before any routing is recommended.

Ms. Saathoff stated the Nexus Group did not meet in June.

10. Public Comment – There were no public comments.

11. Receive update from federal consultants Van Scoyoc Associates.

Mr. Geoff Bowman with Van Scoyoc Associates gave an update to the Board regarding government affairs in Washington, DC. He discussed the Water Resources Development Acts of 2018 in both the House and Senate, and provisions within the bill that are critical to Port Freeport. He noted that it was too late in the process to add PED funding into the FY2018 Work Plan and that because the GRR wasn't completed in time for consideration of the Work Plan. Van Scoyoc will continue to work with the Port on a new strategy moving forward, in particular since the next several weeks will see the development of the FY19 Budget and FY20 Budget. The FY19 Appropriations Bill includes \$4.7 million for O&M for the Port. Van Scoyoc will work to increase that amount as well as work on a strategy for FY20. Mr. Bowman also discussed the government wide Restructuring Plan which proposes to move the navigation component of the USCOE program to the U.S. Dept. of Transportation and the remaining functions to the Dept. of the Interior including all the Clean Water Act permitting. He also discussed was the President's \$1 trillion Infrastructure Plan which proposes \$200 billion in federal funds to be matched with \$800 billion in non-federal funds through public private partnership or other alternative financing mechanisms. Mr. Bowman noted with the passage of the Port's bond election in May, this will carry a lot of weight in getting the administration's attention in Washington. The rest of the year will see Congress reauthorize the Federal Aviation Administration programs and likely reauthorize the farm bill and the agriculture programs. Mr. Bowman is optimistic a Water Resources Development Act will be passed and anticipates Congress taking another attempt at immigration border and security. Congress is also working hard at completing the appropriations process. Lastly, there will likely be a nominee for supreme court since Justice Kennedy is retiring. The Election in November will see six Democrats in the House retiring and forty-four Republicans retiring with nine of the forty-four being full committee chairmen. Regardless of what happens with the election, he anticipates the House will tighten making it more difficult as things proceed over the next two years.

12. Approval of financial reports presented for the period ending May 31, 2018.

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

13. Discuss and consider contract with Kennemer, Masters & Lunsford, LLC for the Annual Independent Financial and Compliance audit.

Staff conducted an RFP and received only one proposal from Kennemer. The contract is for a 3-year term and includes two 1-year extensions at the Port's option. The 2018 fee is \$28,500 which is 7% higher than 2017. Staff recommends approval of this contract.

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

14. Discuss and consider liability insurances through broker Arthur J. Gallagher & Co. for a total premium of \$136,653.

Mr. Mannion stated staff has reviewed the market to renew the Port's liability insurances, assessed the structure of the Port and the risks, and has a proposal to submit for approval. The proposal includes the addition of liability insurance for the new safety/security boat in the amount of \$2,250. Staff also evaluated cyber security coverage but decided to table for now. With the additional boat coverage, the total premium for liability insurances is \$138,903.

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

15. Discuss and consider contract with Matula & Matula Construction, Inc. for the Parcel 14 Water and Sanitary Sewer Improvements project, for an amount not to exceed \$1,690,880.40.

Bids were opened for this project June 19 with six bids received. Matula & Matula submitted the lowest and best bid. It is Mr. Hull's recommendation the Board approve a contract with Matula & Matula Construction in an amount not to exceed \$1,690,880.40.

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

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

17. Approval regarding the 2018 Port Freeport Golf Tournament budget and benefactor.

The 2018 Port Freeport Golf Tournament will be held October 22 at the Wilderness in Lake Jackson. It is staff's recommendation the Board approve a budget of \$3,000.00 for Port Freeport's sponsorship as the title sponsor and the sole benefactor of the tournament be Texas Port Ministry.

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

18. Discuss and consider approval of Executive Director/CEO & Commissioners travel July-October 2018.

Ms. Saathoff is requesting approval for travel, as necessary, to Washington, DC for possible meetings related to funding for the federal project and to Austin for meetings related to preparation for the 2019 State Legislative Session.. Also included is the upcoming Port Directors Seminar in Boston to be held July 11-12 and the AAPA Annual Convention scheduled for October in Chile. Ms. Saathoff is requesting approval so necessary travel arrangements can be made should staff or Commissioners decide to attend.

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

19. 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 551.072 (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, 35 and 38.
- B. 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 – mid-year review of goals.

20. RECONVENE OPEN SESSION:

21. Adjourn.

With no further business before the Commission, the meeting adjourned at 6:11 PM.