

Minutes of Meeting July 19, 2018

A Regular Meeting of the Port Commission of Port Freeport was held July 19, 2018 beginning at 3:07 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. Lauren McCormick, Public Affairs Manager
Ms. Connie Wiegel, Sales & Marketing Specialist
Ms. Callie Cole, Accounting Clerk
Mr. Austin Seth, Operations Specialist

Also, present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Jason Foltyn, HDR
Mr. Drew Masterson, Masterson Advisors
Ms. Chase Eastland, Masterson Advisors
Ms. Dianna Kile, Consultant
Brazoswood High School Goddard Rocket Team and Family Members
Mr. Dale Hobbs, Brazoswood High School Instructor
Mr. Danny Massey, Brazosport ISD Superintendent
Mr. Ron Redden, Brazosport ISD Administrator
Mr. Robin Warrick, LJA Engineering
Mr. Peter Nemeth, Crain, Caton & James

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 following meetings held:
 - June 22, 2018 Special Meeting
 - June 27, 2018 Special Meeting
 - June 28, 2018 Regular Meeting

A motion was made by Commissioner Terry to approve the minutes as presented. The motion was seconded by Commissioner Pirtle 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 reported that Port Freeport was featured in the Gulf Coast Giants Magazine summer publication. The Brazos Pilots were also featured in the publication as well as on the cover. Staff is working to schedule a quarterly executive meeting with Colonel Zetterstrom which will likely take place in August. Recent discussions with federal consultants revealed the Supreme Court Justice appointment could have an impact on the WRDDA 2018 Bill as it moves forward since it could be used as leverage in the appointment process. The American Association of Port Authorities (AAPA) moderated a trade briefing this week with the House Congressional Ports Caucus. The focus of the briefing was on the global value chain, U.S. economy and the role Ports play. The Port Authority Advisory Committee (PAAC) met July 2 to discuss the committee's recommendation to TxDOT for the legislative appropriations request. The recommendation made by the committee was for \$125 million for the Capital Fund and \$500 million to the port revolving loan program. The next meeting is September 26. Staff is working to schedule a trip to Washington the first week in September with the focus of the trip to be a push for FHCIP construction funding in the 2020 Budget and Work Plan. Ms. McCormick noted the next CAP Meeting will be held August 21 at El Patio in Angleton. Each commissioner has received an email with a list of members for annual review.

- 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 June 30, 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 current photos of projects which included the LED light installation on existing poles, new camera poles, Velasco Terminal Area 5 limestone yard, Placement Area 1 as well as the Rail Project on Parcel 14.

- 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 updated the Board on the gantry crane repair of the communications cable between the trolley and the spreader bar. He reported that staff is working to bring in a ship for MEGlobal called the Jumbo Kinetic. The ship will discharge two 1100-ton reactors for MEGlobal. The ship is scheduled to be in dock July 23. Additionally, the Port will receive a Sallaum vessel and two Hoegh vessels next week. He also noted Operations has a new employee, crane operator Joe Demetrio.

- 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 reported on safety incidents for the month of June and corrective measures taken. Additionally, the Operations, Safety & Security Advisory Committee met today with the respective tenants to receive an update on their safety plans and efforts to mitigate future incidents.

- 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.

Mr. Miura reported that the next Rail District meeting is July 20 in Richmond. The Rail District's website is now live and a link to the website is forthcoming. Mr. Miura also reported the Rail District recently applied for two grants, the Build Act Grant and the Federal Emergency Management Administration FEMA Grant. Mr. Wilson gave an update on the Heavy Weight Corridor route to Bay City which is now open.

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

- A. June 16 Finance Advisory Committee – Commissioner Singhanian reported the committee met June 16 to review the Capital Plan as well as a plan of finance for the issuance of revenue bonds this quarter which is on the agenda for approval. The committee also discussed the revenue plan for 2019 and the operations forecast.

- B. July 19 Operations, Safety & Security Advisory Committee – Commissioner Pirtle stated that Mr. Hogan covered most of what was discussed in committee but added that the safety and security boat will be ready for its maiden voyage July 23. The committee also discussed information regarding grants and potential for additional grants.

- C. 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.

In addition to attending the Finance Advisory Committee, Commissioner Singhania received a debriefing on the Port Freeport Landside Access Plan and attended the July 18 Maiden Voyage presentation for the Goliath Leader.

9. Public Comment – There were no public comments.

10. Approval of financial reports presented for the period ending June 30, 2018.

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. 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 in accordance with the Plan of Finance, including providing TEFRA notice and conducting a TEFRA hearing, and approving other matters related thereto.

Staff is seeking approval of a Plan of Finance for issuance of up to \$35.5 million in revenue bonds with closing to occur by the end of the fiscal year. The funds will reimburse the Port for projects associated with the rail yard on Parcel 14, storage yard and backlands on Velasco Terminal. The resolution calls for a Plan of Finance and use of funds, authorization for staff to work with Bracewell and Masterson Advisors to conduct a public hearing and work with underwriters to advance the plan. The Finance Advisory Committee has reviewed the information presented and it is staff's recommendation the Board approve the resolution.

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

12. Discuss and consider the approval of an extension to the Professional Services Agreement with Dianna Kile for consulting services.

Mr. Mannion stated the Board previously approved an amendment to the agreement with Ms. Kile to extend the agreement for one year subject to a spending cap of \$50,000 however, this amount is nearly exhausted. Staff is requesting a third amendment to extend the contract for an additional year, subject to a \$50,000 limit. All terms of the original agreement remain in force. Staff recommends approval.

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

13. Approval of Port Freeport Tax Abatement Guidelines through July 31, 2020.

Mr. Mannion presented proposed changes to the tax abatement guidelines and associated application which were reviewed with the Finance Advisory Committee June 14. There are no recommended changes to the guidelines. The application has one modification to request applicants to include a description of additional investment to be made by others due to the project. The County made the same change and approved their guidelines in May. Staff recommends approval.

A motion was made by Commissioner Singhania to approve the guidelines as recommended by staff. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

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

15. Received presentation by Brazoswood High School Goddard Rocket Team.

Commissioner Kresta welcomed members of the Brazoswood High School Goddard Rocket Team and their families as well as Superintendent Massey and Administrative Officer Ron Redden. Ms. Saathoff stated that over the past school year, the Brazoswood High School Rocket Engineering II class took their engineering skills to the next level by participating in the Goddard Rocket Program which is a competitive program sponsored by NASA. Ms. Saathoff also recognized Mr. Dale Hobbs for his leadership in guiding and advising the students through the project. Members of the class gave a presentation detailing steps in their project from start to finish as well as the obstacles they had to overcome to achieve the level of success they did. Following the presentation, staff and commissioners presented the team with certificates and a plaque for the first PORT award in recognition of what the team has accomplished.

16. 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) and Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:

1. Consultation with attorney and discussion concerning 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 June 18, 2018 and June 25, 2018.

- B. Under authority of Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:

2. 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.
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. 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 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.

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

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

Mr. Hull stated bids were opened for the pipeline right-of-way and easement June 28 receiving only one bid from FLNG Liquefaction 4, LLC. The bid submitted met all of Port Freeport requirements and its staff recommendation the Board approved the resolution and easement.

A motion was made by Commissioner Santos to approve the pipeline right-of-way and easement as recommended by staff. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

19. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:59 PM.