

Minutes of Meeting October 18, 2018

A Regular Meeting of the Port Commission of Port Freeport was held October 18, 2018 beginning at 1:11 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. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development
Mr. Mike Wilson, Director of Economic Development
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Cecil Booth, Project Engineer
Mr. Jesse Hibbetts, Operations Manager
Ms. Callie Cole, Accounting Specialist
Ms. Lauren McCormick, Public Affairs Manager
Mr. Nick Malambri, Engineering Specialist

Also, present:

Mr. Rick Stephanow, Gulf LNG Services
Mr. Bobby Fuller, Texas Port Ministry
Mr. Jason Foltyn, HDR
Mr. Bruce Reed, Phillips 66
Mr. Bob Arroyave, Brown & Gay Engineers
Ms. Dianna Kile, Port Consultant
Ms. Missy Cruz
Mr. Connor Behrens, The Facts
Ms. Citalli Martinez, WGMA

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 and Special Meetings held September 27, 2018.

A motion was made by Commissioner Pirtle to approve the minutes as presented. The motion was seconded by Commissioner Santos 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 on the Inauguration Ceremony held October 16 to welcome a new global service calling Port Freeport, CMA-CGM, one of the leading container carriers in the world. The Port is being added to their weekly Brazex service. Union Pacific Railroad announced their 2020 Unified Plan which focuses on a service designed to operate like a passenger train with scheduled departure times, days and destinations. The focus will shift from train to carload, yielding better use of resources, reduced dwell times and improved cycle times. David Black, the Port's Director for UPRR, will give an update on the plan implementation after the first of the year. Ms. Saathoff reported that Ann Marie Poninski will no longer be the Port's representative in Freeport. She has accepted another position within Phillips 66 to work with the coordination of offshore barges. Ms. Saathoff also reported attending the TPA Meeting held in September. The primary focus of the meeting was to develop the legislative priorities for all Texas Ports for the upcoming legislative session. TxDOT is hosting a series of meetings throughout the state to discuss the Texas Freight Mobility Implementation Plan. The scheduled meetings for Houston and Galveston will be held the morning and afternoon of December 6. The Memorandum of Understanding for work associated with Reach 2 and 3 is under review at Division. The America's Water Infrastructure Act was passed by the Senate. The provision extends the amount of time to initiate actual construction of the Port's federal project (and others) that was authorized in the WRRDA 2014. This does include the Water Resources Development Act of 2018. Ms. McCormick reported that Port Freeport participated at the Texas A&M Galveston Career Fair held October 10 as well as Freeport's National Night Out held October 2. The Port's annual golf tournament will be held October 22. All teams have been filled and the goal has been exceeded with over 80 sponsors. The United Way Campaign Kick-Off Luncheon will be held October 24 and the next CAP Meeting is scheduled for November 13 at the Clute Event Center.

- 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 updated the Board with a brief presentation on preliminary operating revenues for September.

- 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.

In Mr. Hull's absence, Mr. Cecil Booth reported the Parcel 14 rail project is moving forward with limestone going down under the rails for tracks B, C, and D. He added great progress has been made on

the Parcel 14 water main project. He also reported that with the issuance of the 408 Permit, staff is identifying possible projects and the order in which to proceed.

- 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 shared pictures of the Hoegh Jacksonville that brought the first inbound Ford vehicles from India, which will be a monthly service. He stated the CMA tonnage and container numbers are not on this month's report but will be included in the next report. He reported that Dole calls the Port on Mondays (Dock 7), CMA on Tuesdays and Chiquita on Thursdays. Nick Malambri and Austin Seth will be attending a Clean Cities Conference in Houston October 23. Mr. Durel also reported the second phase of the High Mast LED light replacement project is underway.

- 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 announced that Port Freeport is now an official partner of the DHS program called "See Something, Say Something" (SeeSay). The Port will help with campaigning, putting up posters and sharing information at BMAT meeting, etc. Mr. Hogan shared a picture of the graphics for the new security boat stating there will be a test run Friday morning. Mr. Hogan also reported on safety incidents for the month of September. Additionally, Mr. Hogan reported on the Brazos River stating water has been released to the north where rain totals for the last 5-7 days have been between 5-8 inches. The National Weather Service is looking at action stage, which means they are preparing for flooding. At this time, they are not predicting a flood stage and will stay at action stage.

- 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 stated the Breakbulk Conference was a successful event with over 3,000 people attending. Mr. Miura also reported attending the Leadership Summit held during the conference. Staff will be traveling to Simonton to meet with Twinwood Development, KDW and MAN to tour warehouse development facilities. Ms. Saathoff noted that in the recent publication of Giants Magazine, there is an article highlighting the Port's Foreign-Trade Zone program.

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

- A. October 18 Finance Advisory Committee – Commissioner Singhania reported the committee discussed the A&R Logistics Amendment which is on the agenda for approval.
- B. October 18 Personnel Advisory Committee – Commissioner Hoss reported the committee discussed personnel matters in executive session and due to time, recessed and will reconvene later.
- C. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Santos reported attending the Breakbulk Conference.

Commissioner Pirtle reported attending several conferences and meetings including Transportation & Infrastructure Summit, HTX Conference, Highway 36A Board Meeting and Friends of the River Community Fundraiser.

Commissioner Hoss reported attending the Angleton Chamber State of the Community Luncheon, Transportation & Infrastructure Summit as well as a Meet & Greet event hosted by Pearland Chamber for elected officials within the County.

Commissioner Singhanian reported also attending the Angleton Chamber State of the Community Luncheon and Pearland Meet & Greet. Additionally, he had the opportunity to meet the U.S. Ambassador to India, Kenneth Juster. Commissioner also attended the CMA Inauguration Ceremony held October 16.

Commissioner Kresta reported attending the AAPA Annual Convention held in Chile as well as the CMA Inauguration Ceremony.

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

Mr. Miura stated the next Brazoria-Fort Bend Rail District meeting will be held October 19 in Richmond. Brian Devine will be sworn in as the Port's new representative and a proposal will be presented to the Board for bookkeeping services. Mr. Miura and staff members met with HDR Engineering for a data gathering session regarding the feasibility study for the Rail District.

Ms. Saathoff stated the Nexus Group has not met.

10. Public Comment – Ms. Missy Cruz addressed the Board regarding her house located at 415 E. Broad Street in Freeport.
11. Ratification and approval of emergency repair in the amount of \$46,205.25 payable to Choctaw Construction Services.

Mr. Hibbetts stated the invoice before the Board is related to one of two train derailments on the track along Pete Schaff Boulevard. He explained that because there were railcars waiting to make the switch to get out of the Port and Horizon Terminal Services had railcars waiting to come into the Port, emergency repairs were performed. Mr. Hibbetts also explained that while they are operational, additional repairs are needed for the switch point. Because the emergency repairs from Choctaw exceeded \$25,000, staff wanted to bring this to the Board for ratification and approval. Staff is also working on a recap of all the expenses associated with the repairs to the derailments because multiple companies were involved.

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

12. Approval of Construction Contract with Sytek Omni for asbestos abatement and demolition of houses, for an amount not to exceed \$148,380.00.

Mr. Malambri stated the Port opened bids for this project which entails the demolition of 15 houses in the East End, seven of which require asbestos abatement. Five bids were received with the lowest and best proposal submitted by Sytek Omni. Staff recommends approval of the contract to Sytek Omni in the amount of \$148,380.00.

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

13. 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.

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 to discuss potential litigation.
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3. Consultation with attorney regarding legal matters related to Agreement with Paul Bridges and Associates, LLC.
4. Consultation with attorney and discussion regarding Special District Local Laws Code Title 5 Transportation, Subtitle A Navigation District Port Authorities, Chapter 5002 Subchapter A.
5. Consultation with attorney regarding legal matters arising out of:
 - a. Texas Water Code, Chapters 60, 62, and 63
 - b. Texas Government Code:
 - Chapter 551, Subchapter D
 - Chapter 552, Subchapter A
 - Title 5, Subtitle A, Chapter 553
 - Title 4, Subtitle B, Chapter 418
 - c. Transportation Code, Section 222.005
 - d. Title 6, Civil Practice and Remedies Code

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

1. Discussion regarding the exchange, lease or value of real property located on East Brazos Street.
2. Discussion regarding First Amendment to the Lease Agreement between Port Freeport and A&R Logistics.
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 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.
5. 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.
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, 35 and 38.

C. 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.

D. Under authority of Section 551.074 (Deliberation of Personnel Matters) for discussion regarding:

2. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Port Director/CEO, Chief Financial Officer, Director of Operations, Operations Manager, Director of Engineering, Director of Protective Services, Director of Economic Development and Director of Business & Economic Development.

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

16. Approval of a Professional Services Agreement with Paul Bridges and Associates, LLC for Container Crane Procurement.

This item was tabled.

17. Discuss and consider purchase of Port safety vehicle.

Mr. Hogan stated Protective Services researched to find a vehicle that was environmentally friendly with good gas mileage and believes they have found a good solution. Staff requests approval to purchase a 2018 Nissan Rogue from Gulf Coast Nissan in the amount of \$25,017.30.

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

18. Approval of a Purchase Contract in the amount of \$120,000.00 for property located on East Brazos Street.

Mr. Mannion stated the property before the Board is six contiguous lots totaling 40,401 square feet on East Brazos Street. This contract is in line with other transactions the Port has approved and has been reviewed by legal counsel. Staff recommends approval in the amount of \$120,000.00.

A motion was made by Commissioner Hoss to approve the purchase contingent that staff obtain a survey of the property. The motion was seconded by Commissioner Terry with all Commissioners present voting in favor of the motion.

19. Discuss and consider granting authority to Executive Director/CEO Phyllis Saathoff to execute any and all documents necessary and required by Stewart Title to close the transactions on the following property:

423 E. 2nd Street, Freeport, TX (East End Property) and 702 N. Avenue G, Freeport, TX (Avenue G Property)

Mr. Mannion stated this swap transaction is for property located on 2nd Street and a new Tegrity home located on Avenue G in Freeport. This is a standard swap transaction with the Port to pay closing costs. Staff recommends approval.

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

20. Discuss and consider approving First Amendment to the Lease Agreement between Port Freeport and A&R Logistics.

Mr. Miura stated that staff recommends approval of the amendment to the Lease Agreement between Port Freeport and A&R Logistics with the changes presented to the Board in executive session and the Finance Advisory Committee.

A motion was made by Commissioner Singhanian to approve the amendment to extend the lease six months and maintain same rate for the extension. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

21. Discuss and consider approving modification to Marine Terminal Agreement for real property located at Port Freeport.

Mr. Miura stated that staff recommends approval of the Marine Terminal Agreement with a change to Item 3 which references Port Use Fees. The modification will adjust the limit of Item 3B to \$5,000.00.

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

22. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:30 PM.