

Minutes of Meeting November 29, 2018

A Regular Meeting of the Port Commission of Port Freeport was held November 29, 2018 beginning at 2:00 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. 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
Mr. Mike Wilson, Director of Economic Development
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Jason Caywood, Security Technician
Mr. Scott Tafuri, Safety Coordinator
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Public Affairs Manager
Ms. Tricia Vela, Receptionist
Ms. Connie Wiegel, Sales & Marketing Specialist
Ms. Darlene Winkler, Communications Specialist

Also, present:

Mr. Bobby Fuller, Texas Port Ministry
Ms. Jackie Fuller, Texas Port Ministry
Mr. Chuck Beem, Texas Port Ministry
Mr. Mike Hayes, Texas Port Ministry
Mr. Mike Potts, Texas Port Ministry
Ms. Dara Grogache, Texas Port Ministry
Ms. Brandei Goolsby, GCEBS
Mr. Jason Foltyn, HDR
Mr. Bob Arroyave, Brown & Gay Engineers

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. Scott Tafuri, Safety Coordinator
6. Approval of minutes from the Regular Meeting held November 8, 2018 and the Special Meeting held November 19, 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 reported the Corps released their 2019 Work Plan before Thanksgiving. Additional funds were added to the work plan for Port Freeport for maintenance dredging. The Port had requested they include additional preliminary engineering and design funds for the Corps for the work on designing Reach 1 of the FHCIP, however, those additional funds were not included. Staff will begin working to get this accomplished in the 2020 Budget and Work Plan. There were other Texas ports that received seed funds for construction work for the Sabine Neches and Cedar Bayou projects. Ms. Saathoff attended the Fort Bend County Legislative Conference held November 15 and had the opportunity to meet the newly elected officials in Fort Bend County. Friday morning, the Fort Bend County Judge elect will make his first visit to the Port to meet with staff.

- 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 year-end financial results.

- 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 reported the Corps currently has the Coastal Texas Protection and Restoration Study out for comment. Comments are due before January 9, 2019. He shared drawings of the two plans out for comment as well as the plans for Brazoria County. He also shared pictures of the inner harbor from the ship simulation that is nearing completion as well as a current photo of the Parcel 14 Rail Project, and a completed swap house ready for move in. Mr. Hull stated that dredge material placement 85 report is complete, and the material is suitable for beneficial use.

- 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 presented the October tonnage report stating it was a very strong start to the fiscal year with Tenaris bringing 49,000 tons (two ships). CMA has been added to the report to track their tonnage,

number of ships and containers. He also shared a series of photos of a container turn time adding that it takes 25 minutes, 45 seconds from beginning to end for a turnaround.

- 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.

In Mr. Hogan's absence, Mr. Tafuri reported on safety incidents for the month of October. Staff continues to work with tenants to mitigate 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 submitted a written report and had no additional comments.

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

- A. November 8 & 29 Finance Advisory Committee – Commissioner Singhania reported the committee discussed the MEGlobal and Freeport LNG tax abatements November 8. The committee received the quarterly investment update as well as a report from Kennemer, Masters & Lunsford on the audit. Phillips 66 tax abatement was also discussed. The executive session item for G&H Towing was discussed and will be deferred until January for approval.
- B. November 8 & 29 Operations/Safety/Security Advisory Committee – Commissioner Pirtle reported the committee discussed the Hazard Mitigation Plan November 8. Revisions to the safety program and proposed modifications to the tariff were discussed in committee today.
- C. November 8 & 29 Personnel Advisory Committee – Commissioner Hoss reported the committee discussed proposals for renewal of health, vision and dental insurance November 8, which is included on today's agenda for approval. Also discussed were revisions to the Port's travel policy. The revised policy was approved November 8. Revisions to policy 2.4 were reviewed which covers the employment and staff for the Executive Director/CEO. This policy is on the agenda for approval today. Also discussed was a schedule to review all port policies throughout the year in 2019. The committee deferred the item regarding a contribution to the retirement plan for discussion with the full Board later on the agenda. The executive session item was recessed for further discussion should time permit.
- D. November 8 & 29 Strategic Planning Advisory Committee – On November 8, Commissioner Terry reported the committee discussed the administration building observation deck waterproofing project which is on the agenda for approval today. Due to time constraints, the committee deferred all items from today's committee meeting to full Board discussion, as they are included on the agenda for approval.
- E. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Santos reported attending the November 13 CAP Meeting. Commissioner Kresta noted a timeline Ms. Saathoff presented at the CAP meeting for the Freeport Harbor Channel Improvement Project. Ms. Saathoff shared the timeline stating it would be updated as milestones are reached and noted it is published on the Port's website.

Commissioner Pirtle reported also attending the CAP Meeting as well as the Rotary's 65th Anniversary Celebration November 27.

In addition to attending Chamber functions, Commissioner Singhanian also attended the Brazoria-Fort Bend Rail District public meeting held in Rosenberg November 14.

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

Ms. Saathoff stated the Nexus Group has not met.

Mr. Miura stated he attended the public meeting in Rosenberg. He added the Rail District will not meet in December. Meetings will resume January 18, 2019 in Richmond.

10. Public Comment – There were no public comments.

11. Approval of financial reports presented for the period ending September 30, 2018.

A motion was made by Commissioner Singhanian 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.

12. Presentation of check to Texas Port Ministry from proceeds of Port Freeport Golf Tournament.

Ms. Saathoff stated that October 22, the Port hosted its annual golf tournament benefitting Texas Port Ministry. All flights were filled with 36 teams playing at this event, and because of the golfers and additional sponsorships from the community, a record net total of \$52,880 was raised. This exceeded last year's amount by \$9,380. Mr. Bobby Fuller addressed members of the Board, Port employees and sponsors to thank them for their efforts and success of this tournament. Ms. Saathoff stated that as the activity in the port increases, so does the need for the services provided by Texas Port Ministry to seafarers and truckers. It is good that more funds have been raised to support that increased need.

13. Approval of contract with Restocon Corp., in the amount of \$44,944.00, for the Administration Building (Observation Deck) Waterproofing Project.

Mr. Hull stated this project was discussed in committee November 9. One bid was submitted by Restocon Corp. in the amount of \$44,944.00. The project involves resurfacing the observation deck as well as sealing penetration leaks, power outlets and windows. The Board inquired about a warranty from Restocon for the work to be done. At the time of the meeting, staff could not confirm the warranty for the job.

After discussing the project, contractor and warranty on the work, a motion was made by Commissioner Terry to approve the contract with confirmation a minimum of a 1-year warranty is included with the job. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

14. Approval of Change Order No. 2 with Vernor Material & Equipment for the Velasco Terminal, Backland Area 5 Stabilization Project, for an amount not to exceed \$4,772.66.

This item was tabled.

15. Approval of Change Order No. 1 with AAA Asphalt Paving, Inc. for the Port Road Repairs Contract No. 17-09 in order to construct Backland Area 5 Access Road Improvement, for an amount not to exceed \$121,000.00.

Mr. Hull stated that this contract change order is to build an asphalt road from Velasco Terminal to Backland Area 5 limestone area. Staff recommends approval.

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

16. Approval to make payment to CenterPoint for Parcel 14 Rail Development Project for new electrical services and modifications, for an amount not to exceed \$123,427.00.

Mr. Hull stated this involves several payments to CenterPoint for Facilities Extension Agreements (FEA) that include new electrical services or modifications to existing power lines. CenterPoint has requested separate checks for each agreement. Legal counsel has reviewed the documents and staff recommends approval of execution of the agreements and payments totaling \$123,427.00.

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

17. Approval of a Professional Services Agreement with Moffatt & Nichol in the amount of \$72,100.00 for the Underwater Inspection of Docks 1, 2, 3, 5 and 7.

Mr. Hull stated this is the bi-annual underwater inspection for the berths. Staff has reviewed the agreement, finds the fee to be acceptable and recommends approval.

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

18. Approval of a renewal of Port Freeport employee health, dental and vision insurance.

Mr. Mannion stated that before the Board is the renewal for the Port's health, dental and vision insurance for 2019. Twelve options were submitted between three different carriers. Blue Cross Blue Shield proposed a similar structure as the existing plan with a change in the out-of-pocket max for out of network. The premium increase is 6.1% which is within the budget. Staff recommends renewing with Blue Cross Blue Shield and proposes maintaining the current cost-share as budgeted between the Port and employees. The dental and vision proposals yielded four options with four different carriers. The Port's existing carrier, Principal, submitted a renewal plan with a 2% reduction in premium. Staff's recommendation is to renew with Principal and maintain existing cost-share as budgeted.

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

19. Approval of a Resolution authorizing a contribution to the Port Freeport Retirement Plan.

Mr. Mannion stated the Board is requesting its annual contribution to the Port Freeport Retirement Plan. Since its inception, the Board has approved a 6% contribution of wages to be made in January 2019. The resolution before the Board is worded for the same contribution of 6%. Commissioner Hoss reminded the Board this annual contribution is set with the amount based on the health and well-being of the Port and

what has been done for the year and asks the Board to consider this when setting the amount. Commissioner Singhania stated that normally the percentage does not change unless a significant event has occurred. Commissioner Kresta questioned whether a plan should be developed to review the Port's performance (safety, profit, recordables, etc.) to determine contribution. Commissioner Pirtle noted this plan is focused on profit and not anything else.

After further discussion, a motion was made by Commissioner Santos to approve a 6% contribution of wages to the retirement plan. The motion was seconded by Commissioner Singhania with all Commissioners present voting in favor of the motion.

20. Approval of Port Policy 2.4 – Executive Director/CEO.

Mr. Mannion stated this policy was discussed with the Personnel Committee on November 8 with proposed changes to include updating job titles for the Executive Director's direct reports. Staff recommends approval.

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

21. Discuss and consider setting the 2019 Port Commission meeting dates.

Commissioner Kresta stated the proposed meeting dates for 2019 were distributed at the last meeting asking for any comments and noted the meeting will begin at 1:00 pm.

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

22. Discuss and consider setting date to conduct Board Workshop.

Ms. Saathoff asked to the Board to consider January 17 and January 31 for a potential workshop. After checking calendars, the Board looked for dates available in February.

A motion was made by Commissioner Pirtle to set February 7, 2019 as the date to hold Board workshop. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

23. 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 to discuss potential litigation.
3. Consultation with attorney and discussion regarding Special District Local Laws Code Title 5 Transportation, Subtitle A Navigation District Port Authorities, Chapter 5002 Subchapter A.
4. 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 551.071 (Consultation with Attorney) and 551.072 (Deliberation of Real Property Matters) for discussion regarding:

1. Consultation with attorney the terms and conditions of the Lease Agreement between Port Freeport and G&H Towing.

C. 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.

D. 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.

E. 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.

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

25. Discuss and consider Resolution authorizing Executive Director/CEO to advocate for the Texas Ports Association sponsored and proposed legislative changes for the upcoming 86th session of the Texas Legislature.

Ms. Saathoff stated the set of potential legislation presented is to be filed in the upcoming state legislative session. The legislation has been reviewed by staff and legal counsel and found to be acceptable pieces of legislation the Port supports. Ms. Saathoff did indicate one piece that Port may want to stay neutral with the legislation regarding audits. Commissioner Hoss inquired how staff would go about advocating. Ms. Saathoff stated that most of the time staff will share the information with legislators, however the TPA President will also occasionally be asked to testify on legislation at committee hearings. Port Freeport could

also testify independently. The TPA also holds a legislative day in Austin where information will be distributed as well as a Port Maritime Conference.

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

26. Discuss and consider approving a Lease Agreement between Port Freeport and G&H Towing Company.

This item was tabled.

27. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:01 PM.