

## Minutes of Meeting November 8, 2018

A Regular Meeting of the Port Commission of Port Freeport was held November 8, 2018 beginning at 1:02 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. 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. Cecil Booth, Project Engineer  
Mr. Nick Malambri, Engineering Specialist  
Ms. Lauren McCormick, Public Affairs Manager  
Ms. Connie Wiegel, Sales & Marketing Specialist  
Mr. Jesse Hibbetts, Operations Manager  
Mr. Scott Tafuri, Safety Coordinator  
Ms. Nancy Stephens, Billing & FTZ Manager  
Ms. Darlene Winkler, Communications Specialist

### Absent:

Mr. Jason Hull, Director of Engineering  
Mr. Al Durel, Director of Operations

### Also, present:

Mr. Bobby Fuller, Texas Port Ministry  
Mr. Rick Stephanow, Gulf LNG Services  
Mr. Bob Arroyave, Brown & Gay Engineers  
Ms. Dianna Kile, Port Consultant  
Mr. Antonio Eliaz, Ryan  
Mr. Al LeBlanc, SAExploration  
Mr. Scott Daigle, MEGlobal  
Ms. Anne Marie Suire, Freeport LNG  
Ms. Wendy Mazurkiewicz, Freeport LNG

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 and Recognition of Veterans.

At this time, Commissioner Kresta recognized all Veterans in attendance in honor of Veterans Day this Sunday, November 11. Remembrance poppies were also provided to everyone in attendance.

4. Roll Call. – All Commissioners were present.
5. Safety Briefing – Mr. Chris Hogan, Director of Protective Services
6. Approval of minutes from the Regular Meeting held October 18, 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. 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 recognized Danielle Winkler, daughter of port employee Darlene Winkler, who was recently selected to represent the Boys & Girls Club of Brazoria County at the 2018 East Texas Youth of Year competition in Bryan, Texas. Commissioner Pirtle also congratulated Danielle on her accomplishment. Ms. Saathoff noted to Commissioners that a proposed 2019 meeting schedule has been distributed for review. The proposed schedule will be on the agenda at the next meeting for approval. The next CAP Meeting will be held November 13 at the Clute Event Center. Ms. Saathoff commented on the election results stating that while Brazoria County didn't see a lot of change in representation, adjacent counties did. Staff should anticipate additional outreach to newly elected officials to educate them on Port Freeport and the importance of ports in maritime activities as well as the Brazoria-Fort Bend Rail District efforts. Ms. Saathoff noted the Memorandum of Understanding (MOU) for the work-in-kind credit with the Corps is still under consideration. She also noted Jason Hull is attending the annual dredging meeting in Galveston and Al Durel is attending the Gulf Ports Association Meeting in New Orleans. Additionally, Ms. Saathoff shared pictures of the largest vessel in the CMA Brazex service rotation that was in port earlier in the week. The LOA for this vessel is 784 and can carry 3500 TEUs.

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 Southern Brazoria County Traffic meeting.

Commissioner Singhania stated the Brazoria-Fort Bend Rail District will have public meetings November 14 and 15. He plans to attend the November 15 meeting.

9. Public Comment – There were no public comments.

10. Approval of legal bills presented for the period ending September 30, 2018.

Mr. Mannion stated that financial statements for September are still being finalized and will be presented at the next meeting; however, at this time, staff is requesting approval of the September legal bills, so they may be processed.

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

11. Approval of a Foreign-Trade Zone No. 149 Operator Agreement between Port Freeport and SAExploration, Inc., Stafford, Fort Bend County.

Mr. Miura stated SAExploration is requesting to file an application for FTZ designation for its site in Stafford. SAExploration will operate the site for storage of domestic and foreign origin seismic and oil exploration equipment. Staff recommends approval.

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

12. Approval of a First Amendment to the Foreign-Trade Zone No. 149 Subzone Operator Agreement between Port Freeport and Phillips 66 Company.

At this time, Commissioner Kresta turned over duties to Commissioner Hoss for further handling of this agenda item. Mr. Miura stated that Phillips 66 entered into an agreement with the Port in 2013 for a term of five years. This amendment will extend the current agreement for an additional five years. Staff recommends approval.

A motion was made by Commissioner Singhania to approve the amendment. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion, and Commissioners Kresta and Terry abstaining.

13. Approval of Modification to the Freeport LNG Development, LP et al. No. 6 Tax Abatement Agreement for property located in Freeport LNG Reinvestment Zone Nos. 2A and 3.

Mr. Mannion stated that Freeport LNG is requesting a modification to the tax abatement schedule within the agreement due to delays in construction of Train 4. The original schedule was to begin construction in January of 2018; however, construction is expected to begin in third quarter of 2019 or later. The request is to make 2020 the first year of the ten-year abatement period. Staff has reviewed the request and recommends approval.

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

14. Approval of Assignment of MEGlobal Americas, Inc., Tax Abatement Agreement for property located in the Dow Chemical Company Reinvestment Zone No. 20, hereinafter known as the MEGlobal Americas, Inc., Reinvestment Zone No. 1.

Mr. Mannion stated this tax abatement was originally approved with the Dow Chemical Company in December of 2015. Earlier this year, the Board approved the assignment of the agreement to MEGlobal. LBC is a key partner in the project investing \$80 million to construct, operate and own the tank terminal assets. Additionally, pipeline assets built by MEGlobal will be transferred to LBC once construction is complete. The request is to add LBC to the agreement, allowing them to participate in the abatement for the assets they will own. Additionally, following form with the County, rename The Dow Chemical Company Reinvestment Zone No. 20 as MEGlobal Americas, Inc. Reinvestment Zone No. 1. Staff has reviewed the request and recommends approval. Mr. Scott Daigle with MEGlobal briefly spoke about the project stating that MEGlobal has contracted LBC to build assets on site and will serve as their marine terminal operator and transfer agent through the loading of MEGlobal ships at Dow Freeport Marine Terminal A at the Port.

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

15. Approval of the Brazoria County Hazard Mitigation Plan.

Mr. Hogan stated that FEMA has a program called the Hazard Mitigation Grant Program. The program allows agencies to apply for grant funds after a Presidential major disaster declaration. In order to apply for funds, you must be in a FEMA-approved Hazard Mitigation Plan. Mr. Hogan gave a brief presentation highlighting the history of the past plan for Port Freeport, which was separate from Brazoria County's. Both plans were due for renewal in 2017, however, due to Hurricane Harvey FEMA allowed the plans to extend into 2018. Throughout discussions with Brazoria County, staff found Port Freeport can be included in their plan which will reduce costs for both agencies. Other agencies within Brazoria County participate in the plan, and each agency has their own section within the plan. Port Freeport's responsibilities to participate in the plan include a match in-kind and approval of the plan. The hours spent helping to develop the plan is the Port's obligation; no additional financial obligation is required. Once an event occurs that requires a disaster declaration, the Port can apply for grants. If we choose to apply, it is Port Freeport's responsibility to select which projects to apply for, complete the application and submit for approval with FEMA, plus a 25% match responsibility. Applying for funds is optional, but if we want to participate in the funds, we must participate in a plan. Once all participants approve the plan, it will go to the County Commissioners Court for final approval and then submitted to FEMA. Staff recommends approval to participate in the plan with Brazoria County.

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

16. Adoption of a Resolution authorizing a contribution to fund Port reserves for capital improvement.

Mr. Mannion presented a resolution to contribute to the port reserve for capital improvement an amount equal to the M&O collection this year funded from the general revenues of the port. Since adopting the tax rate and approving the budget, staff has received the certified tax rolls from the County and can calculate the precise M&O tax collections anticipated for the year. The M&O tax rate is \$0.031451/\$100 value which yields a planned tax levy of \$4,269,552. Staff has reviewed and recommends approval. Commissioner Singhania confirmed the funds will go to the channel deepening project.

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. 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 Terry with all Commissioners present voting in favor of the motion.

18. 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 regarding proposed contract for legislative consulting services.
2. Consultation with attorney to discuss potential litigation.
3. Consultation with attorney to discuss potential litigation.
4. 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 regarding Pilot Dispatch Services.

- B. Under authority of Section 551.072 (Deliberation Concerning 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. 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 2<sup>nd</sup> Street; Terminal Street and East 8<sup>th</sup> Street in Freeport, Texas.

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. 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:
1. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive 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.

19. RECONVENE OPEN SESSION:

20. Approval of Port Policy 8.9 – Commissioner and Employee Travel and Entertainment.

Mr. Mannion stated the Personnel Advisory Committee and staff has reviewed the travel policy and recommended proposed changes which include clarification of mileage reimbursement, airfare and the travel area within the State of Texas for which prior approval is not required. 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 granting authority to Executive Director/CEO to execute any and all documents necessary and required by Stewart Title to close the transactions on the following property:

537 E. Broad Street, Freeport, TX (East End Property) and 1411 N. Avenue M, Freeport, TX (Avenue M Property)

This item was tabled.

22. Approval of Government Liaison Services Agreement with Carriage House Partners, LLC for legislative consulting services.

Ms. Saathoff stated the agreement before the Board is to extend services with Carriage House Partners for an additional two years. The current agreement expires January 1, 2019. There

is an increase in compensation of \$500 per month for an annual total of \$51,000 per year. Staff recommends approval.

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

23. Discuss and consider fee for Texas Ports Association sponsored statewide economic analysis aggregated for all Texas Ports.

Ms. Saathoff stated that John Martin and Associates was retained to produce economic impact information aggregated for all Texas Ports which is helpful when staff is in Austin advocating on behalf of ports in general when discussing the cumulative impact of the maritime system in Texas. Normally, enough ports participate who want to receive an independent report specific to their port activity that the cost of the overall statewide impact report is covered. It is anticipated there will be enough participation, however it is close. Staff recommends the Port pay a nominal amount to ensure our information is included in the report and it is produced on a state port basis. If necessary, Ms. Saathoff anticipates the amount to be approximately \$3,000. This report will not replace Port Freeport's independent report produced by Texas A&M.

A motion was made by Commissioner Hoss to approve contributing to Texas Ports Association to update the economic impact analysis for Texas ports. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

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

This item was tabled.

25. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:45 p.m.