

Minutes of Meeting April 25, 2019

A Regular Meeting of the Port Commission of Port Freeport was held April 25, 2019 beginning at 1:01 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Paul Kresta, Chairman
Mr. John Hoss, Vice Chairman
Mr. Rudy Santos, Commissioner
Mr. Ravi Singhania, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Chief Financial Officer
Mr. Jason Hull, Director of Engineering
Mr. Mike Wilson, Director of Economic Development
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager
Mr. Jesse Hibbetts, Operations Manager
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Public Affairs Manager
Mr. Mike Quilty, Safety Coordinator

Absent:

Mr. Shane Pirtle, Secretary
Mr. Bill Terry, Asst. Secretary

Also, present:

Mr. Eric Geisler, Economic Incentive Services, LLC
Mr. Thomas Dalton, Praxair
Mr. Dan Costanza, Praxair
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Bobby Fuller, Texas Port Ministry
Mr. Jason Foltyn, HDR
Mr. Rick Stephanow, Gulf LNG Services
Mr. Will Bohlen, BGE, Inc.
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 Commissioner Terry and Commissioner Pirtle were absent. All other Commissioners were present.
5. Safety Briefing – Mike Quilty, Safety Coordinator
6. Approval of minutes from the Regular Meeting and Special Meeting held April 11, 2019.

A motion was made by Commissioner Singhanian 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 matters and meetings, AAPA Committees, leases, contracts, upcoming Port and civic events and other related administrative affairs.

Ms. Saathoff stated that because staff is scheduled to travel to Washington, DC May 9 for meetings regarding the Freeport Harbor Channel Improvement Project, she recommends moving the May Port Commission meetings to the 16th and 30th. All agreed. The economic impact report is still in final draft form and will be sent out as soon as final edits are made. A tugboat christening for the “Exporter” will be held May 10. Ms. McCormick, Public Affairs Manager gave an update on the Take-A-Child Fishing Tournament which will be held May 4. The Port has received a total of \$34,700 in sponsorships thanks to the generosity of 70 sponsors. The Captain’s Dinner will be held May 2 at RiverPlace. Additionally, staff is still accepting video entries for the social media video contest.

- 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. Lowe gave a brief financial presentation and update to the Commission.

- 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 pictures of the progress on Parcel 14 rail site with the most recent addition of the high mast light installation. Mr. Hull also reported a drainage pipe collapsed behind the Dole Yard earlier in the morning. More information is forthcoming. The state highway 36 road closure for rail installation is scheduled for this weekend beginning at 7pm April 26 through early Monday morning April 29.

- D. Receive report from Director of Operations on activities and matters related to operations, vessel activity, tonnage and other related port operation matters.

In Mr. Durel’s absence, Jesse Hibbetts, Operations Manager gave some highlights for the month of March stating the Port saw 11 Ro/Ro vessels during the month and is scheduled to receive another 10 more in April. Tenaris had two steel bar ships carrying over 49,000 tons in total. In 2018, the Port averaged 21 vessels per month, while the month of March in 2019 saw 30 vessels. For fiscal year activity, total vessels handled is 158. This time last year, the Port saw 130. Total tons handled year-to-date is 1,335,000 which is a 17% increase from last year. Additional activities for the month of March included participation on Port Coordination Team (PCT) conference calls regarding the ITC Terminal incident in the Houston Ship Channel, preliminary work on budget for next year and internal review of the 2019 Hurricane Plan. Additionally, Mr. Quilty has completed LMS Training (Learning Management

System) and will be setting up safety courses for different departments to attend. A Tenant Safety Meeting will be held May 8.

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

In Mr. Miura's absence, Mike Wilson stated staff has made connections with potential clients who have high and heavy Ro/Ro cargo as well as prospects interested in warehouse space. The BUILD Grant awards notification from the Fall submission was delayed due to the shutdown in Washington; the Port submitted an application for an additional four rail lines in the multi-modal site. The port expects to receive an answer on this grant application in June. Additionally, MARAD was handed another BUILD Grant opportunity the port can apply for in the event we do not receive first grant.

- 8. Receive report from Commissioners on matters related to:
 - A. April 11 Strategic Planning Advisory Committee – Commissioner Singhania reported the committee reviewed bidding schedule for Velasco Terminal Development of Area 3 with staff anticipating board approval at the May 30 meeting.
 - B. April 11 Operations, Safety & Security Advisory Committee – At the March 12 meeting, Ms. Saathoff stated the committee conducted an initial review of Port Policy 8.7 Cell Phone Use. Comments will be evaluated by staff and the safety coordinator and brought back to committee as well as the Personnel Advisory Committee at a later date. A consultation with attorney was also conducted regarding the final rule for seafarer's access and how it will affect the facility.
 - C. April 11 & 25 Finance Advisory Committee – Mr. Singhania reported the committee reviewed the Praxair Tax Abatement which will be deferred to the May 16 agenda for approval.
 - D. April 25 Personnel Advisory Committee – Commissioner Hoss stated the committee discussed contract for employee benefit services while policy items were tabled until May 16.
 - E. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Santos reported attending the 100 Club Banquet held April 18.

Commissioner Hoss reported attending a meeting with representatives from the Lone Star Coastal National Recreation Area and the 100 Club Banquet.

Commissioner Singhania reported attending BCPC Luncheon held April 24.

- 9. Public Comment – There were no public comments.
- 10. Approval of financial reports presented for the period ending March 31, 2019.

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 Resolution approving the application for tax abatement between Port Freeport, Phillips 66 Company and Praxair, Inc for property located in Praxair, Inc. Reinvestment Zone No. 2, approving Tax Abatement Agreement on the same terms and conditions as granted to Phillips 66 Company and Praxair, Inc. by Brazoria County and authorizing Chairman and Secretary to execute said agreement.

At this time, Commissioner Kresta left the room and abstained from further discussion regarding this item.

Ms. Campus stated that Praxair submitted an application for tax abatement which has been reviewed in committee as well as with legal counsel. Brazoria County previously approved an agreement with Praxair. Ms. Campus explained the agreement is with both Phillips 66 and Praxair because Phillips 66 is the landowner and is leasing land to Praxair. She then introduced Thomas Dalton with Praxair who gave a brief PowerPoint presentation on the project stating that Praxair is an industrial gas company and is proposing a new hydrogen complex consisting of a steam methane reformer. Construction is scheduled to begin third quarter 2019 with completion scheduled first quarter 2021 and creating approximately ten new jobs.

Mr. Cordoba explained that because Commissioner Kresta is abstaining and Commissioner Pirtle is absent, the Commission does not have the quorum needed to take action. This item was tabled until the May 16 meeting.

12. Approval of a General Rate Adjustment to Port Freeport Tariff No. 005.

Mr. Wilson highlighted the proposed tariff adjustments which includes a 3% adjustment to most of the tariff rates with an exception to the conference recommended rate for items related to dockage and security on wharfage which is slightly less than 3%. Staff recommends a general rate increase to Port Tariff No. 005 as presented effective May 1, 2019.

A motion was made by Commissioner Hoss to approve the general rate adjustment. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

13. Adoption of a Resolution authorizing a plan of finance for the Freeport Harbor Channel Improvement Project with ad valorem tax bonds.

Mr. Lowe stated staff is requesting the Board approve a resolution for the Executive Director, Chief Financial Officer and Controller, in conjunction with the Port's financial advisors, to move forward with a plan of finance to issue General Obligations Bonds approved by taxpayers last May.

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

14. Adoption of a resolution declaring items surplus and ordered sold separately for cash, after notice of sale and receipt of bids to the highest bidder; destroyed if no bids are received; or offered as trade-in for new property of the same general type.

Mr. Hibbetts stated with hurricane season approaching, staff conducted house cleaning around the Port and warehouses to remove items in storage that are no longer needed or broken and is recommending they be declared surplus and sold through a bid process.

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

15. 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 legal matters arising out of Texas Transportation Code, Title 4 Navigation, Subtitle A Waterways and Ports, Chapter 52 Texas Deepwater Port Procedures Act.

B. 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 or real property located at Port Freeport, including but not limited to Parcel 14.
5. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 9, 19, 27, 31, 34, 35 and 38.

16. RECONVENE OPEN SESSION:

17. Adjourn.

With no further business before the Commission, the meeting adjourned at 4:49 PM.