

Minutes of Meeting August 22, 2019

A Public Hearing of the Port Commission of Port Freeport was held August 22, 2019 beginning at 1:00 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Shane Pirtle, Chairman
Mr. Paul Kresta, Vice Chairman
Mr. Rudy Santos, Secretary
Mr. John Hoss, Asst. Secretary
Mr. Ravi Singhania, Commissioner
Mr. Dan Croft, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Director of Administration/CFO
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. Mike Quilty, Safety Coordinator
Ms. Connie Wiegel, Sales & Marketing Specialist
Mr. Austin Seth, Operations Specialist
Ms. Lauren McCormick, Public Affairs Manager
Ms. Jo Beth Griffin, Public Affairs Assistant

Also, present:

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. Conduct a Public Hearing regarding a proposal to maintain the current tax rate of \$0.040100 which will increase total tax revenues from properties on the tax roll in the proceeding tax year by 1.68 percent (percentage by which proposed tax rate exceeds the effective tax rate calculated under Chapter 26, Tax Code). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all the property and the tax rate that is adopted.

(The 2018 tax rate is \$0.040100; the proposed 2019 tax rate is \$0.040100; the 2019 Effective Tax Rate is \$0.039436.)

Mr. Lowe gave a presentation explaining the tax rate setting process and how the process works. He first noted the tax rate must be adopted by September 30; however, since the Port's public hearings are scheduled

for this week and next (August 29) and rate adoption falls no later than 14 days after the second tax hearing, the Port is scheduled to adopt the tax rate September 12. Mr. Lowe stated the first set of bonds, accounting for \$35,000,000 of the \$130 million voter approved bonds were issued in June. Historically, the Port has had a ratio of three cents of the four cents toward M&O and one cent for the debt service. It is expected in 5 years after issuing the entire \$130 million, this will reverse to see one cent toward M&O and three cents to debt service obligations. He further noted that since 2011 the Port has decreased the tax rate by 25% and will continue to hold the rate at \$0.0401 for 2019. With the tax base growing, tax levy projections show a continued upward trend through 2027. Contributing to the tax base is an industrial and residential mix with industrial contributing \$8.9 billion of taxable value and an additional \$13 billion estimated value coming onto the tax rolls by 2030 from expiring abatements. When the Port receives the tax base from the County, it calculates two rates, an effective rate and a rollback rate. The effective rate takes the prior years' taxes divided by the current year taxable value of properties on the tax roll previous year. As the tax base grows, the tax levy percentage would go down. This year's effective rate base is \$14.1 billion, deducting \$454 million worth of new additions, for an adjusted tax base of \$13.693 billion. When this is calculated against \$5.4 million in total taxes for prior year, the effective rate is \$0.039436. The Port proposes a tax rate of \$0.0401, maintaining the rate in place since 2016.

Commissioner Pirtle noted there were no public comments regarding the tax rate.

3. Adjourn.

With no further business before the Commission, the meeting adjourned at 1:10 PM.