

Minutes of Meeting August 8, 2019

A Regular Meeting of the Port Commission of Port Freeport was held August 8, 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 K. 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. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Brandon Robertson, Network Systems Manager
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Ms. Tricia Vela, Receptionist
Ms. Lauren McCormick, Public Affairs Manager
Ms. Darlene Winkler, Communications Specialist
Ms. Jo Beth Griffin, Public Affairs Assistant
Mr. Austin Seth, Operations Specialist

Also, Present:

Mr. Rick Stephanow, Gulf LNG Services
Mr. Jason Foltyn, HDR
Mr. Bob Arroyave, BGE, Inc
Mr. Bobby Fuller, Texas Port Ministry
Mr. & Mrs. Castaneda
Ms. Dianna Kile
Mr. Niels Aalund, WGMA
Mr. Bruce Reed, Phillips 66
Mr. Rich Patrick, Ninyo & Moore
Mr. Lonnie Key, First State Bank
Mr. Preston Phillips, Heritage Bank

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 Pirtle noted that all Commissioners were present.
5. Safety Briefing – Mr. Mike Quilty, Safety Coordinator
6. Approval of minutes from the Board Workshop held July 18, 2019 and the Regular Meeting held July 25, 2019.

A motion was made by Commissioner Hoss to approve the minutes as presented. The motion was seconded by Commissioner Kresta 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 reported that staff submitted a letter of support encouraging TxDOT to add sections of the Grand Parkway back to the Unified Transportation Plan. Ms. Saathoff attended the public hearing held August 6 in Austin and spoke on behalf of the Port. Staff anticipates the sections will be added back in the Plan when the Transportation Commission meets August 29. Upcoming events include the 36A Infrastructure Conference - August 19, ACIT/ABC Legislative Update – August 20, first proposed Public Hearing on tax rate – August 22, and Brazosport Chamber Luncheon – August 29. The second proposed Public Hearing on tax rate and a Special Meeting to hold a budget workshop is also August 29. The Corps Stakeholder Forum will be held August 13-14 in Galveston and staff will travel to Washington, DC to meet with the Federal Maritime Commission August 14. Fort Bend County Chamber will visit the Port September 5, Port CAP Meeting is set for September 10 and September 12 is the proposed date to adopt the tax rate. Ms. Saathoff recognized the Public Affairs Team who entered the Port Freeport Bond Package and Information Campaign for award consideration from the American Association of Port Authorities (AAPA) and received an award of excellence. She congratulated the team on winning the award and Commissioner Pirtle presented a plaque from AAPA. Ms. Saathoff shared the report on vessel traffic the Greater Houston Port Bureau publishes monthly and noted that currently in Freeport, vessel arrivals are up 8.7% over the prior year. Mr. Hogan shared photos of the completed JetDock modification for the new security boat. Ms. McCormick reported the Port's annual golf tournament that benefits Texas Port Ministry will be held October 21 at the Wilderness. The tournament is moving to a two-flight format due to increased interest in the event. Teams can register and purchase sponsorships online this year.

8. Receive report from Commissioners on matters related to meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Santos reported attending the July 26 meeting held with the City of Freeport.

Commissioner Singhania report attending the UP Short Line Conference August 5-7. Mr. Miura also reported attending the conference.

Commissioner Pirtle reported also attending the City of Freeport meeting as well as an Emergency Management Meeting for Elected Officials.

9. Public Comment – Mr. & Mrs. Castaneda spoke to the Board regarding their existing home on the East End and potential new home in Oyster Creek.

10. Discuss and consider authorization of expenditure funds for the 2019 Breakbulk Americas Conference to be held October 8-10, 2019.

Mr. Miura stated Breakbulk 2019 will take place October 8-10 in Houston. The prior year budget amount was approved for \$27,000. Because this event falls in FY2020 budget which has not been approved at this time, staff requests approval to make expenditures now in preparation for the conference. Staff estimates \$28,650 in expenses will be incurred. This amount will include cost associated with the Customer Appreciation Reception to be held October 8 and hosted by the Port. Staff is asking approval of \$28,650 plus 5% budget item for FY2020 towards the 2019 Breakbulk Conference. Commissioner Singhania stated this item was discussed in the Finance Committee and feels it has very good value in bringing the Port new business.

A motion was made by Commissioner Singhania to approve the staff's recommendation of \$28,650 plus 5%. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

11. Discuss and consider adoption of a Resolution to propose a tax rate of \$0.040100, which is a tax increase of 1.68% above the Effective Tax Rate, to be adopted at a future meeting.

(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 covering the tax rate setting process for debt service (I&S) and M&O tax rates, tax levy projections, review of tax exemptions the Port offers as well as proposed schedule for required public hearings. He noted the Port issued its first set of bonds for \$35,000,000 which is part of the \$130 million voter approved bonds. This first issuance will influence the debt service portion of the Port's tax rate for 2019. He further noted the Port has decreased the tax rate by 25% since 2011 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 moving further ahead contributing \$8.9 billion of taxable value with approximately \$13 billion estimated value coming back on the tax rolls by 2030 from expiring abatements. This allows the Port to hold the tax rate at \$0.0401 and not increase it to support the bond issuance. Mr. Lowe explained that because the effective rate (\$0.039436) is lower than the proposed tax rate, two public hearings are required before the Board can adopt the tax rate. Staff presented scheduling options for conducting the hearings and adopting the rate, and agreed on the following schedule:

August 22 – 1:00 p.m. – 1st Public Hearing
August 29 – 8:00 a.m. – 2nd Public Hearing
September 12 – 1:00 p.m. - Adoption of Tax Rate

With the dates set, a motion was made by Commissioner Hoss to adopt a resolution to consider setting the 2019 tax rate at \$0.040100 and set the public meeting dates for August 22 at 1:00 p.m., August 29 at 8:00 a.m. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

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

13. 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. 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.
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 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.

14. RECONVENE OPEN SESSION:

15. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:25 PM.