

Minutes of Meeting December 12, 2019

A Regular Meeting of the Port Commission of Port Freeport was held December 12, 2019 beginning at 1:02 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Shane Pirtle, Chairman
Mr. Paul Kresta, Vice Chairman
Mr. John Hoss, Asst. Secretary
Mr. Ravi K. Singhanian, 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. Jason Hull, Director of Engineering
Mr. Al Durel, Director of Operations
Mr. Mike Wilson, Director of Economic Development
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
Ms. Lauren McCormick, Public Affairs Manager
Mr. Nick Malambri, Engineering Specialist
Mr. Jesse Hibbetts, Operations Manager
Ms. Tricia Vela, Receptionist
Ms. Darlene Winkler, Communications Specialist
Ms. Jo Beth Griffin, Public Affairs Assistant
Ms. Jennifer Barrera, Sales & Marketing Specialist
Mr. Jason Caywood, Security Technician
Mr. Mike Quilty, Safety Coordinator

Absent:

Mr. Rudy Santos, Secretary

Also, present:

Col. Timothy Vail, USACE
Ms. Sharon Tirpak, USACE
Mr. Carlos Tate, USACE
Mr. Bob Arroyave, BGE
Mr. Bobby Fuller, Texas Port Ministry
Ms. Jackie Fuller, Texas Port Ministry
Ms. Dara Grogue, Texas Port Ministry
Mr. Brent Pittman, Texas Port Ministry

Mr. Bobby Wingate, P66
Ms. Wendy Mazurkiewicz, Freeport LNG
Mr. Robert Hawn, WGMA
Ms. Dianna Kile
Mr. Gary Basinger, The Alliance

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 Special Meeting held November 12, 2019 and the Regular Meeting held November 14, 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 Commanding Officer of the U.S. Army Corps of Engineers, Galveston District.

Colonel Timothy Vail reported on his tour of the Port facilities and highlighted matters related to the Freeport Harbor Channel Improvement Project as well as projects associated with the Sabine-Neches Waterway, Houston Ship Channel, Matagorda Ship Channel, Corpus Christi and the Brazos and Colorado River locks.

8. Receive presentation from Texas COLT, LLC regarding their deepwater port license application.

This item was tabled.

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

Ms. Saathoff stated that on November 1 the Port hosted its annual golf tournament benefitting Texas Port Ministry at the Wilderness in Lake Jackson. With tournament interest growing over the last several years, the team made the decision to move to a two-flight format which resulted in an increase in participation with 18 additional teams for a combined total of 54 teams and over 83 sponsors. With the sponsor and golfers, the net total for the 2019 Port Freeport Golf Tournament is \$69,250 which is a 30% increase over last year's total. Ms. Saathoff thanked the Public Affairs Team, the volunteers and the generous sponsors that made the event possible. Chairman Pirtle presented the check to Mr. Bobby Fuller with Texas Port Ministry. Mr. Fuller addressed members of the Board, Port employees and sponsors to thank them for their efforts and success of this tournament.

10. Presentation of the Government Finance Officers Association Award of Financial Reporting Achievement for the FY 2018 Comprehensive Annual Financial Report.

Ms. Saathoff recognized the accounting and finance department for receiving the Certificate of Achievement of Excellence in Financial Reporting for the 30th year by the Government Officers Association

of the United States and Canada. This certificate is for the 2018 Comprehensive Annual Financial Report and demonstrates the Port's commitment to accurate full disclosure to the public of the Port's financial performance. Chairman Pirtle presented the finance team with the award.

11. 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 reported on recent meetings in Washington, DC with staff of the Assistant Secretary of the Army office to present the final report on the benefit to cost ratio. Staff also met with Eddie Belk at the U.S. Army Corps of Engineers as well as Brian McCormick with the Office of Management & Budget. She also mentioned Col. Vail's visit earlier in the day for a waterside tour of the Freeport Channel. Ms. McCormick reported that Jo Beth Griffin's last day with the Port will be December 13.

- B. Receive report from Director of Administration/CFO 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.

In addition to his written report, Mr. Hull shared photos of the progress on the Velasco Terminal Area 3 project.

- 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 reported that Richardson Stevedoring continues to discharge the barges of steel pipe which will total approximately 40,000 tons of cargo, barges and dockage that was not budgeted. Freeport LNG began September with 2 vessels, October - 3 vessels, November - 3 vessels and is expecting 7 vessels in December. Nine Ro/Ro vessels were handled for November. Mike Quilty recently hosted the quarterly tenant safety meeting and met with West Gulf Maritime to review their ILA safety program and gantry crane training program. Chris Hogan conducted a 5-year review of the Port's facility security plan which has been passed on to the U.S. Coast Guard for approval. Mr. Hogan is also participating on the team that is reviewing the changes to the Area Maritime Security Plan and most recently, he attended the AAPA Emergency Preparedness Conference.

- 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.

Mr. Miura presented a written report to the Commissioners. He also introduced Jennifer Barrera who joins the department as the new Marketing Specialist.

12. Receive report from Commissioners on matters related to:

Commissioner Pirtle reported attending the 36A Coalition meeting.

13. Public Comment – Ms. Melanie Oldham addressed the Commission regarding Clean Port Program.

Commissioner Kresta noted that IMO 2020 (Clean Air Act) will take effect in January.

14. Approval of financial reports presented for the period ending October 31, 2019

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

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

Mr. Lowe stated that it is staff's recommendation to approve Freeport LNG's request to modify the tax abatement in place to begin January 1, 2021, making it the first year of the ten-year abatement period. The modification request is based on the delayed start of Train 4.

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

16. Approval of Stevedore License renewals by the following:

Bryan Coastal Services, Inc.
Ceres Gulf, Inc.
Cooper/Ports America LLC
Gulf Stream Marine, LLC
James J. Flanagan Shipping
Mammoet USA South, Inc.
Ports America Texas, Inc.
Red Hook ConRo Terminals LLC
Richardson Stevedoring & Logistics
Suderman Contracting Stevedores

Mr. Hibbetts stated that staff thoroughly discussed the proposed list of renewal applications in committee and recommends approval. Moving forward, staff will review ranking and criteria measures used to evaluate safety information/records of the companies applying for stevedore license.

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

17. Approval of a Construction Contract with Network Cabling Services, Inc. for the Parcel 14 Fiber Optic Extension project for an amount not to exceed \$197,386.63.

Mr. Hull stated one bid was submitted for this project from Network Cabling Services who has done the last two fiber optic projects for the Port. It is staff's recommendation to award contract to Network Cabling Services for the Parcel 14 Fiber Optic Extension. Mr. Hull noted that Parcel 14 is the track of land with the new railroad installed on it and this fiber will serve this project.

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

18. Discuss and consider the relocation of existing easement for hurricane line of protection.

Mr. Hull stated this easement is to the Velasco Drainage District and is for the release of a portion of an existing easement and rededicating it in a different location along the transit shed wall. This is for the flood wall that runs along the edge of Docks 1, 2, 3 and 5. Staff recommends approval.

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

19. Approval of Change Order No. 1 to McCarthy Building Companies for the Velasco Terminal Berth 8 project which reduces the length of the berth from 1085 ft. to 928 ft and reduces the contract amount from \$129,677,607.30 to \$115,804,280.32.

Mr. Hull stated this change order is to reduce the wharf structure and bulkhead by 157 ft. from 1085 ft. to 928 ft. By doing this, the the contract will be reduced by \$13,873,326.98. Staff recommends approval.

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

20. Approval to purchase Milestone Video Management Software with OverWatch Enterprises, LLC, for an amount not to exceed \$44,410.25.

Mr. Robertson stated the software program will be used to record all the cameras throughout the Port. A demo of the program was given and reviewed in detail at the November 20 OSS Committee. The new software will reduce the number of servers and in doing so, will see a reduction of power usage in the data center as well as heat and cooling of the data center. Mr. Robertson also stated they have been running the software concurrently with the old system and staff has been pleased with the new program.

A motion was made by Commissioner Hoss to purchase the software. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

21. Adoption of a Resolution authorizing a contribution to the Port Freeport Retirement Plan.

Mr. Lowe stated that staff met with Personnel Committee to review the annual planning process for the proposed contribution to the Port Freeport retirement plan. Staff recommends a 6% contribution to the plan which is consistent with prior years. Commissioner Kresta stated the committee has reviewed and unanimously accepts staff's recommendation.

A motion was made by Commissioner Kresta to approve the resolution and contribution of 6% to the plan. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

22. Approval of updates to Port Policies 7.1, 7.2, 7.3, 9.2, 9.3, 9.5, 9.6, 9.7, 9.8 and 9.9.

Mr. Lowe started by requesting policy 7.2 be removed from consideration for further review. The other nine policies have no significant changes necessary and have been reviewed in the respective committees. Staff recommends approval of all policies with exception of 7.2.

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

23. Discuss and consider setting the 2020 Port Commission meeting dates.

Ms. Saathoff presented the proposed meeting dates for 2020, noting the first board workshop is now scheduled for April 16. All other dates remain the same. The board agreed to the proposed dates noting they are subject to change if needed.

24. 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 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.

C. Under authority of Section 551.072 (Deliberation of Real Property 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, Director of Engineering, Director of Protective Services, Director of Economic Development and Director of Business & Economic Development.

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

26. Approval of a Purchase Contract for property located at 305 E. 5th Street.

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

27. Approval of a Lease Extension to the Lease Agreement between Port Freeport and Zachary.

Ms. Saathoff stated the lease agreement provides a month to month extension of the contract up to one year. Zachary has given notification they want to exercise that option. Staff recommends approval.

A motion was made by Commissioner Singhanian to approve the extension and wave the notice deadline. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

28. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:38 PM.