

Minutes of Meeting June 27, 2019

A Regular Meeting of the Port Commission of Port Freeport was held June 27, 2019 beginning at 1:24 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. Dan Croft, Commissioner

Staff Members Present:

Mr. Matt Allen, 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
Mr. Brandon Robertson, Network Systems Manager
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Public Affairs Manager
Mr. Mike Quilty, Safety Coordinator
Ms. Connie Wiegel, Sales & Marketing Specialist

Absent:

Mr. Ravi K. Singhania, Commissioner

Also, present:

Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Bobby Fuller, Texas Port Ministry
Ms. Citalli Martinez, WGMA
Mr. Rick Stephanow, Gulf LNG Services
Ms. Dianna Kile, Port Consultant
Mr. Bobby Wingate, Phillips 66
Mr. Paul Shireman, Texas Port Ministry
Mr. Rob Giesecke
Mr. James Nash, Horizon Terminal Services

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 Commissioner Singhania was absent. All other Commissioners were present.
5. Safety Briefing – Mr. Mike Quilty, Safety Coordinator
6. Approval of minutes from the Regular Meeting held June 13, 2019.

A motion was made by Commissioner Hoss 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 noted the American Association of Port Authorities recently awarded the Communications Award of Excellence to Port Freeport for its 2018 Bond Campaign Package. The Ribbon Cutting for the Rail Development project on Parcel 14 will be held June 28 at 10:00 a.m. Staff continues to monitor the applications for offshore deepwater ports. Texas Gulf Link and Texas Bluewater Project were both recently published in the Federal Register, and a public meeting was recently held in Jones Creek on the COLT Project, which was heavily attended.

- 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.

In addition to his report, Mr. Hull reported the Velasco Terminal Area 3 contractor did not mobilize this week as previously stated in his written report. This will happen next week.

- 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 vessel and tonnage activity have been good with the month of May seeing nine Ro/Ro vessels, a Riviana vessel, one Vulcan vessel and a total of fourteen vessels between Dole, Chiquita and CMA. Tenaris is expected to bring three vessels this month. Staff continues to prepare for the upcoming budget. Mr. Hogan has submitted applications for various projects for the Port Security Grant program which are currently being reviewed by the Captain of the Port. Mr. Quilty recently attended the American Society of Safety Professionals Conference in New Orleans. Mr. Durel also announced the resignation of the Port's Gottwald operator. Mr. Hogan reported on the DHS Bomb Prevention Awareness Course held June 25 and hosted by Port Freeport. All major ports participated in the event along representatives from Freeport LNG, Zachary, Merit Medical and local law enforcement agencies.

- 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 announced that tomorrow, June 28 will be the Parcel 14 Rail Development Ribbon Cutting. The ceremony will begin at 10:00 a.m. with refreshments to follow inside Texas Port Ministry. Mr. Miura reported attending the Rail District meeting held June 21. The Union Pacific Short Line & Ports Conference will be held the August 5-7 in Omaha. Staff has set up meetings with UP Teams while at the conference.

- 8. Receive report from Commissioners on matters related to:

- A. June 13, 21 & 27 Finance Advisory Committee – Commissioner Santos reported the committee reviewed the 2019 Investment Policy and renewal of the grazing leases at the June 13 meeting. Additionally, the committee reviewed the layout of the Parcel 14 rail as well as framework for the lease agreement with a potential warehouse and continued those discussion June 21. June 27, the committee discussed the 2019 Port Freeport Golf Tournament Budget and Change Order No. 1 to James Construction for work on Parcel 14, both of which are on the agenda for approval.

- B. June 27 Personnel Advisory Committee – Commissioner Kresta reported the committee reviewed Policies 5.1–5.4 (Attendance/Compensated Absences).

- C. Meetings and conferences attended, Port presentations and other related Port Commission matters. Commissioner Santos reported attending dinner June 22 with Jorge Viso, President of Pilots Association, along with Ms. Saathoff, Commissioner Singhania, other Pilots and channel users.

Commissioner Croft reported attending the Brazoria County Economic Development Alliance meeting, Brazoria-Fort Bend Rail District meeting, Brazoria County Cattlemen’s Association as well as the COLT Public Meeting held in Jones Creek.

Commissioner Pirtle reported attending the Brazosport Chamber Luncheon held June 20, Brazoria County Cities Association meeting and gave a presentation to American Society of Civil Engineers. Additionally, Commissioner Pirtle attended the Fort Bend Infrastructure Conference and participated on panel discussion.

Ms. Saathoff reminded everyone there will not be a Port Commission meeting July 11. A workshop will be held July 18 beginning at 8:00 a.m., and the regular Port Commission meeting will be held July 25 which will begin at 2:30 p.m.

- 9. Public Comment – There were no public comments.

- 10. Approval of financial reports presented for the period ending May 31, 2019.

A motion was made by Commissioner Kresta 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. Discuss and consider approval of a funding commitment for continued operations of the Brazoria-Fort Bend Rail District over the next three years (2020-2022) and for local match required for grant applications.

Commissioner Pirtle read the proposed resolution supporting match required for grant application stating Port Freeport will commit a level of support for operational expenses of at least \$75,000 per year until 2023,

subject to Brazoria County and Fort Bend County's equal support. In addition, the Port will also commit to entering into a joint agreement with Brazoria County and Fort Bend County for matching contributions towards the EDC and DOT grants being submitted by the Brazoria-Fort Bend Rail District.

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

12. Approval of Change Order No. 1 to James Construction Group LLC for the Paving and Drainage Improvements project for Parcels 14 and 19 in an amount not to exceed \$1,569,560.00.

Mr. Hull stated the change order is needed for saturated soils that were encountered on the Parcel 14 Rail project due to inclement weather during construction. The change order includes the removal of saturated soil, replacement of acceptable soil and compact of soil to specified requirements beneath the rail and roadway. Staff has reviewed the change order and recommends approval.

A motion was made by Commissioner Santos to approve Change Order No. 1 to James Construction in the amount not to exceed \$1,569,560.00. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

13. Adoption of a Resolution authorizing John R. Lowe, Chief Financial Officer to transact business on Port Freeport accounts at Texas Gulf Bank, Hilltop Securities, Inc. and Texpool.

In conjunction with the election of officers, Ms. Campus stated this resolution is to add Mr. Lowe to the Port's investment accounts authorizing him to transact business on the Port's behalf.

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

14. Discuss and consider approving the purchase of JetDock for Port security boat.

Mr. Hogan stated that in 2016, the Port submitted a grant for a new JetDock however, they did not receive it at that time. The Port had funds leftover from the 2016 grant that included approval for a new security boat. Staff requested a redirection of funds from FEMA for the JetDock, and that request has been granted. With this grant, staff requests approval for an expenditure of \$32,722.30 to modify the existing JetDock for the security boat purchased from Brazoria County. Mr. Hogan noted that since this is under the grant program, the grant reimbursement is \$24,541.72 with a Port match of \$8,180.58. The original budget for this was \$40,000.00.

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

15. Adoption of a Resolution approving amendments to the Port Freeport Investment Policy.

Ms. Campus stated that as a requirement of the Public Funds Investment Act, the Port is required to review the investment policy, authorized brokers, training and investment strategies annually. The policy was reviewed by the Finance Advisory Committee and no changes from the previous year are recommended nor were there any legislative action requiring change to the policy. Staff recommends approval.

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

16. Approval regarding the 2019 Port Freeport Golf Tournament budget and benefactor.

Ms. McCormick stated the 2019 golf tournament is scheduled for October 21, 2019. With the amount of interest, the tournament has received over the last several years, staff recommends moving to a two-flight tournament structure, and increasing the budget to account for additional players, food and other fees. Staff recommends Texas Port Ministry as the benefactor of the 2019 tournament with a proposed budget of \$22,025 and Port Freeport as the title sponsor.

A motion was made by Commissioner Croft to approve the budget and Texas Port Ministry as benefactor. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

17. Approval of Commissioners travel for the months of July, August, September and October 2019.

Ms. Saathoff stated staff anticipates trips to Washington, DC in July and September related to meetings with federal agencies as well as the Union Pacific Ports and Short Line Conference in August. The National Waterways Conference will be held in September and is largely attended by the U.S. Army Corps of Engineers. The AAPA Annual Convention is in October.

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

18. Discuss and consider approving appointments to the Board of Directors of the Brazos Harbor Industrial Development Corporation.

Ms. Saathoff stated that staff has spoken to several individuals who have agreed to serve and be appointed to the Brazos Harbor Industrial Development Corporation. Those individuals are Bill Terry, Lonnie Key and Preston Phillips. The BHIDC acts as a conduit for the issuance of pollution-controlled bonds. Staff recommends approval.

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

19. 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.
4. Consultation with attorney and discussion regarding the terms and condition of an Extension to the Lease Agreement between Port Freeport and Ports America.

- 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.
- C. 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 Port Director/CEO

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

21. Approval of Purchase Contract for property located at 317-319 E. Eighth Street.

A motion was made by Commissioner Kresta to approve the purchase contract for property at 317-319 E. Eighth. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

22. Approval of Purchase Contract for property located at 210 E. Broad Street.

Ms. Saathoff stated this property includes the purchase of a house and six lots. Commissioner Hoss noted a clause in the contract that reduces the cost on a per month occupancy to allow the owner to reside in the residence for up to 24 months. This is reduction of the overall cost of the property in the amount of \$147,600.

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

23. Discuss and consider approval of a renewal term for the following Grazing Leases at Port Freeport: W.F. Gonzales: John V. Nsmith; and James Price Phillips III.

Mr. Lowe stated recommendation by staff is to renew the grazing leases on a 3-year term by letter agreement.

A motion was made by Commissioner Kresta to approve the renewal term as presented by staff. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

24. Approval of an Extension to the Lease Agreement between Port Freeport and Ports America.

Mr. Miura stated the Port approved a lease agreement with Ports America in July 23, 2015 with several renewal options. The next lease renewal will expire July 23, 2019. Staff recommends approval of an extension to the lease agreement for a two-year period. Staff will also review the tariff related to stevedore licensing.

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

25. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:09 PM.