

Minutes of Meeting March 28, 2019

A Regular Meeting of the Port Commission of Port Freeport was held March 28, 2019 beginning at 1:11 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Paul Kresta, Chairman
Mr. John Hoss, Vice Chairman
Mr. Shane Pirtle, Secretary
Mr. Bill Terry, Asst. Secretary
Mr. Ravi Singhania, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Al Durel, Director of Operations
Mr. Jason Hull, Director of Engineering
Mr. Jason Miura, Director of Business & Economic Development
Mr. Mike Wilson, Director of 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. Austin Seth, Operations Specialist
Mr. Mike Quilty, Safety Coordinator
Ms. Connie Wiegel, Sales and Marketing Specialist

Absent:

Mr. Rudy Santos, Commissioner

Also, present:

Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Jeff Taylor, Freese & Nichols
Mr. Dan Croft, First State Bank

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Commissioner Shane Pirtle
3. Pledge of Allegiance – U.S. Flag & Texas Flag
4. Roll Call – Commissioner Kresta noted that Commissioner Santos was absent. All other Commissioners were present.

5. Safety Briefing – Mike Quilty, Safety Coordinator
6. Approval of minutes from the Regular Meeting held March 12, 2019.

A motion was made by Commissioner Pirtle to approve the minutes as presented. The motion was seconded by Commissioner Terry with all Commissioners present voting in favor of the motion.

Ms. Saathoff noted there was a posting error on item 15 of the March 12 agenda, stating the property should have been Lot 7, Block 1. This item will be brought back to the Commission at the next meeting to make a correction to the legal description.

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 reported attending the AAPA Spring Conference in Washington, DC along with Commissioners Kresta and Singhanian. Staff took the opportunity to make Hill visits and meet with both Senate and House Appropriations on Energy & Water. Mr. Hull reported on the Corps Stakeholder Forum held in Galveston March 26-27 stating majority of information shared was on the Coastal Texas Project and how it affects the Houston Ship Channel and Galveston Bay. Sabine to Galveston project was updated with little mentioned about Port Freeport's project. Ms. Saathoff noted that she and Mr. Hull continue to meet with HDR and the Galveston District to lay out the Port's project management plan and define where money will be spent first and how requests will be framed for funding in the 2020 Work Plan/Budget. David Miller & Associates continue to work on the analysis of the benefit to cost ratio on the project. All four commitment letters were received from the Channel Advisory Group for the Pilot dispatch services. The Brazos Pilots are conducting second interviews this week with plans to have 24-hour dispatch service in operation within the next two weeks. Committee hearings were recently held in Austin. The Senate Select Committee on Texas Ports met and received testimony on three bills associated with the Houston Ship Channel regarding current concerns on one-way traffic. Ms. Saathoff noted a few upcoming community events including Bay-Houston Towing's christening of new tugboat April 13 and Brazosport College Gator Days April 25 & 26. Congressman Weber will have a town hall meeting March 30 at the County Courthouse. Article in today's paper mentioned the public hearings for two of the offshore deepwater ports, Colt and SPOT projects. Staff communicated with CAP members, and other communities in the area about the public hearings. Additionally, a link has been made available on the Port's website to connect to the Federal Register where information regarding the projects can be found. Staff will meet with members of the Lone Star National Recreational Area April 9 to receive update and discuss the draft of legislation. The Nexus Group is scheduled to meet April 3. Ms. McCormick, Public Affairs Manager gave an update on the Take-A-Child Fishing Tournament stating approximately \$30,000 has been secured in sponsorships. Additionally, two videos have been submitted for the social media video contest. The videos have been posted on the event page of the Port's website. Beginning April 1-3, community voting will take place for the videos. Ms. Saathoff also shared pictures from the luncheon and simulator viewing held March 27 at the San Jacinto Maritime College.

- B. Receive report from Controller on monthly activity and matters related to financial results, investments, insurance, leases, real property matters and other related administrative affairs.

Ms. Campus 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 different projects including the equipment pit in transit shed 5, the rail connection at Cherry Street as well as the progress on the Parcel 14 rail site adding that CenterPoint Energy completed the raising of power lines needed for the 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 shared pictures of a fractionating column recently discharged by Gulf Stream Marine. The piece weighs 374 tons is 183 feet long and is currently stored next to Tenaris while waiting for permits before traveling to Valero in west Texas.

- 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 reported attending the Highway 36A Coalition luncheon where he gave a presentation on Port Freeport. He also reported the 2018 statistics shows Port Freeport moved 21.1 million tons of cargo, making us 5th in Texas, surpassing Texas City, and 19th in the nation. The next Rail District meeting will be held April 12 in Richmond.

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

- A. March 12 & 28 Personnel Advisory Committee – Commissioner Hoss reported the committee reviewed policies for Section 3 and 2.9 of the policy manual.
- B. March 12 & 28 Finance Advisory Committee – At the March 12 meeting, Commissioner Singhania stated the committee discussed the adoption of resolutions authorizing reimbursement for five construction projects, Freeport Harbor Channel, Velasco Terminal-Area 3, Berth 8, Berth 8 Cranes and Parcel 14 Open Storage Yard. All resolutions are on the agenda for approval today. Today’s meeting included discussing adjustments to the port tariff as well as discussed prospective customers in executive session.
- C. March 28 Strategic Planning Advisory Committee – Mr. Miura stated the committee discussed a development schedule for Berth 8 and backlands.
- D. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Hoss reported attending the simulator luncheon as well as the public hearing for SPOT held March 20.

Commissioner Singhania reported attending the Rail District meeting March 15, the AAPA Spring Conference in Washington, DC as well as the Colt public hearing held March 22.

Commissioner Pirtle reported attending the Highway 36A Coalition luncheon March 21 as well as the simulator luncheon.

Commissioner Kresta also reported attending the AAPA Spring Conference in Washington, DC.

9. Public Comment – There were no public comments.
10. Receive presentation from BBC Chartering regarding the Maritime Workers Emergency Medical Fund.

This item was tabled.

11. Approval of financial reports presented for the period ending February 28, 2019.

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

12. Adoption of Resolutions authorizing reimbursement of the following projects...

- A. Resolution Expressing Intent to Reimburse Expenditures Related to design, construction, improvement, development and equipment of the Freeport Harbor Channel Improvement Project.
- B. Resolution Expressing Intent to Reimburse Expenditures Related to design, construction, improvement, development and equipment of the Velasco Terminal Area 3.
- C. Resolution Expressing Intent to Reimburse Expenditures Related to design, construction, improvement, development and equipment of the Berth 8.
- D. Resolution Expressing Intent to Reimburse Expenditures Related to design, construction, improvement, development and equipment of the Berth 8 Cranes.
- E. Resolution Expressing Intent to Reimburse Expenditures Related to design, construction, improvement, development and equipment of the Parcel 14 Open Storage Yard.

Ms. Campus stated these are all projects staff identified at the Strategic Workshop in February that will soon enter the construction phase. When the Port moves forward with the projects and decides to borrow money, the resolutions allow the Port to reimburse itself for any funds expended before funds are borrowed. Ms. Saathoff added the Freeport Harbor Channel Improvement Project will be funded from the tax-supported GO Bonds while the remaining projects will be funded from operating revenue and revenue bonds that will be repaid from operating revenues. Staff recommends approval.

A motion was made by Commissioner Singhania to adopt the resolutions as presented by staff. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

13. Approval of Port Policies 2.9, 3.2, 3.4, 3.7 and 3.9.

Commissioner Kresta noted that policies 3.7 and 3.9 will be tabled at this time. Ms. Saathoff stated that policy 2.9 provides additional definitions of employee to include elected officials in accordance with the IRS and state codes. 3.2 also addresses employment matters and revises the policy on the compensation plan to state that an annual cost of living adjustment will be considered for the plan and any approved cost of living adjustment will be applied to the entire range of pay grades. 3.4 addresses conflicts of interest and revises the policy to include a procedural process to follow when a commissioner has filed a disclosure of substantial interest form. The process is different for executive session vs. open session. Additionally, the policy was revised to state that on a bi-annual basis, the conflict of interest acknowledgement form will be signed/updated, following Commissioner elections. Staff recommends approval.

Commissioner Kresta questioned the wording “Commissioners shall only be entitled to participate” in paragraph 3 of policy 2.9 whereas the first paragraph reads, “including but not limited to”. Mr. Cordoba noted the first paragraph is a general statement of existing law, with the third paragraph stating specific benefits. After discussing, the Commission requested the wording be modified to state, “Commissioners may participate in”.

A motion was made by Commissioner Hoss to approve the policies with revision to paragraph 3 of policy 2.9 to state “Commissioners may participate”. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

14. Approval of Commissioners travel for June 2019.

Commissioner Kresta noted this is Commissioner travel for the AAPA Commissioners Seminar in San Francisco to be held June 18-20.

A motion was made by Commissioner Singhanian to approve the travel. The motion was seconded by Commissioner Pirtle 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.

C. Under authority of Section 551.076 (Deliberation of Security Matters) for discussion regarding:

1. Discussion regarding issues related to the deployment, or specific occasions for implementation of security personnel or devices or security audit and services.

D. Under authority of Section 551.074 (Deliberation of Personnel Matters) for discussion regarding:

2. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Port Director/CEO.

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

17. Approval of a Purchase Contract for property located at 302 E. Fifth Street.

Ms. Saathoff noted this property is ready for closing at a negotiated price of \$75,000. Legal counsel has drafted the contract and staff recommends approval.

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

18. Adjourn.

With no further business before the Commission, the meeting adjourned at 4:35 PM.