

## Minutes of Meeting May 16, 2019

A Regular Meeting of the Port Commission of Port Freeport was held May 16, 2019 beginning at 1:35 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. Rudy Santos, Commissioner  
Mr. Ravi Singhania, 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. Chris Hogan, Director of Protective Services  
Mr. Jason Miura, Director of Business & Economic Development  
Mr. Mike Wilson, Director of Economic Development  
Ms. Missy Bevers, Executive Assistant  
Ms. Mary Campus, Controller  
Mr. Brandon Robertson, Network Systems Manager  
Mr. Mike Quilty, Safety Coordinator  
Mr. Jesse Hibbetts, Operations Manager  
Ms. Araceli Milan, Accounting Clerk  
Ms. Lauren McCormick, Public Affairs Manager

### Absent:

Mr. Bill Terry, Asst. Secretary

### Also, Present:

Mr. Rick Stephanow, Gulf LNG Services  
Mr. Jonathan Frels, Bracewell LLP  
Mr. and Mrs. Castaneda  
Mr. Eric Geisler, Economic Incentive Services, LLC  
Mr. David Eby, Terracon

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 Terry was absent. All other Commissioners were present.

5. Safety Briefing – Mike Quilty, Safety Coordinator
6. Approval of minutes from the Regular Meeting held April 25, 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. 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 on meetings staff attended in Washington, DC which included Asst. Secretary of Army, Office of Management & Budget, Office of Intergovernmental Affairs as well as the congressional delegation. Representatives from industry (Dow and BASF) also attended meetings. Ms. Saathoff announced that Mr. Durel's son graduated earlier in day receiving his doctorate as a nurse anesthetist. Commissioner Santos' daughter and Mike Wilson's son also recently graduated from Texas A&M. Ms. Saathoff also recognized Lauren McCormick on her graduation from Angleton Leadership Class and Connie Weigel's graduation from the Brazosport Leadership Class. Freeport LNG announced they have received their permit for Train 4. The state legislative session is winding down, and staff is still monitoring bills that are still moving through the process. On the federal level, Representative DeFazio, Chair of the House T&I Committee, has introduced a bill for full use of the Harbor Maintenance Trust Fund. Staff recommends sending a letter of support. Ms. Saathoff congratulated Darlene Winkler and the Public Affairs team, members of the Port organization and volunteers on success of the 19<sup>th</sup> Annual Take-A-Child Fishing Tournament held May 4. Ms. Campus introduced Araceli Milan who recently joined the Finance Department.

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 Take-A-Child Fishing Tournament and thanked staff for their efforts in making the event a success. He also reported attending the Brazoria County Historical Museum Gala, and congratulated Ms. Saathoff on receiving the Stephen F. Austin Leadership Award at the Gala.

Commissioner Pirtle reported attending the Exporter Christening and Take-A-Child Fishing Tournament.

Commissioner Hoss also attended the Exporter Christening.

In addition to attending the Exporter Christening, Commissioner Singhania reporting traveling with Ms. Saathoff, Mr. Hull and Commissioner Kresta to Washington, DC for agency meetings regarding the FHCIP. Commissioner Singhania also congratulated Commissioner Santos on his daughter's college graduation from Texas A&M.

9. Public Comment – There were no public comments.
10. Acceptance Port Freeport Economic Impact Study final report submitted by Texas A&M Transportation Institute.

Mr. Wilson stated the new economic numbers are exceptional and shared some of those numbers. The study revealed 150,000+ jobs the Port supports statewide with the economic impact doubling from \$46.2 billion to

\$98.8 billion in less than three years. \$5.2 billion was added in tax impact for state government entities and an additional \$3.2 billion in federal tax revenues. Nationally, \$149 billion contributed to the national economic output, \$4.5 in tax state and local revenues and \$5.4 billion federal tax revenues. In addition to these numbers, Mr. Wilson stated the Port's exports grew by 58% from the previous year exceeding \$1.48 billion. Staff recommends acceptance of this report.

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

11. Adoption of a Resolution approving the application for tax abatement between Port Freeport, Phillips 66 Company and Praxair, Inc. for property located in Praxair, Inc. Reinvestment Zone No. 2, approving Tax Abatement Agreement on the same terms and conditions as granted to Phillips 66 Company and Praxair, Inc. by Brazoria County and authorizing Chairman and Secretary to execute said agreement.

At this time, Commissioner Kresta turned the meeting over to Commissioner Hoss and abstained from further discussion regarding this item.

Ms. Campus stated Praxair is requesting an abatement for the construction of a new hydrogen production facility in Sweeny. The complex will consist of a new world scale steamed methane reformer and hydrogen compression station. Ms. Campus noted that Phillips 66 is the landowner and is leasing the property to Praxair. The capital investment is estimated to be \$232 million and will have an estimated taxable value of \$181 million after the abatement period. Construction is slated to begin in the 3<sup>rd</sup> quarter of 2019 with completion in the 1<sup>st</sup> quarter of 2021. This is a 7-year abatement. The abatement has been reviewed by the Finance Committee and approved by Brazoria County.

A motion was made by Commissioner Singhanian to approve the abatement. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion, and Commissioner Kresta abstaining.

12. Adoption of a Resolution Authorizing the Issuance of Port Freeport Port Improvement Bonds, Series 2019 (Non-AMT); Levying a Tax and Providing for the Security and Payment Thereof; Providing for the Award of the Sale Thereof in Accordance with Specified Parameters; and Enacting Other Provisions Relating Thereof.

Mr. Lowe stated this resolution authorizes an issuance of \$35 million in general obligation bonds which is in line with the \$130 million bond package approved by voters in May 2018. This is the first issuance from that approval. No change in the Port's total tax rate will be required.

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

13. 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 Pirtle to approve the resolution. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

14. 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. Discussion regarding appointment of Port Freeport representative to Brazoria-Fort Bend Rail District.

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 2<sup>nd</sup> Street; Terminal Street and East 8<sup>th</sup> 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.

15. RECONVENE OPEN SESSION:

16. Adjourn.

With no further business before the Commission, the meeting adjourned at 4:20 PM.