

Minutes of Meeting May 29, 2019

A Regular Meeting of the Port Commission of Port Freeport was held May 29, 2019 beginning at 1:05 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. 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. 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. Jesse Hibbetts, Operations Manager
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Public Affairs Manager
Mr. Mike Quilty, Safety Coordinator
Mr. Austin Seth, Operations Specialist
Ms. Connie Wiegel, Sales & Marketing Specialist

Also, present:

Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Rick Stephanow, Gulf LNG Services
Mr. James Nash, Horizon Terminal Services
Mr. Niels Aalund, WGMA
Mr. Chris Noble, Dole Fresh Fruit
Mr. Blair Garcia, WSP
Mr. William Wachel, WSP
Ms. Shannon McLeod, WSP
Mr. Peter Nemeth, Crain, Caton & James
Ms. Dianna Kile, Port Consultant
Mr. Drew Masterson, Masterson Advisors
Captain Billy Burns, Brazos Pilots Association
Captain Sean Kelly, Brazos Pilots Association
Captain Ross Coviello, Brazos Pilots Association

Captain Daniel Blanton, Brazos Pilots Association
Mr. Neil McLellan, HDR
Mr. Bruce Reed, Phillips 66

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Rob Lowe, Chief Financial Officer
3. Pledge of Allegiance – U.S. Flag & Texas Flag
4. Roll Call – Commissioner Kresta noted that all Commissioners were present.
5. Safety Briefing – Mr. Mike Quilty, Safety Coordinator
6. Approval of minutes from the Regular Meeting held May 16, 2019.

A motion was made by Commissioner Pirtle 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 congratulated Commissioner Santos on his daughter's graduation from Angleton High School and Mike Wilson on his son's recent graduation from Texas A&M. Freeport LNG announced their approval from the Department of Energy for exports from the fourth liquefaction train that has been approved by FERC. Ms. Saathoff reported the Port has send a letter of support for the bill introduced by the House T&I Committee that calls for full use of the Harbor Maintenance Trust Fund. Staff will meet with the U.S. Army Corps of Engineers May 30 to discuss various topics associated with the Freeport Harbor Channel. Additionally, the Change of Command Ceremony will be held July 2. Ms. Saathoff announced that today will be the last meeting for Commissioner Terry and thanked him for his time served with Port Freeport and highlighted various Port accomplishments in his 12 years with the Port. Ms. Saathoff also reported on meeting held May 28 with executives from Riviana.

- 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.

Mr. Hull reported the last of the concrete pavement for the Rail Project was poured earlier in the day. Asphalt work is also taking place for Highway 36 which is expected to be finished this week. Additionally, Mr. Hull explained the draft MOA's included with his report which will be brought back to the board for approval in June. The first (204C) is for funding the Corps of Engineers to review the

Port's plans in the bid package for Reaches 2 and 3. The second document is a proposal from HDR for the design of Reach 2.

- 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 the month of April was a good month with the Port seeing 28 vessels. This included 9 Ro/Ro, 2 Vulcan, 1 Riviana rice vessel and regular container carriers. Total tonnage for the fiscal year is up 20%. The operations team is currently reviewing the hurricane plan for the new season and beginning work on the budget. He also reported the safety coordinator continues to work with staff and tenants reviewing procedures and making recommendations. Security continues crisis management and meeting with area maritime security committee and the U.S. Coast Guard as well as working on grant process. Mr. Durel also reported the quarterly tenant safety meeting was held May 8 with guest speaker Alex Williams who discussed outdoor visibility safety wear and equipment.

- 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 on the JOC Gulf Shipping Conference held in Houston June 20-22. Port Freeport was a contributing sponsor.

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

- A. May 9 Operations, Safety & Security Advisory Committee – Commissioner Pirtle reported the committee met to discuss various security issues, review hurricane procedures, meet the new K9's and security grants.
- B. May 16 Personnel Advisory Committee – Commissioner Hoss reported the committee review various policies which are on the agenda for approval and noted policy 3.8 will be further reviewed.
- C. May 17 Finance Advisory Committee – Mr. Singhanian reported the committee met to discuss the Port liability insurance and new proposals from Horizon Terminal Services, both of which are on the agenda for approval.
- D. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Singhanian reported attending Texas Gulf Coast Regional Airport's celebratory reception held May 28 for its recognition as Texas' General Aviation Airport of the Year. Additionally, Commissioner Singhanian stated that June 7 he and incoming commissioner Dan Croft will hold a swearing-in ceremony.

- 9. Public Comment – Commissioner Rudy Santos addressed Commissioner Terry thanking him and his family for his service with Port Freeport. Mr. Cecil Booth announced that two local softball teams are headed to Austin for the State Tournament, Danbury Panthers and Angleton Ladycats, and wished both teams good luck.
- 10. Receive update from the Brazos Pilots regarding Dispatch Services.

Captain Billy Burns of the Brazos Pilots Association gave a presentation and update on the dispatch services implementation and progress in the last 3 months.

- 11. Approval of financial reports presented for the period ending April 30, 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. Approval of a Construction Contract with Burnside Services for the Velasco Terminal Backland Development, Area 3 project, for an amount not to exceed \$4,990,627.70.

Mr. Hull stated bids were opened for this project May 21. This project involves installing two 7x7 box culverts in the drainage ditch channel and covering it with approximately 5 acres of concrete pavement. Budget for the project was \$6 million. 7 bids were submitted with the lowest bid submitted by Burnside Services. Staff recommends approval of contract with Burnside Services in the amount of \$4,990,627.70.

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

13. Approval of liability insurances through broker Arthur J. Gallagher & Co. for a total premium of \$152,991.

Ms. Campus stated current liability packages expire July 1. Staff as met with the Finance Advisory Committee to review the proposal submitted and it is staff's recommendation to renew the liability package for total premium of \$152,991 which is slightly under 11% increase over the previous year. Mr. Lowe added that staff received the pollution insurance on the port's vessel (security boat) which is a \$350.00 addition to the premium.

A motion was made by Commissioner Singhania to approve the liability insurance as presented by staff plus the additional \$350 for pollution insurance. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

14. Adoption of a Resolution of the Port Commission of Port Freeport approving the Preliminary Official Statement; and approving other matters incidental thereto.

Mr. Lowe stated this resolution of part of the Port's preparations in moving forward with the first issuance of \$35 million in bonds, as part of the \$130 million taxpayer approved bond package. This is the preliminary official statement approval request. Staff recommends approval.

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

15. Approval of Port Policies 3.7 (Employment), 4.1-4.3 (Employment Status & Records), 8.1 and 8.7 (Ethics, Conduct & Disciplinary Action).

Mr. Lowe stated the policies presented have been reviewed in committee and have minor changes. Staff recommends approval. Commissioner Hoss noted Policy 3.7 has been combined with Policy 8.1 and will be deleted. 3.8 will be further reviewed.

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

16. 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.
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 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 conditions of Third Amendment to Lease Agreement with Horizon Terminal Services, LLC.
 5. Consultation with attorney and discussion regarding the terms and condition of second Lease Agreement with Horizon Terminals, LLC
 6. 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 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.

17. RECONVENE OPEN SESSION:

18. Approval of Third Amendment to Lease Agreement between Port Freeport and Horizon Terminal Services, LLC.

A motion was made by Commissioner Hoss to approve the amendment extending the current agreement to April 2030. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

19. Approval of second Lease Agreement between Port Freeport and Horizon Terminal Services, LLC.

A motion was made by Commissioner Terry to approve the agreement with Horizon Terminal Service for lease of a 20-acre storage yard to be developed by Port Freeport on Parcel 14 for a primary term of 10 years with options to extend.. The motion was seconded by Commissioner Singhania with all Commissioners present voting in favor of the motion.

20. Adjourn.

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