

## Minutes of Meeting November 14, 2019

A Regular Meeting of the Port Commission of Port Freeport was held November 14, 2019 beginning at 1:07 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. Ravi K. Singhania, 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. 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. Austin Seth, Operations Specialist  
Ms. Vicki Smith, Accounting Manager

### Also, present:

Mr. Jeff Taylor, Freese & Nichols  
Mr. Bobby Fuller, Texas Port Ministry  
Ms. Tammy Moss, Brazos Pilots Association  
Capt. Billy Burns, Brazos Pilots Association  
Capt. Daniel Blanton, Brazos Pilots Association  
Capt. Ross Coviello, Brazos Pilots Association  
Ms. Brandei Goolsby, GCEBS  
Mr. Bobby Wingate, P66  
Mr. Adele Malik, McCarthy  
Mr. Fitz O'Donnell, McCarthy  
Mr. Robert Louis, Orion  
Mr. Walter Hall, P66  
Mr. Jason Mills, Terracon  
Mr. Jeff Kuhn, Terracon  
Mr. Grant Worthington, VMC  
Mr. Chris Noble, Dole Fresh Fruit  
Mr. Jason Foltyn, HDR

Mr. Bruce Reed, P66  
Mr. Rick Stephanow, Gulf LNG Services  
Mr. Rob Giesecke

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

At this time, Commissioner Pirtle recognized all Veterans in attendance in honor of Veterans Day November 11. Flag lapel pins were also available to everyone.

4. Roll Call – Commissioner Pirtle noted that all Commissioners were present.
5. Safety Briefing – Mr. Austin Seth, Operations Specialist
6. Approval of minutes from the October 23, 2019 Regular Meeting.

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. Phyllis recognized employees who recently celebrated milestone years of service with the Port. Celebrating five years - Cecil Booth, Nick Malambri and Brandon Robertson, 10 years - Vicki Smith and 20 years - David Lopez and Al Durel. Ms. McCormick reported on the results of the golf tournament recently held November 1 stating preliminary numbers for the tournament based on sponsorships is just over \$90,000. Ms. McCormick thanked all the sponsors and volunteers who helped at the tournament. Ms. McCormick also reminded the Board that media training will be held November 20. Ms. Saathoff shared photos of recent Port visits from the Taiwan Delegation, Emerging Professionals from BASF and Congressman Olson. The Brazoria-Fort Bend Rail District will meet Friday, November 15 at 9:00 a.m. in Freeport. Ms. Saathoff noted the government is operating under continuing resolution which expires November 21 and there most likely will be another one that will take them through December 20. Anticipation is that this will not be the last due to the impeachment process and when the House will wrap it up. Indication is that Senate will be forced to hold a trial. Staff is monitoring to see when the appropriations bill get done so the Corps can finalize their Work Plan. The 2020 request from Galveston District includes \$19 million for Reach 3 of the Port's Freeport Harbor Channel Improvement Project. Ms. Saathoff also briefed the Board on David Miller and Associates final memorandum on the benefit to cost ratio for the channel project. The benefits to cost of the project are almost double the Corps calculated BCR that did not include oil, LNG or LPG exports. House Bill 2240 which calls for full use of the Harbor Maintenance Trust Fund was passed. Staff has been working with the Corps to insure alignment on deliverables out of the District. Col. Vail plans to visit the Port the morning of December 12<sup>th</sup>.

- 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, which is approximately two weeks behind schedule due to weather.

- 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 noted a few changes in his written report noting the addition of LNG vessels to the calendar that include a line item for LNG showing tonnage as well as a graph showing an average of tonnage per month over the previous years. He also reported that Richardson Stevedores continues to discharge the barges of steel pipe to trucks. As of today, they have discharged 22 barges with 30 remaining. He also reported attending the GPAA conference. Mike Quilty continues to hold safety meetings with staff, tenants and stevedores, analyzing incidents and potential incidents. Chris Hogan is attending a security conference in Corpus this week.

- 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 mentioned his department has two positions to fill, Marketing Specialist and Sales Representative. Commissioner Pirtle asked Mr. Wilson for clarification on the heavy-lift corridor and how it works. Mr. Wilson stated a good rule of thumb for the route to Bay City (Tenaris) is to count the number of steel bars on the truck, noting if its four or less, it doesn't have a permit. If its above four, it has a permit.

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

- A. November 14 Personnel Advisory Committee – Commissioner Kresta stated the committee reviewed the renewal of the Port's health, dental and vision insurance as well as the annual contribution to the retirement plan, workers compensation policy and port policy.
- B. November 14 Strategic Planning Advisory Committee – Commissioner Santos stated the committee has action items on the agenda and will defer comments to that time. Commissioner Hoss noted the committee discussed Change Order No. 1 which is item 12 on the agenda and received a presentation from Ecological Service Partners to evaluate development of mitigation bank.
- C. November 14 Finance Advisory Committee – Commissioner Singhania noted that due to time, the committee cut their meeting short and will schedule a follow-up meeting November 20. The committee was able to discuss three items including a contribution to the Port reserves, amendments to Ports America Lease and Gulf Stream Marine Lease, all of which are on the agenda for approval.
- D. Meetings and conferences attended, Port presentations, Rail District and other related Port Commission matters.

Commissioner Santos reported attending the CAP Meeting as well as the Transportation Infrastructure Summit.

Commissioner Singhania reported attending the Emerging Professionals from BASF, Rail District meeting, the Greater Houston Partnership Industry Forum and CAP Meeting.

In addition to attending the Transportation Infrastructure Summit and Congressman Olson visit, Commissioner Pirtle attending the Union Pacific reception celebrating their 100th anniversary.

9. Public Comment – There were no comments.

10. Approval of financial reports presented for the period ending September 30, 2019

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

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

This item was tabled.

12. Approval of Change Order No. 1 to Prism in the amount of \$28,385.00 for additional asbestos abatement work for the East End Properties 2018 project.

Mr. Hull presented a change order that will allow the Port to abate three additional properties while the contractor is mobilized in the area. Staff recommends approval.

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

13. Discuss and consider awarding contract to McCarthy Building Companies, Inc. for the Velasco Terminal, Berth 8 project, for an amount not to exceed \$129,677,607.30.

Mr. Hull stated that McCarthy Building Companies submitted the lowest and best bid for this project, adding that pursuant to previous discussions and in accordance with the contract, this project can be scaled per the unit prices that were bid, so more or less of the project can be built. Commissioner Hoss voiced his concern that the project cost was more than anticipated and does not include dredging of Reach 3 and questioned if both the slip dredging and Reach 3 dredging were done simultaneously, could it reduce the cost of each individual project.

After discussing, a motion was made by Commissioner Kresta to approve and accept the bid by McCarthy Building Companies in the amount of \$129,677,607.30 subject to the contract providing the Port has the option to reduce the wharf length by 157 feet and thereby reducing the contract price by the unit bid price associated with the wharf, which option must be exercised in 60 days. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

14. Adoption of a Resolution authorizing a contribution to fund Port reserves for capital improvements.

Mr. Lowe presented a resolution to contribute from operating revenues to the port reserve for capital improvement an amount equal to the M&O portion of the total tax levy. Total tax levy was \$5.6 million with \$1.483 million in I&S for the debt service payments and \$4,120,672 for the M&O. This contribution

will bring the capital reserve fund total to \$19,655,695 which will be used as the FHCIP project progresses. Commissioner Hoss noted this process is consistent with what the Port has done the past few years.

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

15. Approval of a renewal for Port Freeport Health, Dental and Vision Insurance.

Ms. Campus presented the renewal for the Port's health, dental and vision insurance for 2020 stating that Blue Cross Blue Shield has offered renewal of the same plan with an increase of 11.3% in premium. The budget was calculated using a 12% increase therefore the medical insurance will be approximately 0.5 percent below budget. Staff recommends renewing with Blue Cross Blue Shield plan as presented and maintain co-pays. Principal, the Port's existing carrier for dental and vision, proposed no rate change over the previous year. Staff recommends renewing with Principal and maintain same co-pays.

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

16. Approval of a renewal with Texas Association of Counties for Port Freeport Workers Compensation Policy.

Ms. Campus stated the Port's workers compensation policy is based on an estimated proposal for the calendar year. The Port's proposal for 2020 is \$31,948. The final premium is calculated at the end of the year and trued up based on actual payroll. Staff recommends approval.

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

17. Approval of the Fort Velasco Signal Station Annual Financial Report.

Captain Billy Burns gave a presentation and update on the progress of the dispatch service, the Pilot.DISPATCH program, fiscal year end financials as well as a projected budget for Year 2.

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

18. 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 Singhania to approve the resolution. The motion was seconded by Commissioner Croft 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 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.

3. Consultation with attorney and discussion regarding Open Meetings Act and Public Information Act.

B. Under authority of Section 551.071(Consultation with Attorney) and Section 551.072 (Deliberation of Real Property) for discussion regarding:

1. Consultation with attorney regarding request for termination of Lease Agreement received from Mediterranean Shipping Company, S.A.

C. Under authority of Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:

1. 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.

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. The potential exchange, lease, or value or real property located at Port Freeport, including but not limited to Parcel 14.

4. 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.

D. 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.

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

21. Approval of a Purchase Contract for property located at 411 E. Broad Street.

Mr. Lowe stated that staff recommends purchasing property at 411 E. Broad in the amount of \$75,000 contingent upon the purchase of second property by the homeowner.

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

22. Discuss and consider First Amendment to the Lease Agreement between Port Freeport and Ports America.

Mr. Miura stated the amendment considers a relocation of a portion of lease premises with no other changes in the contract. Staff recommends approval.

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

23. Discuss and consider First Amendment to the Lease Agreement between Port Freeport and Gulf Stream Marine.

Mr. Miura stated the amendment considers a change to the minimum annual guarantee and reconciles the same. Port Freeport is offering a partial credit for third party cargo of another Port tenant handled by Gulf Stream Marine. Staff recommends approval.

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

24. Discuss and consider approval of Lease Termination Agreement with Mediterranean Shipping Company, S.A.

Mr. Miura stated that staff recommends approval of a lease termination agreement with Mediterranean Shipping Company effective November 14, 2019.

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

25. Discuss and consider approval of Reservation Agreement between Port Freeport and Trammel Crow Company.

Mr. Miura stated the reservation agreement contemplates reservation of a portion of Parcel 14 for the development of a multi-model warehouse facility for a maximum up to 2 years. Staff recommends approval.

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

26. Discuss and consider approval of Reimbursement Agreement between Port Freeport and Trammel Crow Company.

Mr. Miura stated the reimbursement agreement considers the reimbursement of pre-development cost associated with a reservation agreement of the property to develop a multi-model industrial park. Staff recommends approval.

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

27. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:15 PM.