

Minutes of Meeting January 24, 2019

A Regular Meeting of the Port Commission of Port Freeport was held January 24, 2019 beginning at 1:27 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Paul Kresta, Chairman
Mr. John Hoss, Vice Chairman
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. John Mannion, Chief Financial Officer
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
Mr. Chris Hogan, Director of Protective Services
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, Operation Specialist

Absent:

Mr. Shane Pirtle, Secretary

Also, present:

Mr. Geoff Bowman, Van Scoyoc Associates
Mr. John Anderson, Van Scoyoc Associates
Ms. Colleen Kallestad, Freeport LNG
Mr. David Eby, Terracon
Mr. Bruce Reed, Phillips 66
Captain James Teeter, Brazos Pilots Association
Captain Daniel Blanton, Brazos Pilots Association
Captain Billy Burns, Brazos Pilots Association
Captain Matt Krohn, Brazos Pilots Association
Captain Ross Coviello, Brazos Pilots Association
Captain Sean Kelly, Brazos Pilots Association
Mr. Bobby Fuller, Texas Port Ministry
Mr. Jason Foltyn, HDR
Ms. Melanie Oldham

Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Rick Stephanow, Gulf LNG Services
Mr. Jon Thomas, Moffatt & Nichol

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 Kresta noted that Commissioner Pirtle was absent. All other Commissioners were present.
5. Safety Briefing – Mr. Chris Hogan, Director of Protective Services
6. Approval of minutes from the Regular Meeting held January 10, 2019.

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

7. Receive update from federal consultants Van Scoyoc Associates.

Mr. Geoff Bowman with Van Scoyoc Associates gave an update on the changes in the United States Congress and Senate since the November election, the effects of the government shutdown and a prediction of how long it will last. Mr. John Anderson with Van Scoyoc discussed assistance Van Scoyoc provided the Port in 2018 with funding requests and authorization in the Water Resources Development Act as well as helping to gain congressional support for grant applications by working with the Port staff and reaching out to congressional leaders and agency decision makers as necessary to get the message across about the channel project. Van Scoyoc recommends additional visits to WDC in the coming year to visit delegations and Appropriations Committee and the Corps to provide updates on the Port and get funding requests in. Ms. Saathoff added that staff has been working closing with Van Scoyoc to develop a strategy for the coming year.

8. Receive update from the Lone Star Harbor Safety Committee.

Ms. Colleen Kallestad with Freeport LNG reported the committee is working on sending support letters to NOAA, the USACE and the Coast Guard for the updated chart requests for the Port. Because of the government shutdown, the committee is uncertain how far along the agencies are with the requests. The committee will host a Bluewater/Groundwater Symposium in Freeport. The date/time has not been determined but they have support from the full committee out of Houston-Galveston to coordinate the event.

9. Reports from Executive Staff:

- A. Receive report from Executive Director/CEO 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 asked Ms. McCormick to report on efforts in the community to assist federal employees impacted by the government shutdown. The local organization, Taylor Whitley Show Up Foundation,

has partnered with several organizations to make resources available to federal employees. The Brazoria County Dream Center and Brazosport Cares Food Pantry are providing groceries, toiletries and other household items, while the River of Hope is offering rent and utility assistance. The Show Up Foundation is also using their Facebook page as a collaboration source for anyone who has part-time jobs available. Along with Commissioner Pirtle and Mr. Hull, Ms. Saathoff participated in an aerial tour with General Owen from the USCOE Southwest Division, Colonel Zetterstrom and members of the Velasco Drainage District to tour/fly over the levee system in our area. Staff briefed General Owen on the channel project and showed him the areas where construction would begin later this Fall. State Legislature is in session and the state consultants are tracking bills, providing reports and monitoring any legislation the Port should follow closely. Speaker Bonnen also announced committee assignments this week. Brazoria County Day is March 5 and the Texas Ports Association Legislative Reception and Conference will be held in February. The Port will host STP Executives' tour January 30 and the Brazos Pilots Christening for the new pilot boat is January 31. Ms. Saathoff also noted that Colonel Zetterstrom will be giving a presentation at the Alliance Membership Luncheon January 31 and then meeting with staff at the Port offices in the afternoon. Fort Bend County Commissioner Vincent Morales reached out to Ms. Saathoff to coordinate a meeting with the two new Fort Bend County appointees. The next Port CAP Meeting will be held March 12.

- 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. Mannion gave a brief financial presentation and update to the Commission on results for the first fiscal quarter of 2019.

- 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 that today divers completed the underwater inspection for the Port's bi-annual underwater inspection of Berths 1, 2, 3, 5 and 7. He also shared a picture of the new rail that contractors have begun to lay on Parcel 14. Estimated completion is now early July 2019.

- 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 briefly went over the vessel operations calendar included in his report. He noted there were nine Ro/Ro vessels in the month of December and 29 vessels overall. In 2018, the Port averaged 21 vessels per month. Staff is preparing for the next tenant safety meeting to be held February 13. The guest speaker will be Brian Fielkow with Jetco Trucking. Staff is currently advertising and accepting resumes for the safety coordinator position. Until this position is filled, Austin Seth will oversee the tenant safety meetings with help from Lauren McCormick. Mr. Durel stated that Operations has not experienced any delays due to the government shutdown and has not received any complaints from tenants. With regard to the safety incident summary, Commissioner Kresta asked how incident reviews were documented and communicated back to the tenants after the reviews. Mr. Durel stated the Safety Coordinator would typically meet with them, but he would have to follow-up with the Board on exactly how it is documented.

- 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 and other ocean transportation related matters.

In addition to his written report, Mr. Miura gave an update on the numbers through October. In 2017, Port-wide moved 17.7 million tons of cargo for a total trade value of \$8.6 billion which placed Port Freeport 23rd in the nation and 6th in Texas. Total tonnage port-wide through October 2018 was 16.2 million for a total trade value of \$9.5 billion placing Port Freeport 19th in the nation and 5th in Texas.

10. Receive report from Commissioners on matters related to:

- A. January 10 Personnel Advisory Committee – Commissioner Hoss reported the committee met in executive session to evaluate the CEO’s annual performance.
- B. January 10 Finance Advisory Committee – Commissioner Singhanian reported the committee discussed the tariff revisions, tax abatement application and agreement with Phillips 66 which was approved the same day.
- C. January 10 Strategic Planning Advisory Committee – Commissioner Singhanian reported the committee met to discuss several items including a PSA with PBK for improvements to three buildings in the Port which will be considered on the agenda later. Also discussed was a PSA with Moffatt & Nichol for Berth 8 construction-observation which will also be considered on the agenda later today. Additionally, the committee discussed PSAs for modifications to Dock 2 and 3 floodwalls, planning services for Velasco Terminal expansion area and design for electrical infrastructure to service reefer plugs on Velasco Terminal. These three agreements will be brought to the Board for approval at a later date.
- D. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Singhanian reported attending the January 18 Rail District meeting and the Texas-India Conference January 11.

Mr. Miura reported that the Rail District hired legal counsel Matthew Broaddus and expressed gratitude to Jason Cordoba and Port Freeport Commission for their assistance in the beginning phases of the Rail District.

11. Public Comment – There were no public comments.

12. Approval of financial reports presented for the period ending December 31, 2019.

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

13. Approval of a Professional Services Agreement with PBK for improvements to three buildings inside the Port, for an amount not to exceed to \$262,000.00.

Mr. Hull stated this PSA was previously discussed in committee and it was requested the bid form be set so that each building can be awarded independently of the others. The committee discussed an alternative bid for the operations building to only patch holes and repaint rather than replace all the metal, windows and doors on the outside since this building will be relocated. Mr. Hull recommends moving forward with the agreement with PBK as discussed in committee.

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

14. Approval of a Professional Services Agreement with Moffatt & Nichol for Berth 8 construction-observation and materials testing, for an amount not to exceed \$2,186,600.00.

Mr. Hull stated that now that we have the permits to build Berth 8, this PSA is for the materials testing and construction observation. This agreement states that in the event the Port adds a seventh crane, it will require some minor re-design work to accommodate it, this will allow us to move forward on it right away. Additionally, our permit and MOU allow the Port to dredge Reach 3 of the approved project and this PSA covers this scope of work as well. A temporary mooring bit has been requested in design to allow vessels to be tied up to Berth 7 once construction of Berth 8 begins. Mr. Hull recommends approval of the agreement.

A motion was made by Commissioner Terry to approve agreement as presented by staff. The motion was seconded by Commissioner Singhania 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 issues arising out of Agreement for Dispatch Services.
4. 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, A28, 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 an Agreement for Dispatch Services between Port Freeport and Fort Velasco Signal Station, LLC.

This item was tabled.

18. Approval of a Marine Terminal Services Agreement between Port Freeport and CMA CGM S.A.

Mr. Miura stated that staff recommends approval of a Marine Terminal Services Agreement with CMA CGM as presented to the commission. Staff has received notification the agreement has been approved by CMA and seeks authorization for the CEO to execute agreement once the signed document is received.

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

19. Adjourn.

With no further business before the Commission, the meeting adjourned at 4:49 PM.