

Minutes of Meeting February 14, 2019

A Regular Meeting of the Port Commission of Port Freeport was held February 14, 2019 beginning at 1:06 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

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
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. Ravi Singhania, Commissioner

Also, present:

Captain James Teeter, Brazos Pilots Association
Captain Billy Burns, Brazos Pilots Association
Captain Matthew Krohn, Brazos Pilots Association
Captain Ross Coviello, Brazos Pilots Association
Captain Sean Kelly, Brazos Pilots Association
Mr. Henry Delagarza, Delagarza Communications
Mr. David Garcia, Arthur J. Gallagher
Mr. Stephen Walley, Arthur J. Gallagher
Mr. Rick Stephanow, Gulf LNG Services
Mr. David Eby, Terracon
Chief Raymond Garivey, Freeport Police Department
Mayor Troy Brimage, City of Freeport
Mr. Dan Croft, 1st State Bank
Mr. Pete Mayes, Delagarza Communications
Mr. Will Wachel, WSP

Mr. Will Bohlen, BGE
Ms. Suzanne Crawford, Brown and Gay Engineers

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Freeport Mayor Troy Brimage
3. Pledge of Allegiance – U.S. Flag & Texas Flag
4. Roll Call – Commissioner Kresta noted that Commissioner Singhania 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 24, 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 started by thanking the Board for their time and investment in the workshop held February 7. Mr. Durel has been working to bring added service to the Port's tenants through the Customs Border Protection by establishing an agreement with them for extended hours/services. The Port will have to reimburse Customs for the hours, but with the added growth, this flexibility in service will help. Federal consultants reported the omnibus bill could include language that would guarantee full use of the harbor maintenance trust fund revenues for their intended purposes each year. This will provide additional funds to the USCOE for their work on navigation projects. The Texas Ports Association (TPA) Legislative Reception will be held February 19 in Austin with a Maritime Conference hosted by TPA held the following day. Ms. Saathoff will be monitoring the energy and petrochemical panel. Ms. Saathoff noted there are sponsorship opportunities associated with the TPA Reception starting at \$5,000. The Port has not agreed to a sponsorship at this time but is evaluating and wanted to make the Board aware of the opportunity. Ms. McCormick reported the next CAP Meeting will be held March 12 at the Port's Administration Building. The Take-A-Child Fishing Tournament is underway with approximately \$13,000 secured in sponsorships. The logo contest will be wrapping up the week of February 18. She added there have not been many entries for the social media contest however, staff will push this once the logo contest is complete. Ms. Saathoff also noted Brazoria County Day is March 5 and reported the Port held a quarterly Port Tenant Safety Meeting February 13 bringing in guest speaker Brian Fielkow with Jetco Delivery and author of *Leading People Safely*. Representatives from all tenants were present at the meeting, along with reps from stevedores and ILA.

8. Receive report from Commissioners on matters related to meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Pirtle reported attending several meetings and events including the City of Freeport Planning Meeting, ABC/ACIT Meeting, Pilot Boat Christening, meeting with Col. Zetterstrom, Matagorda County

Judge McDonald meeting to discuss impact of possible rail routing, Brazosport Chamber Annual Banquet, 36A Coalition meeting and the Industry Forum Meeting held in Houston.

Commissioner Terry also reported attending the Pilot Boat Christening.

Commissioner Hoss reported attending the Alliance Quarterly Meeting, GHP Petrochemical Industry Forum, a developer meeting and a customer logistics meeting.

Commissioner Kresta reported attending the Pilot Boat Christening.

9. Public Comment – Freeport Mayor Troy Brimage and Freeport Police Chief Raymond Garivey addressed the Board on community efforts for Abigail Arias.

10. Approval and award of contract for Property, Boiler and Machinery, and Terrorism insurance coverage for a one-year term beginning March 1, 2019, as obtained by broker Arthur J. Gallagher & Co.

Ms. Campus stated the Finance Advisory Committee previously met to discuss a contract for insurance coverage and recommended renewing the expiring policy with a 1.5% deductible for the boiler and machinery and terrorism coverage for a total of \$915,880, which is a 7% increase over last year.

A motion was made by Commissioner Terry to award the contract as presented by staff. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

11. Approval of Construction Contract for the Transit Shed 5 Equipment Pit Renovations project.

Mr. Hull stated bids were opened from 3 bidders with the lowest bid submitted by TexCon Services in the amount of \$40,000. It is staff's recommendation as well as that of the Strategic Planning Advisory Committee to award a contract to TexCon Services in the amount of \$40,000.

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

12. Approval of a Purchase Order to Vulcan Materials Company in the amount of \$7,000 for limestone to be used on Transit Shed 5 Pit Renovations project.

Mr. Hull stated the purchase order is for the purchase of limestone from Vulcan at the contracted rate and is estimated to be in the amount of \$7,000 to supply the materials needed for this project. Staff recommends approval.

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

13. Approval of Modification No. 5 to the Agreement between The Department of the Army and Port Freeport, formerly known as the Brazos River Harbor Navigation District of Brazoria County, Texas for Local Cooperation on the Freeport Harbor, Texas (1970 Act) Navigation District.

Ms. Saathoff stated this modification dates back to work on the 45-Foot Project. When the Comstock vessel was located in the channel, there were costs associated with the removal, and it was agreed the cost would

be 100% federal. This modification documents that agreement. The paperwork was processed on the Corps side but never submitted it to the Port for execution.

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

14. Approval and award of Dispatch Services Agreement for Freeport Harbor.

Ms. Saathoff stated the agreement before the Board is a one-year agreement with a one-year option to renew. The Port requested bids and received one proposal from Fort Velasco Signal Station, LLC to provide dispatch services. The agreement includes an advisory group that requires four entities with terminals on the channel to participate and share in the cost of the service. The bid proposal is in the amount of \$377,500 that will be cost-shared between five entities including Port Freeport, Freeport LNG, Phillips 66, Dow Chemical and Enterprise. This service will be available to all entities that rely on Brazos Pilots services in and out of the harbor. The Pilots have made an investment in the equipment and will be housed at their facility. The proposal has met all bid specifications and includes the appropriate emergency preparedness plan. Staff recommends approval.

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

15. Adoption of a Resolution Ordering an Election to be May 4, 2019 for the purpose of electing two Port Commissioners, Positions 3 and 5.

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

16. Approval of a Joint Election Agreement and Contract for Election Services between Brazoria County and Port Freeport for the May 4, 2019 Election.

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

17. 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 Hoss with all Commissioners present voting in favor of the motion.

18. 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 the Contract for the search of a Chief Financial Officer.
 4. Consultation with attorney regarding legal matters arising out of an Agreement with DMA, Inc.
- B. Under authority of Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:
1. Discussion regarding a Purchase Contract in the amount of \$163,900 for property located at 327 E. Second Street.
 2. 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.
 3. 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.
 4. 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.
 5. The potential exchange, lease, or value or real property located at Port Freeport, including but not limited to Parcel 14.
 6. 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 551.074 (Deliberation of Personnel 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.

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

20. Approval of a Purchase Contract in the amount of \$163,000 for property located at 327 E. Second Street.

This item was tabled.

21. Approval of a Professional Services Agreement with BGE, Inc. for design and electrical plugs on Velasco Terminal, for an amount not to exceed \$467,011.

Mr. Hull stated the PSA is for the design and construction observation for the installation of 500 reefer plugs in Velasco Container Terminal for a potential tenant. Staff has reviewed proposal and recommends approval for an amount not to exceed \$467,011.

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

22. Approval of a Professional Services Agreement with WSP for Velasco Terminal Expansion Planning, for an amount not to exceed \$514,300.

Mr. Hull stated this PSA is for planning services in Velasco Terminal to look at the build-out of the expansion area and includes timing and phasing. Staff recommends approval of this PSA in the amount of \$514,300.

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

23. Approval of an Agreement between Port Freeport and DMA, Inc.

Ms. Saathoff stated a proposal was received from David Miller & Associates to perform a review and evaluation of the benefit analysis updated during the GRR for the Channel Project. DMA has done similar work for other ports and demonstrated that in energy ports like Port Freeport the actual benefits are much greater than what has been calculated by the USCOE and has aided in communication in Washington to get funding for projects. Staff recommends moving forward with a professional services agreement in the amount of \$93,200, as drafted by legal counsel, with a timeline of completion of work by June 1, 2019.

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

24. Approval of a Contract for the search of a Chief Financial Officer.

Ms. Saathoff stated a proposal was received from Shey-Harding to perform a search for a new Chief Financial Officer. The contract amount is \$27,000 with \$7,000 due upon finalization of search plan and two \$10,000 payments made during the process. The contract also includes a guarantee that if within 15 months, a candidate is terminated or voluntarily leaves, Shey-Harding will conduct a replacement search without additional fees. An additional escalating schedule is provided for up to 24 months with the following fees associated 16–18 months of employment, 25% of fee; 18–21 months, 50% of fee; 21–24 months, 75% of fee, and after 24 months, the fee will be 100%. Ms. Saathoff recommends approval with a caveat that if a local candidate is identified by the Port, limited reimbursement will be paid to Shey-Harding.

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

25. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:14 PM.