

Minutes of Meeting March 12, 2019

A Regular Meeting of the Port Commission of Port Freeport was held March 12, 2019 beginning at 1:04 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. Al Durel, Director of Operations
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. Cecil Booth, Project Engineer
Mr. Mike Quilty, Safety Coordinator
Ms. Tricia Vela, Receptionist
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Public Affairs Manager
Mr. Austin Seth, Operation Specialist
Ms. Connie Wiegel, Sales and Marketing Specialist

Also, present:

Mr. Brian Fielkow, Jetco Delivery
Mr. Justin Metcalf, Jetco Delivery
Ms. Brittany Schaefer, Tenaris S.A.
Mr. Bobby Fuller, Texas Port Ministry
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Jason Foltyn, HDR Engineering

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 Commissioners were present.
5. Safety Briefing – Mr. Mike Quilty, Safety Coordinator

6. Approval of minutes from the Regular Meeting held February 28, 2019.

A motion was made by Commissioner Pirtle to approve the minutes as presented. The motion was seconded by Commissioner Terry 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 asking Lauren McCormick, Public Affairs Manager to give an update on the Take-A-Child Fishing Tournament which Port Freeport hosts but is sponsored by community partners. Ms. McCormick reported that approximately \$23,900 has been secured in sponsorships. The goal for total sponsorships is \$32,000. The logo contest winners were announced with Miss Amber Dunn receiving first place. She is an 8th grader at Clute Intermediate. Ms. Saathoff reported attending Brazoria County Day in Austin March 5 as well as testifying before the Senate Select Committee on Texas Ports March 6. The committee is charged with looking at the ship channel improvement revolving loan fund and encouraging the funding of the program. Additionally, the legislature has provided rider program funds for capital projects that are highway/public access related in the last two legislative sessions. Ms. Saathoff noted the committee is considering expanding use of the funds to the public access marine highways/channels. Ms. Saathoff will be traveling back to Austin March 12 to join other ports who have authorized projects to meet with staff in the Governor, Speaker and Lt. Governor offices to encourage funding the ship channel improvement revolving fund and explain how it will be beneficial to advancing the channel projects in Texas and support the state's robust economy and growing energy exports.

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

All Commissioners reported attending Brazoria County Day in Austin March 5.

9. Public Comment – There were no public comments.

10. Presentation of award to Jetco Delivery and Tenaris S.A. for the “Partners in Environmental Stewardship”.

Ms. Saathoff recognized two of the Port partners who have proven to be outstanding forward-thinking leaders by utilizing the heavy-lift corridor, Jetco Delivery and Tenaris S.A. The heavy-lift corridor spans from Port Freeport to the Tenaris facility in Bay City. The partners use the corridor to transport steel bars from Port Freeport to the plant in Bay City which offers a 40% reduction in the number of trucks required to transit the products. Since utilization of the heavy-lift corridor in July 2018, over 6,500 permits have been issued resulting in approximately 2,600 trucks being taken off the road. Based on analysis from the Houston-Galveston Area Council the use of the corridor also results in a reduction of 2.1 million pounds of CO₂/year and approximately 4.5 tons of NO_x/year. Additionally, the permit fee revenue associated with the corridor is used to help fund highway maintenance through the Texas Department of Transportation for our county/region. The corridor was established 8 years ago by the Texas House Bill 1305. In 2015, under House Bill 1321, the corridor was expanded to reach the Tenaris facility. On behalf of Port Freeport, Commissioner Kresta presented the Partners in Environmental Stewardship award to Brian Fielkow, CEO with Jetco Delivery and Brittany Schaefer, Community Relations with Tenaris S.A. Ms. Saathoff also recognized Mike Wilson, Director of Economic Development who was instrumental in bringing the heavy-lift corridor to Port Freeport, implementing the necessary software system and encouraging the use of the corridor. The Commission presented Mr. Wilson with the Port Award for his efforts.

11. Approval of a Section 481 Service Fee Agreement and a Memorandum of Understanding between U.S. Customs and Border Protection and Port Freeport.

Mr. Durel stated the agreement and MOU will allow the Port the option to offer a service to customers in the event they need additional CBP services outside of the normal working hours (i.e., holidays, weekends). There are no costs involved; however, a service fee agreement and a Memorandum of Understanding written by CBP, must be approved. The MOU gives the Port the ability to initiate the process. Staff requests approval and authorization for the Executive Director to execute letter.

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

12. 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.

13. 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.

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.

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:

1. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Director/CEO and Chief Financial Officer.

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

15. Approval of a Purchase Contract for property located at Lot 14, Block 1 on East Second Street.

Commissioner Hoss stated for the record that he will abstain from discussion and voting on this agenda item due to a possible perceived conflict of interest. Legal Counsel Jason Cordoba also noted for the record that he has a possible perceived conflict under the Texas rules of ethics for attorneys and will excuse himself from the room.

Ms. Saathoff stated the property under consideration has an occupied warehouse improvement on the property. The owner's asking/negotiated price is \$160,000 which is 13 percent higher than the independent market appraisal performed on the property which came in at \$141,000. The property is in an area where the Port has been acquiring property and is adjacent to six lots the Port owns. A tenant currently occupies the structure on the property. Should the Port move forward with the purchase, an option to terminate the lease within one year will be included in the transaction. The structure is suitable for storage use by the Port. Staff recommends purchase of the property.

Commissioner Singhania stated that should commission approve the purchase, he feels the price should negotiated given the appraisal came in under the asking price. He also noted, the property is being acquired for swap, but since staff does not know if this property will be eligible for a swap, he suggested obtaining an option to purchase for six months to a year to allow time for discussing swap potential rather than purchasing outright. Commissioner Santos noted the Port or Owner will be taking care of the taxes the first year and reemphasized that if the swap does not work out, there is still potential for the Port to use it immediately for storage of other assets. He also recommended staff hold discussion with swap parties, so Commission will know where Port is moving with other intended properties.

A motion was made by Commissioner Pirtle to approve the purchase. The motion was seconded by Commissioner Terry with all Commissioners present voting in favor of the motion, and Commissioner Singhania voting no.

16. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:30 PM.