

## Minutes of Meeting February 7, 2019

A Special Meeting of the Port Commission of Port Freeport was held February 7, 2019 beginning at 8:11 AM 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. Shane Pirtle, 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. Jason Hull, Director of Engineering  
Mr. Mike Wilson, Director of Economic Development  
Mr. Jason Miura, Director of Business & Economic Development  
Mr. John Mannion, Chief Financial Officer  
Ms. Mary Campus, Controller  
Missy Bevers, Executive Assistant  
Mr. Brandon Robertson, Network Systems Manager  
Ms. Lauren McCormick, Public Affairs Manager

Also present:

Mr. Bobby Fuller, Texas Port Ministry  
Mr. Jason Foltyn, HDR  
Mr. Dave Weston, HDR  
Mr. Chris Sallese, Dannenbaum Engineering  
Mr. Dan Croft, First State Bank  
Mr. Rick Stephanow, Gulf LNG Services  
Mr. Drew Masterson, Masterson Advisors  
Mr. Will Bohlen, BGE

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Conduct a Planning Workshop for Port Freeport regarding the following:
  - A. Financial Review and Budget Forecast.
  - B. Energy & Petrochemical Outlook.
  - C. Financing Strategies and Debt Capacity.
  - D. Port Freeport Strategic Initiatives and Capital Plan Review.

Mr. Mannion started the workshop by giving a 1<sup>st</sup> Quarter financial update and capital plan overview.

Mr. Wilson gave a brief overview and update to the Board on energy and petrochemical outlook covering Texas crude oil production and pipeline infrastructure, and including the projected growth expected in the U.S. for natural gas and U.S. crude oil. Additionally, Mr. Wilson discussed the resin exports growth with shale oil and gas and in particular the surge in polyethylene export with the Port's local partners and potential logistics issues associated with the growth.

Mr. Mannion gave a presentation regarding a plan for general obligation bond financing associated with the channel project. He reviewed the \$130 million bond package approved by the voters in May 2018 and the updated forecast for expiring tax abatements. The Port's tax rate will be held at \$0.0401 and the bonds issued over time. The first issue will be this summer to fund channel improvements that will begin late 2019 or January 2020. The proceeds from the general obligation bond financing can only be used for the Freeport Harbor Channel Improvement Project.

Mr. Mannion also gave a presentation regarding a plan for revenue bond financing for the Port's strategic initiatives for shore-side infrastructure projects. The financing plans demonstrate the Port can finance the planned expansion projects and maintain required debt coverage ratios.

Mr. Hull gave a presentation and update to the Board on the timeline for the Freeport Harbor Channel Improvement Project. Reach 3 is estimated to be a \$12 million project and is scheduled to bid in October 2019 and begin in in January 2020. Reach 3 is also known as the Lower Stauffer Channel in front of Berth 7. The federal levee stabilization project is scheduled to begin late 2019 at an estimated \$28 million with completion in May 2020. Reach 2 will begin in June 2020 and is scheduled for completion December 2020 at an estimated \$32.3 million. Contracts in 2021 include dredging 1/2 outer channel, creation of placement area #8 and easement, wetlands mitigation on placement area #8. 2022 proposed projects include dredging the other ½ outer channel and jetty channel, Stauffer channel, upper TB and Brazosport TB. The dredging of the lower TB and Brazosport TB will take place in 2023.

3. 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 551.072 (Deliberation of Real Property) for discussion regarding:
    1. 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.
    2. 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 or adjacent to the following streets: FM 1495; East 2<sup>nd</sup> Street; Terminal Street and East 8<sup>th</sup> Street in Freeport, Texas.
    3. The potential exchange, lease, or value of 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.

B. Under authority of Section 551.071 (Consultation with Attorney) for discussion regarding:

1. 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.
2. Consultation with attorney regarding legal matters arising out of Texas Political Subdivisions Employees Uniform Group Benefits Act and related laws.

C. Under authority of Section 551.074 (Personnel Matters) for discussion regarding:

1. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of public officer or employee, including but not limited to: Executive Director/CEO and Chief Financial Officer.
2. The potential exchange, lease, or value of real property located Port Freeport, including but not limited to Parcels 7, 8, 10, 26, and 37.

4. RECONVENE OPEN SESSION:

5. Adjourn.

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