

Minutes of Meeting February 12, 2020

A Regular Meeting of the Port Commission of Port Freeport was held February 12, 2020 beginning at 1:00 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. 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. Al Durel, Director of Operations
Mr. Mike Wilson, Director of Economic Development
Mr. Chris Hogan, Director of Protective Services
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
Mr. Mike Quilty, Safety Coordinator
Mr. Jesse Hibbetts, Operations Manager
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Public Affairs Manager

Absent:

Mr. Ravi Singhania, Commissioner
Mr. Jason Hull, Director of Engineering

Also, present:

Mr. Bob Arroyave, BGE, Inc.
Mr. Walter Hall, Phillips 66
Mr. Dave Weston, HDR Engineering
Mr. S. Whalley, Arthur J. Gallagher & Co.

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Commissioner Shane Pirtle
3. Pledge of Allegiance: U.S. Flag & Texas Flag

4. Roll Call – Commissioner Pirtle noted that Commissioner Singhanian was absent. All other Commissioners were present.
5. Safety Briefing – Mr. Mike Quilty, Safety Coordinator
6. Approval of minutes from the Regular Meeting held January 23, 2020.

A motion was made by Commissioner Kresta to approve the minutes as presented. The motion was seconded by Commissioner Singhanian 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 matters and meetings, AAPA Committees, leases, contracts, upcoming Port and civic events and other related administrative affairs.

Ms. Saathoff reported that the Freeport Harbor Channel Improvement Project was included in the Corps' 2020 Work Plan, receiving \$19 million in funding. The Port also received approximately \$5 million more for annual maintenance dredging. She congratulated everyone on this significant milestone and recognized Jason Hull for his efforts during this process as well. The U.S. Coast Guard will host a public meeting regarding the SPOT Deepwater Project February 26 at the Courtyard Marriott. The Texas GulfLink Project will be going before the U.S. Coast Guard February 20 for the HAZID. The Real Estate Application previously filed for beneficial use of dredge material on Placement Area 1 has been approved. She also stated the item on the agenda for approval later will be for the use of Placement Area 1 in association with the dredging of the berth extension project. The President released the 2021 budget request which includes a \$6 billion civil works portfolio with a construction funding request at \$2.173 billion. Ms. Saathoff also reported attending the Texas Transportation Forum February 10 where she participated on the panel.

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

Commissioner Santos reported attending the Brazoria County Hispanic Chamber Gala.

Commissioner Croft reported attending the Brazoria County Go Texan Committee meeting, Cattlemen's Association and the Alliance Executive Committee Meeting.

Commissioner Pirtle reported attending the 36A Coalition Membership Meeting and Board Meeting. He also noted the 36A Annual Conference will be held in August with exact dates to be determined.

9. Public Comment – There were no public comments.
10. Approval and award of contract for Property, Boiler and Machinery, and Terrorism insurance coverage for a one-year term beginning March 1, 2020, 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 Option 1, which is a

1.5% catastrophic deductible for the boiler and machinery and terrorism coverage for a total of \$992,269.

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

11. Receive update from staff regarding possible INFRA Grant opportunity.

Mr. Wilson stated the Board previously approved staff's submission of a grant application to MARAD for the Velasco Terminal Improvement project which was based on a 70/30 split and would give the Port approximately \$16.4 million if awarded the grant. The announcement is forthcoming. Should the Port not receive the MARAD funding, staff has the opportunity to apply for an INFRA Grant through USDOT. This grant is a 60/40 split and would give the Port approximately \$14.1 million. If the Port is awarded the MARAD Grant, the INFRA Grant application will not be submitted.

12. Approval of payment to the U.S. Army Corps of Engineers for PA #1 Real Estate License Fee in the amount of \$34,350.

Ms. Saathoff stated that this item is to approve payment of the fee associated with the real estate license submitted to the Corps in 2018. The license is for the placement of dredge material associated with the Berth 8 project in Placement Area 1.

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

13. Approval of Change Order No. 1 to Burnside Services, Inc. for the Velasco Terminal Backland Development, Area 3 project, in the amount of \$400,000.

Mr. Booth stated that staff has identified additional concrete paving needed inside the Port and recommends a change order to the Burnside Services, Inc. contract for this additional work. The increase includes removal of existing asphalt and construction of additional reinforced concrete pavement west of Warehouse 51.

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

14. Approval of a Purchase Order to HIS Markit in the amount of \$53,299.19 for access to PIERS Database and Dashboard.

Mr. Miura stated this purchase order request is to renew the Port's annual subscription with PIERS. The Port utilizes the PIERS data for a number of ways in business development efforts and for accounting verification. The data was also used for the preparation of the new Cost to Benefit Ratio for the Freeport Harbor Channel Improvement Project. This subscription was included in the FY 2020 budget and staff recommends renewing the subscription in the amount of \$53,299.19.

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

15. Adoption of a resolution declaring items surplus and ordered items sold separately for cash, after notice of sale and receipt of bids to the highest bidder; destroyed if no bids are received; or offered as trade-in for new property of same general type.

Mr. Lowe stated that included in the current fiscal year budget was replacement of copiers. This resolution and exhibit include two items, a Canon copier which will be traded in for a new copier with color printing capabilities and a Dell printer, which has failed. The Dell was purchased as a gap measure to get staff to this point where an upgrade was needed.

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

16. Approval of update to Port Policies 8.3 and 8.5.

Mr. Lowe stated the following policies have been reviewed by Personnel Committee and have the following recommended changes. Policy 8.3 – Internet/Email Use recommends including a reference to annual training to remind employees of proper use as well inform them of current cyber-attack issues. Policy 8.5 – Termination currently reads that the Executive Director/CEO will deliver reason of termination. The recommendation is to add the employee’s supervisor or Executive Director/CEO to make the delivery.

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

17. 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 regarding legal matters arising out of a Reimbursement Agreement between Port Freeport, Brazoria County and Fort Bend County.
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 Concerning 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 or adjacent to the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th 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 of real property located at Port Freeport, including but not limited to Parcels 7, 8, 10, 26, and 37.
 4. The potential exchange, lease, or value or real property located by 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, 14, 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.

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

19. Discuss and consider additional funding to the Brazoria-Fort Bend Rail District for expenses and a potential Amendment to the Reimbursement Agreement between Port Freeport, Brazoria County and Fort Bend County.

Ms. Saathoff stated that the Rail District is wrapping up the feasibility study as well as other activities. In order to accomplish this and to have sufficient cash to pay final invoices to HDR, the Rail District is requesting the three sponsoring entities contribute \$30,000 each for a total of \$90,000. Upon completion, if there are remaining funds, it will be split equally and reimbursement to the sponsoring entities. The resolution before the board captures the above and is contingent upon Fort Bend County and Brazoria County approving and funding \$30,000 each toward the finalization of activities from the Rail District.

A motion was made by Commissioner Kresta to approve payment to the Rail District for a third of the remaining funding to finalize and close out the affairs of the Rail District and the feasibility study in an amount not to exceed \$30,000. This approval is contingent upon Fort Bend County and Brazoria County approving the funding, equal financial contributions to finalize and close out the affairs of the Rail District and the feasibility study. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

Without knowing the specific obligations, the Rail District has incurred, Commissioner Hoss asked if this amount will cover their obligations to the State of Texas, staff contract and unanticipated overages, specifically the engineering company who had cost overruns, like the CAP that was beyond the original scope of work. Ms. Saathoff noted the letter received from the Rail District states they have done an analysis of what the needs are to handle all remaining obligations and the estimated \$90,000 will be sufficient to get them to completion

and put the Rail District in the position to zero everything out. Commissioner Hoss confirmed again that it would also take care of the cost overruns encountered. Commissioner Croft mentioned that the letter also notes that the analysis assumes that TxDOT funding will cover all of HDR's costs and there is also some uncertainty with respect to CAP costs, adding there still could be some variable beyond the anticipated \$90,000.

20. Discuss and consider authorization to execute a Purchase Contract for property located at Block 80, Lots 10 and 11.

Mr. Lowe stated that staff recommends approving the Purchase Contract, pending clear title, for Block 80, Lots 10 and 11 at \$20,000 each, plus customary closing costs.

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

21. Discuss and consider approving additional security procedures and associated services related to Port operations.

Mr. Hogan stated that staff is seeking approval to increase the 2020 budget by \$177,000 for additional security enhancements which include cameras, communications and personnel.

A motion was made by Commissioner Hoss to grant the additional expenditures over the budget of approximately \$177,000 which is understood to take the Port through the current budget year for the enhancements presented to the Board. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

22. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:13 PM.