

AGENDA

Port Freeport
Port Commission
Regular Meeting
Thursday, June 11, 2020, 1:00 pm - 5:00 pm
Via Video/Teleconference - Administration Building - 1100 Cherry Street - Freeport



Notice is hereby given that in accordance with the order the Office of the Governor issued March 16, 2020, and due to imminent threat to public health and safety and urgent public necessity the Port Freeport Port Commission will conduct a Regular Meeting on Thursday, June 11, 2020 at 1:00 p.m. in the Administration Building, 1100 Cherry Street, Freeport, Texas in part by video/teleconference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19).

The meeting agenda and agenda packet are posted online at www.portfreeport.com.

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1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
 2. Invocation.
 3. Roll Call.
 4. Public Comment. (Comments will be limited to 5 minutes per guest)
 5. Approval of minutes from the Regular Meeting held May 14, 2020 and the Special Meeting held May 19, 2020.
 6. Receive update from Carriage House Partners, LLC regarding legislative affairs.
 7. Receive update from federal consultants Van Scoyoc Associates.
 8. Receive report from Executive Director/CEO and/or Port staff on activities and matters related to COVID-19 health safety matters, administrative affairs, financial results, facility engineering matters, operations and vessel activity, port safety matters, port security matters, Port tenant updates, USCOE, and other related port affairs.
 9. Approval of liability insurances through broker Arthur J. Gallagher & Co.
10. 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.
11. 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):
 1. Consultation with attorney and discussion regarding the Port's creation under Section 59, Article 16 of the

Texas Constitution.

- B. Under authority of Section 551.072 (Deliberation of 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 Parcel 14.
- 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.
12. RECONVENE OPEN SESSION to review and consider the following:
 13. Approval of a First Amendment to Reimbursement Agreement between Port Freeport and Trammel Crow.
 14. Approval of Supplement #2 to Industry Track Agreement between Port Freeport and Union Pacific Railroad Company.
 15. Approval of a Joint Use Agreement between Port Freeport, Union Pacific Railroad Company and CEMEX, Inc.
 16. Approval of an Indemnity and Release Agreement between Port Freeport and CEMEX, Inc.
 17. Adjourn.

The Port Commission does not anticipate going into a closed session under Chapter 551 of the Texas Government Code at this meeting for any other items on the agenda, however, if necessary, the Port Commission may go into a closed session as permitted by law regarding any item on the agenda.

With this posted notice, Port Commissioners have been provided certain background information on the above listed agenda items. Copies of this information can be obtained by the public at the Port Administrative offices at 1100 Cherry Street, Freeport, TX.



Phyllis Saathoff, Executive Director/CEO
PORT FREEPORT

In compliance with the Americans with Disabilities Act, the District will provide for reasonable accommodations for persons attending its functions. Requests should be received at least 24 hours in advance.

Minutes of Meeting
May 14, 2020
Via Video/Teleconference

Notice is hereby given that in accordance with the order the Office of the Governor issued March 16, 2020, and due to imminent threat to public health and safety and urgent public necessity the Port Freeport Port Commission will conduct a meeting on Thursday, May 14, 2020 at 1:00 p.m. in the Administration Building, 1100 Cherry Street, Freeport, Texas in part by video/teleconference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19).

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Commissioners present:

Mr. Shane Pirtle, Chairman
Mr. Paul Kresta, Vice Chairman
Mr. Rudy Santos, Secretary
Mr. John Hoss, Asst. Secretary
Mr. Ravi Singhania, Commissioner
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. Jason Hull, Director of Engineering
Mr. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager
Ms. Lauren McCormick, Public Affairs Manager
Ms. Mary Campus, Controller
Mr. Mike Wilson, Director of Business Development
Mr. Cecil Booth, Project Engineer
Mr. Jesse Hibbetts, Operations Manager

Also, present via teleconference:

Mr. Gary Basinger, The Alliance
Mr. Bobby Fuller, Texas Port Ministry
Mr. Calvin Spells, Sunstates Security
Mr. Drew Masterson, Masterson Advisors
Ms. Jackie Ming, Weeks Marine
Mr. Will Wachel, WSP
Mr. Bruce Reed, P66
Mr. Marcelo Moacyr, BGE
Mr. Bob Arroyave, BGE
Mr. Bob Mosher, Fugro
Mr. Rob Giesecke

Commissioner Pirtle stated the following information...

Today's date is May 14, 2020, and the time is 1:00 p.m. This is the regular meeting of the Commissioners of Port Freeport. I am Shane Pirtle, Port Commission Chairman. We are conducting this meeting by video telephone conference pursuant to Governor Abbott's order suspending certain provisions of the Texas Open Meetings Act in order to minimize the impact of the coronavirus outbreak. This meeting is being recorded as required by the Texas Open Meetings Act. Following today's meeting written minutes and this recording will be made available to the public.

With the posting of today's meeting a toll-free call in number was indicated on the agenda, along with the agenda packet. Both may be found on the Port's website www.portfreeport.com. Additionally, as posted on the agenda, the public may join the meeting from a computer, tablet or smartphone. For speaking, participants must dial in by phone using the toll-free call in number.

In the event any member of the public is having any technical difficulty during the meeting, please call (979) 233-2667, press zero and someone will do the best they can to assist you. Please state you need technical assistance regarding the Port Commission Video/Teleconference Meeting.

Being considerate of all participants on this call today, we respectfully request everyone "mute" their phones unless you are speaking. This will prevent unintended disruptions from background noises.

As required by law and as a commitment to transparency we continue to include a public comment section with our meeting. If you would like to participate in the public comment section of our meeting the general guidelines and rules still apply. Those guidelines being:

- Each individual will be permitted to speak for five (5) minutes.
- Members of the public will only be permitted to speak during the posted public comment section.
- Members of the public will not be permitted to participate during agenda items.
- Commissioners cannot engage in discussion with members of the public during public comment.

Please be reminded to speak during the public comment section today, participants must join the meeting using the toll-free call in number.

An Executive Session was noticed on the published agenda. It will be announced prior to this body going into Executive Session. During Executive Session the public will not be permitted to hear the meeting, as is the case under the Texas Open Meetings Act. Following Executive Session, the board will resume the public meeting and consider the two posted agenda items before adjourning the public meeting.

A roll call will be taken to record the Commissioners, staff and legal counsel in attendance. The Commissioners, staff and legal counsel will announce their name before they speak each time. After each item on the agenda is introduced, I will call upon each commissioner individually for questions or comments and for their vote on each motion at the appropriate time.

Should a participating commissioner be temporarily disconnected, the meeting will be paused to allow time for the commissioner to rejoin the teleconference meeting.

We will now begin our meeting.

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. Roll Call – Commissioner Pirtle noted that Commissioners Santos, Hoss, Kresta and Singhanian were present online. He also noted those present in the board room (at a safe distance) included himself, Commissioner Croft, Port’s legal counsel Jason Cordoba and Phyllis Saathoff – CEO. Ms. Saathoff noted additional staff in the room including Rob Lowe - CFO, Chris Hogan – Director of Protective Services, Al Durel – Director of Operations, Mary Campus - Controller, Jason Miura – Director of Business Development, Jason Hull – Director of Engineering, Missy Bevers, Executive Assistant, Brandon Robertson – Network Systems Manager, Cecil Booth – Project Engineer, Lauren McCormick – Public Affairs Manager and Jesse Hibbetts – Operations Manager. Additional staff participating online is Mike Wilson – Director of Freight Mobility & Business Development.
4. Public Comment – There were no public comments.
5. Approval of minutes from the Regular Meeting held April 23, 2020.

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

6. Receive report from Executive Director/CEO and/or staff on activities and matters related to COVID-19 health safety matters, administrative affairs, financial results, facility engineering matters, operations and vessel activity, port safety matters, port security matters, Port tenant updates, USCOE, and other related port affairs.

Ms. Saathoff reported that Port operations continue to function well with no new or suspected cases reported, and staff continues to follow protective measures as recommended by the CDC. Grimaldi had a new vessel call the Port this week and at the end of May, new customer Wallenius Wilhelmsen will begin calling the Port, bringing in Buicks. The

Governor has recommended the re-opening of commercial offices at 25% occupancy. The Administration Building will be open, but staff will see visitors by appointment only. Staff will continue to work virtually (where plausible) through the end of the month. Ms. Saathoff stated the next Port Commission meeting is scheduled for May 28 and will be a strategic planning workshop. Commissioner Pirtle stated that he would like to defer the discussion as well as plans for future meetings at the end of the board meeting today. Ms. Saathoff noted a Pilot Commission Meeting will be held the same day to address the appointment of two deputy branch pilots as branch pilots. Commission will be receiving information from Mr. Lowe and Mr. Robertson regarding cyber security training. A bill was passed in the last legislative session requiring such training. The training is to be completed by mid-June and will be done online at your convenience. The first Vulcan train carrying aggregate arrived at the Parcel 14 site. 95 cars were moved and unloaded efficiently within 24 hours of arrival. Staff issued an emergency purchase order for the Gantry Crane transformer needed to get the crane running again without the use of the generator. Tenaris recently announced layoffs of 200 employees from their Bay City facility. Tenaris has assured Port Freeport they have no intention of closing their facility, operations will continue at reduced production levels.

7. Update regarding upcoming events, including CAP (Citizens Advisory Panel) and TACFT (Take-a-Child Fishing Tournament).

Ms. McCormick reported that in order to abide by the social distancing guidelines set forth by the CDC and to protect the health and safety of our community, staff recommends the June 9 CAP meeting be rescheduled to a later date. The 20th Annual TACFT will be held virtually through the month of June. The event will allow participants to fish at a time and location of their choice. Participants will register online for the tournament and submit a photo or short video of themselves and their catches for a chance to win a top prize through a random drawing as well as 20 other participation prizes. The entry fee is waived for the tournament however the Brazoria County Dream Center will receive a donation of 10 canned goods for each registered participant. Ms. McCormick shared a preview of the webpage created for the tournament and the registration process.

8. Approval of a Professional Services Agreement with HDR, Inc. for testing, design and permitting of Reaches 1 and 4.

This item was tabled.

9. Approval of a Resolution authorizing execution of Project Partnership Agreement between The Department of the Army and Port Freeport relating to the Freeport Harbor Channel Improvement Section 204 Project.

Ms. Saathoff stated that staff received word the PPA has been transmitted to Division for review and approval however, there was one item within the document that counsel felt was considered a substantial deviation. A concurrent review has been initiated at Headquarters and requires a two-week notification period. The review is required because the Port executed an MOU with the U.S. Army Corps of Engineers for the engineering and design work for Reaches 2 and 3. The model agreement calls for a design agreement and the Port has a different document therefore the review at HQ is required because the Port is not in conformity with the current way they want things done. Ms. Saathoff also noted that because the MOU's are really not the preferred document now, the Port's MOU requests for Reaches 1 and 4 will not be approved. Engineering and design for Reaches 1 and 4 will be initiated after the PPA is signed. Staff anticipates the PPA will be signed mid-June and therefore asks

the Board to consider approving this resolution and authorize the CEO to execute the document once it's received.

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

10. Approval of an Electrical Easement with CenterPoint Energy.

Mr. Hull stated that CenterPoint Energy is requesting an electrical easement for the purpose of installing electrical wires needed to alleviate capacity issues for the Freeport, Lake Jackson and Brazosport substations. It will create better electrical reliability in the area with new infrastructure, reducing the length of existing feeders and contingency switching opportunities. Mr. Hull shared a google earth image showing the existing substation as well as the proposed electrical easement. Additionally, he shared another graphic indicating the area for the easement. He further stated that CenterPoint will be installing new electrical gear on their property and installing overhead wires through the area indicated on the map shown. Staff recommends approval of this electrical easement. Commissioner Santos stated this was discussed and reviewed in the Strategic Planning Advisory Committee and recommends approval. Commissioner Singhania inquired whether the Port would receive any money for this. Mr. Hull stated it is not a sale of property. Mr. Cordoba added the Port is not receiving any compensation for the easement nor is the Port giving them fee title for the property, we are just giving CP rights to use it. Commissioner Hoss asked what the life of the easement is. Mr. Hull referenced item number 7 in the document that states, "This easement shall remain in force and effect so long as Grantee, its successors, or assigns, maintains fee simple ownership of that certain 43.932-acre tract of land conveyed to Grantee by General Warranty Deed." He also stated this language matches the reverter language in the 2013 easement previously granted. Commissioner Hoss stated he would like to see a clause in the document and in future documents stating if CP doesn't utilize the land, it reverts back to the Port.

After additional discussion, a motion was made by Commissioner Santos to approve the easement as staff recommends. The motion was seconded by Commissioner Kresta; however, the vote died due to lack of majority vote.

A motion was then made by Commissioner Singhania to approve the easement with reverter language, as discussed, included in the document. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

11. Approval of an extension to the Security Service Agreement with Sunstates Security, LLC for a term of two years.

Mr. Hogan stated that Sunstates has been providing security for the Port since October 2013. The current contract was signed in June 2017 and included a three-year contract with a two-year option for extension. At any time during the contract, the Port can terminate with a 60-day written notice. Staff is seeking approval to execute the two-year extension which would continue Sunstate's services through May 31, 2022. Legal Counsel has reviewed this document and the District Director with Sunstates is available for any questions.

Commissioner Kresta inquired about the language in Item 4C stating the contract should be reviewed annually. Mr. Hogan agreed that it can be reviewed at any time. Commissioner Kresta asked for clarification on 4C regarding the CPI increase. Mr. Hogan stated there is a 2% increase every year of the contract for cost of living; however, staff is just seeking

approval to extend the current three-year contract for an additional two years which does not affect the rate the Port pays. Commissioner Hoss agreed with Commissioner Kresta that 4.C.i. clearly states that “at the end of a 52-week period, Client and Sunstates agree to review the Contract price” and asked if this has occurred. Mr. Hogan stated this discussion has occurred every year with the District Director and has remained at 2% with no request for an increase. After additional discussion, Commissioner Kresta requested the language in the contract be revised for clarification. Mr. Cordoba stated he will propose alternate language for Board approval.

This item was tabled.

12. Approval to increase Purchase Order to CBRE, Inc. in the amount of \$150,000.00 for a total amount of \$250,000.00.

Ms. Saathoff stated the Port previously approved and signed two purchase orders for appraisal services with CBRE and Bolton, Baer & White to appraise properties in the East End. Purchase orders of \$100,00 were authorized to each entity. Before Bolton was able to commence work, a situation occurred, and they were not able to perform their share of the appraisal work. CBRE was asked to pick up the balance of the work, therefore, their purchase order needs to be increased to reflect the additional work, and Bolton’s needs to be cancelled. Staff is requesting an increase to the CBRE purchase order in the amount of \$150,000. This amount will include additional professional services related to expert witness services and appraisals. Staff recommends approval. Commissioner Singhania asked if the services should be separated in order to document expenses for both services. Ms. Saathoff stated she would ask the Board to authorize an increase to CBRE’s current purchase order of \$90,000 and issue a separate purchase order to CBRE for the expert witness fees in the amount of \$60,000.

A motion was made by Commissioner Hoss to approve the increase with the financial split as requested by Commissioner Singhania. The motion was seconded by Commissioner Singhania and modified to state staff increase purchase order with CBRE to \$90,000 for appraisals and issue a second purchase order to CBRE for expert witness services as needed for \$60,000 and cancel the purchase order with Bolton, Baer & White for \$1000,000. All Commissioners present voted in favor of the motion.

13. Approval of a Purchase Contract for property located at 421 E. Broad Street.

Mr. Lowe stated this property owner has agreed to an offer sent to them through McFarland PLLC in the amount of \$50,232 for property located at 421 E. Broad Street in Freeport. Staff recommends approval of this purchase contract.

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

14. Discuss and consider granting authority to Executive Director/CEO Phyllis Saathoff to execute any and all documents necessary and required by Stewart Title for the purchase/exchange of the following properties:

230 E. 6th Street, Freeport, TX (East End Property) and 106 S. Avenue B, Freeport, TX (Avenue B Property)

510 E. Broad Street, Freeport, TX (East End Property) and 510 W. 1st Street, Freeport, TX (W. 1st Property)

Mr. Lowe stated the property owners at 230 E. 6th are interested in an exchange for property at 106 S. Avenue B. The current property has two structures on it however only one new house will be constructed at the new lot in the amount of \$160,000. Additionally, the owners are requesting \$2,500 for fence allowance. Staff recommends approval of this swap transaction.

A motion was made by Commissioner Hoss to approve the transaction and grant authority to CEO to execute all documents necessary. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

Mr. Lowe stated the property at 510 E. Broad Street is also an exchange. The current property includes a house and four lots. This transaction includes \$81,250 plus a lot owned by Port Freeport at 510 W. 1st Street. Staff recommends approval of this swap transaction.

A motion was made by Commissioner Croft to approve the transaction and grant authority to CEO to execute all documents necessary. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

15. Discussion regarding the state of the economy and impacts to the FY 2020 Budget, Cash Flow Forecast, Capital Project Financing and Debt Capacity.

Mr. Lowe started his update by stating the Port has had a fantastic first half which preceded the economic downturn, and the update today is intended to give information on what's going on with the Port and what is forecasted to end the fiscal year for 2020. Overall on the revenue side of things, staff projects revenue will come in just under than the original budget. Some areas with existing customers have had reductions in income but staff has worked to bring in new business, spot business and project business as well as existing customers who have expanded their activity so overall, revenues through September 30 with current information should be recently close to plan. For expenses, wages and benefits and depreciation make up about two thirds of the expenses. With the addition of business insurance, utilities and required service contracts that provide services critical to the Port, there isn't a lot of discretionary items. Staff has identified nearly a million dollars in expenses to remove from this year's plan vs. budget. Vacancies will remain open for the remainder of the fiscal year. The feasibility study will be postponed. Commercial events, technical training, sales promotions, advertising and general travel will also be postponed. The recently approved security enhancements will be an added expense and partially offset the identified savings. This will put the Port just under \$19.2 million in total operating expenses which is about \$800,000 less than the original budget. When combined with revenues (right now), staff projects the operating income would be \$16.7 million for FY 2020. This would be reinvested with the earnings rolled into supporting the infrastructure projects and the cash flow needs of the Port as we move forward over the next year. Commissioner Singhania inquired about the cost of the underwater berth inspection. Mr. Lowe stated this budget item is \$150,000 however the Port does not have the settlement at this time to know where it will actually come in. Moving on to projected cash flow, Mr. Lowe stated the total cash and investments shows \$192 million and noted this number includes the bond offerings from 2019. The port received \$35 million worth of proceeds from the GO Bond in June and an additional \$80 million worth of proceeds from revenue

bonds (Series A&B) issued in December. The \$16.6M debt service reserves required that are restricted to the balance sheet and the separate cash flow statement for the FHCIP as well as remnant from the 2018 revenue bond funds are removed from this analysis, which then starts the funds available for projects at \$138.8 million. Mr. Lowe noted his projections are through January 2021 because that is when he foresees having to go back to the marketplace for the next revenue bond issuance. For the remainder of this fiscal year and into the beginning of next fiscal year through January 2021, the Port will continue to receive portions of the M&O tax receipts along with Operating income before depreciation, then current debt service payments of \$13.5 million and \$112 million worth of projects payments which include levee stabilization, Berth 8, Parcel 14 and other items behind Berth 8. This puts the Port at \$25.7 million January 31, 2021. He also noted there are approximately \$18 million in project payments scheduled in February. The current cash flow projections would require an additional \$40-\$45 million in revenue bond issuances. Following this projection, Mr. Lowe shows the schedule following the remaining M&O taxes, operating income before depreciation and the projects payments. Mr. Lowe noted the payments are significantly less than in prior years with the largest item being the pilings which are scheduled to come in over 2-3 shipments and call for large payments up front. Ultimately, adding the regular operating income will leave \$26.8 million at the end of FY 2022. Commissioner Hoss expressed his concerns on the economic storm about to hit, projected numbers for unemployment rates, the Port's cash flow coming, and as a Commissioner, it is one of his duties to be looking out after the taxpayer and the organization and feels a discussion is needed on where the Port is going, especially over the next 18 months. Ms. Saathoff stated the purpose of the presentation is to discuss where the Port is at right now, what staff is forecasting through the balance of the fiscal year, where cuts can be made in costs, to give an update on current cash flows and when the timing of next bond issue will be necessary. Staff faces a lot of work in the coming months to continue to monitor and understand what's happening in the economy, and as the budgeting process moves forward and the final appraised values are received from the appraisal district, further discussion regarding the tax rate and valuations will be needed. Additionally, further conversations will be needed about what the state legislature did to local taxing entities in their ability to adjust their tax rates. Staff is monitoring and will be providing more information to better summarize what happened with Senate Bill 2 that was passed by the legislature, so everyone understands what is taking a place and rushed decisions are not made. Commissioner Hoss agrees but feels if staff waits until July to see what happens, we could be in serious trouble by then cash flow wise and as responsible elected officials, should be taking a strong look at the appraisal situation. Ms. Saathoff inquired if the Board would be interested in adopting a resolution, that is sent to the Governor, encouraging his consideration in light of what's happening, and freeze property values on the prior rolls at the 2019 appraised evaluations. The Commission agreed to draft a resolution and after discussing further, agreed to hold a special meeting to approve the resolution Tuesday, May 19 at 1:00 p.m. With regard to the FHCIP cash flow, Mr. Lowe references a table to show the Port's portion and the Corps portion. The Port received \$35 million in bonds June 2019 with the Port's portion of the 2020 and 2021 project totals coming in just under at \$34.9 million. Staff feels confident there is enough bond coverage for the next two years and would manage 2022-2024 capital needs in conjunction with Masterson Advisors, and M&O tax rate, then go back to the market for the additional bond offering of \$83.4 million over the course of three years, in a manner that allows the Port to maintain its commitment on the tax rate. Finally, Mr. Lowe discussed the revenue bonds debt projections showing \$15 million worth of operating income. The coverages levels indicate what the level is for the outstanding senior liens but with the capital lease, it brings it to 1.71. Mr. Lowe had the Masterson team model it with an additional \$1 million decrease and \$2 million decrease. Historically, the Port has tried to remain above 1.50 for better ratings and

more favorable interest in the market. Even at \$12 million, the Port remains at 1.53. He added there is always flexibility and what the exact needs will be, but this gives an idea what the Port's borrowing ability should be based on current economic conditions. Staff will continue to monitor but with the information today, the Port still has ample ability to borrow \$45 million next January when the model indicate and would be based on operating income results of the FY 2020 and 2019. Mr. Masterson spoke to the current rates regarding bonds stating that based on secondary market trades, expect rates to be in the low 4s.

16. 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 regarding legal matters arising out of Reimbursement Agreement between Port Freeport, Brazoria County and Fort Bend County.
 - 2. Consultation with attorney and discussion regarding Special District Local Laws Code Title 5 Transportation, Subtitle A Navigation District and Port Authorities, Chapter 5002 Subchapter A.
- 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 are known as the East End of Freeport and bordered by or adjacent to the following streets: FM1495; 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 6, 7, 14 and 30.
- 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. Discussion regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Director/CEO.

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

18. Approval of budget increase for 24/7 Communications Center coverage and additional security at Gate 4.

Mr. Hogan stated that staff is requesting a budget adjustment to the current FY 2020 budget through the end of September 30, 2020. Adjustments include \$14,000 to add 16 hours of coverage per week on the weekends in the EOC Communications Center and \$19,000 to add an additional security officer at Gate 4 during the day, Monday-Friday. Moving into FY 2021, the impact to the budget would be an additional \$37,000 for the EOC Comm Center and \$46,000 for Gate 4. After a lengthy discussion clarifying numbers, staff recommended approval of the budget increase.

A motion was made by Commissioner Hoss to approve the budget increase as staff recommends. The motion was seconded by Commissioner Singhania with all Commissioners present voting in favor of the motion.

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

This item was tabled.

At this time, Ms. Saathoff noted that Mr. Hull was able to get a revised CenterPoint document with the revised reverter language included, as requested by the Board. The new language states the following, *“In the event Grantee ceases to use the Easement Area herein granted for the purposes stated herein and the Easement Area remains unused or deenergized for an uninterrupted period of not less than twenty-four (24) consecutive months, then upon Grantee’s receipt of Grantor’s written request by Grantor, the Grantee agrees to seek the approval of a Public Utility Commission of Texas, hereinafter referred to as” PUCT”, and the Electric Reliability Council of Texas, hereinafter referred to as “ERCOT”, to cease use of the Facilities. Upon Grantee’s receipt of all necessary documented approvals from the PUCT, ERCOT, and any other necessary local, state and federal agencies, Grantee agrees to remove its Facilities located therein and release its rights to said Easement Area and terminate this easement in a written instrument and file said written instrument of public record.”*

20. Adjourn.

With no further business before the Commission, the meeting adjourned at _____ PM.

Shane Pirtle, Chairman

Paul Kresta, Vice Chairman

Rudy Santos, Secretary

John Hoss, Asst. Secretary

Ravi K. Singhania, Commissioner

Dan Croft, Commissioner

Minutes of Meeting
May 19, 2020
Via Video/Teleconference

Notice is hereby given that in accordance with the order the Office of the Governor issued March 16, 2020, and due to imminent threat to public health and safety and urgent public necessity the Port Freeport Port Commission will conduct a meeting on Tuesday, May 19, 2020 at 1:00 p.m. in the Administration Building, 1100 Cherry Street, Freeport, Texas in part by video/teleconference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19).

Please join the meeting from a computer, tablet or smartphone.

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All participants will be muted until the meeting begins.

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Commissioners present via teleconference:

Mr. Shane Pirtle, Chairman
Mr. Paul Kresta, Vice Chairman
Mr. Rudy Santos, Secretary
Mr. John Hoss, Asst. Secretary
Mr. Ravi K. Singhania, Commissioner
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
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager
Ms. Lauren McCormick, Public Affairs Manager
Ms. Marilyn Miller, Public Affairs Assistant

Also, present via teleconference:

Mr. Quentin Stubbs, NOAA
Mr. Joe Smith

Commissioner Pirtle stated the following information...

Today's date is May 19, 2020, and the time is 1:00 p.m. This is a special meeting of the Commissioners of Port Freeport. I am Shane Pirtle, Port Commission Chairman. We are conducting this meeting by video/telephone conference pursuant to Governor Abbott's order suspending certain provisions of the Texas Open Meetings Act in order to minimize the impact of the coronavirus outbreak. This meeting is being recorded as required by the Texas Open Meetings Act. Following today's meeting written minutes and this recording will be made available to the public.

With the posting of today's meeting a toll-free call in number was indicated on the agenda, along with the agenda packet. Both may be found on the Port's website www.portfreeport.com. Additionally, as posted on the agenda, the public may join the meeting from a computer, tablet or smartphone. You may also dial the toll-free call in number using your phone.

In the event any member of the public is having any technical difficulty during the meeting, please call (979) 233-2667, press zero and someone will do the best they can to assist you. Please state you need technical assistance regarding the Port Commission Video/Teleconference Meeting.

Being considerate of all participants on this call today, we respectfully request everyone "mute" their devices unless you are speaking. This will prevent unintended disruptions from background noises.

As required by law and as a commitment to transparency we continue to include a public comment section with our meeting. If you would like to participate in the public comment section of our meeting the general guidelines and rules still apply. Those guidelines being:

- Each individual will be permitted to speak for five (5) minutes.
- Members of the public will only be permitted to speak during the posted public comment section.
- Members of the public will not be permitted to participate during agenda items.
- Commissioners cannot engage in discussion with members of the public during public comment.

A roll call will be taken to record the Commissioners, staff and legal counsel in attendance. The Commissioners, staff and legal counsel will announce their name before they speak each time. After each item on the agenda is introduced, I will call upon each commissioner individually for questions or comments and for their vote on each motion at the appropriate time.

Should a participating commissioner be temporarily disconnected, the meeting will be paused to allow time for the commissioner to rejoin the teleconference meeting.

We will proceed with the agenda now.

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Roll Call – Commissioner Pirtle noted all Commissioners, including himself were present online with the exception of Commissioner Hoss, who joined the meeting late. Ms. Saathoff noted that present in the board room with her were Al Durel - Director of Operation, Rob Lowe - CFO, Missy Bevers - Executive Assistant and Brandon Robertson - Network Systems Manager.
3. Public Comment - There were no public comments.

4. Discuss and consider a resolution regarding the 2020 appraised values.

Commissioner Pirtle read aloud the following from the proposed resolution...

***WHEREAS**, based on the foregoing, the Port supports any and all emergency action and relief the Governor may take to either provide additional exemptions to property owners, freezing the appraised value to those values issued in 2019 plus all new 2020 values added and/or any other additional action to provide real property tax relief to all Texans.*

***NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF PORT FREEPORT:** that the Port acknowledges and recognizes the leadership the Governor has displayed in saving and protecting the lives and livelihoods of Texans during this unprecedented time; and*

***BE IT FURTHER RESOLVED BY THE PORT COMMISSION OF PORT FREEPORT:** that the Port supports the Governor in future actions that will save and protect the lives and livelihoods of Texans, including any and all emergency action and relief the Governor may take to either provide additional exemptions to property owners, freezing the appraised value to those values issued in 2019 plus all new 2020 values added and/or any other additional action to provide real property tax relief to all Texans.*

Ms. Saathoff suggested the board consider revising the wording of the resolution to further clarify to state “freezing the appraised value to those values issued in 2019 *plus all new investments added*” instead of plus all new 2020 values added.

A motion was made by Commissioner Singhania to adopt the resolution with the modified language and send same to Brazoria County elected officials as well as state legislators. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

5. Approval of an extension to the Security Services Agreement with Sunstates Security, LLC for a term of two years through May 31, 2022.

Commissioner Pirtle stated this agreement was discussed at the previous board meeting. Staff was asked to revise the language in item 4.C.i. of the agreement for clarification. That change has been made and the agreement is ready for approval.

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

6. Adjourn.

With no further business before the Commission, the meeting adjourned at 1:18 PM.

Shane Pirtle, Chairman

Paul Kresta, Vice Chairman

Rudy Santos, Secretary

John Hoss, Asst. Secretary

Ravi K. Singhania, Commissioner

Dan Croft, Commissioner



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MEMORANDUM

TO: Commissioners
Directors
Legal Counsel

FROM: Rob Lowe
Mary Campus

DATE: May 13, 2020

SUBJECT: Liability Insurance

The Port's liability insurance and excess liability policies will expire 7/1/2020. The Port's broker, Arthur J Gallagher, marketed the policies and has prepared an analysis of these proposals. The market was challenging and there are some changes in the major carriers. The end result is a total premium increase of 3.82% or \$5,819 compared to the prior year.

Auto	\$ 26,829
Marine General Liability	\$ 23,000
Maritime Employers Liability	\$ 3,000
Bumbershoot	\$ 42,600
Public Officials Liability	\$ 59,151
Hull & Machinery	\$ 3,345
Total Premium	\$ 158,475

It is staff's recommendation that you authorize Arthur J Gallagher to place the policies as recommended.

PORT COMMISSION

SHANE PIRTLE, CHAIRMAN; PAUL KRESTA, VICE CHAIRMAN; RUDY SANTOS, SECRETARY; JOHN HOSS, ASST. SECRETARY;
RAVI K. SINGHANIA, COMMISSIONER; DAN CROFT, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

RESOLUTION APPROVING SALE OF PROPERTY HELD IN TRUST

At a regular meeting of the Port Commission of Port Freeport held at the office of Port Freeport at 1100 Cherry Street, Freeport, Texas, on the 11th day of June, 2020, among other business came on to be considered the following resolution, which, upon motion duly made and seconded, was adopted by vote of all Commissioners present:

FINDINGS

1. Due and proper notice of the date, time, place and purpose of this meeting has been duly given in accordance with the provisions of the Texas Open Meetings Act, and such meeting has been conducted in accordance with said Open Meetings Act.

2. The County of Brazoria, State of Texas, has heretofore instituted tax suits and has been awarded tax judgments relative to the hereinafter described tracts and parcels of land, where, in each instance, as a result of delinquent tax sales, the high bid was less than the amount of taxes owing on each respective parcel. Each such parcel was bid off to Brazoria County for the amount of judgment against each respective parcel and each such parcel of property is held in trust due to delinquent tax foreclosure.

3. The Property Resale Committee of Brazoria County has advertised for, received, and opened sealed bids on each said parcel of property held in trust and determined that in each instance, the high bid is less than the amount of taxes owing on each respective parcel. The account number, legal description, entity holding in trust, appraised value, opening bid and amount bid for each respective parcel, are described in Exhibit "A" attached hereto.

4. The Property Resale Committee of Brazoria County has requested that Port Freeport approve the sale amount of each respective item of property as described in Exhibit "A" attached hereto, in accordance with Section 34.05 of the Property Tax Code of the State of Texas, and that Port Freeport join in the conveyances to respective high bidders to evidence Port Freeport's consent to each such sale.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED that Port Freeport hereby consents to the acceptance of the high bid as to each respective parcel as described in Exhibit "A" attached hereto and the conveyance of each respective parcel to each respective high bidder; and that Port Freeport accept its pro rata share of the proceeds; and

BE IT FURTHER RESOLVED, that the Chairman of the Port Commission be, and he is hereby authorized to join in the conveyance to each respective high bidder of each respective parcel to evidence Port Freeport's consent to each respective sale for less than the amount of taxes owing.

