

AGENDA

**Port Freeport
Port Commission
Regular Meeting
Thursday, October 13, 2022, 1:00 pm - 5:00 pm
In Person & Videoconference - Administration Building - 1100 Cherry Street - Freeport**

This meeting agenda with the agenda packet is posted online at www.portfreeport.com

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." A quorum of the Port Commission, including the presiding officer, will be present at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas. The public will be permitted to attend the meeting in person or by videoconference.

The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/84688874690?pwd=U2w1RnhSbG83QnB2Uk1aS3JDMC9hZz09>

Meeting ID: 846 8887 4690

Passcode: 349276

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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. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call.
5. Safety Briefing.
6. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.
7. Public Comment. (Public comment on any matter not on this Agenda will be limited to 5 minutes per participant and can be completed in person or by videoconference.)
8. Public Testimony. (Public testimony on any item on this Agenda will be limited to 3 minutes per agenda item to be addressed per participant and can be completed in person or by videoconference. The participant shall identify in advance the specific agenda item or items to be addressed.)
9. Approval of minutes from the Regular Meeting held September 22, 2022.
10. Receive presentation from NOAA regarding the Freeport PORTS System.
11. 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.
12. Discuss and consider rules and procedures for conducting Port Commission meetings.
13. Discussion on term limits, possibly two consecutive terms, for Port Commissioners; and approve necessary actions to implement.
14. 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 under Government Code Section 551.071(1) (to seek or receive attorney's advice on pending or contemplated litigation).
 - 2. Consultation with attorney under Government Code Section 551.071(2) (to seek or receive attorney's advice on legal matters that are not related to litigation).
- B. Under authority of Section 551.087 (Economic Development Negotiations or Incentives):
 - 1. To discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.
 - 2. To deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).
- C. Under authority of Section 551.072 (Deliberation of Real Property Matters) 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 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
 - 3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 12, 13, 14, 19, 27, 34 and property on Quintana Island.
- 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, Chief Financial Officer, Director of Operations, Director of Engineering, Director of Protective Services, Director of Economic Development and Director of Business & Economic Development.
- 15. RECONVENE OPEN SESSION to review and consider the following:
- 16. Approval of request from the City of Freeport for a Sanitary Sewer Easement occupying 3.815 acres of property across Parcels 12 and 13, leading from the U.S. Department of Energy Strategic Petroleum Reserve to the City of Freeport Sewer Treatment Facility.
- 17. Discussion regarding a Phase I proposal from Paul Bridges & Associates.
- 18. 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

Minutes of Port Commission Regular Meeting

September 22, 2022

In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held September 22, 2022, beginning at 1:03 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

This meeting agenda with the agenda packet is posted online at www.portfreeport.com

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." A quorum of the Port Commission, including the presiding officer, will be present at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas. The public will be permitted to attend the meeting in person or by videoconference.

Join Zoom Meeting

<https://us02web.zoom.us/j/89170314899?pwd=V0grSTBEUIFJNmXmY0tXY0g4K3AwZz09>

Meeting ID: 891 7031 4899

Passcode: 388521

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+1 346 248 7799 US (Houston)

Meeting ID: 891 7031 4899

Find your local number: <https://us02web.zoom.us/u/kPddxjtPF>

Commissioners present in person:

Mr. John Hoss, Chairman
Mr. Rudy Santos, Vice Chairman
Mr. Dan Croft, Secretary
Mr. Rob Giesecke, Asst. Secretary
Mr. Ravi Singhania, Commissioner
Mr. Shane Pirtle, Commissioner

Staff Members Present:

Mr. Grady Randle, 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 & Freight Mobility
Mr. Jason Hull, Director of Engineering
Mr. Jason Miura, Director of Business & Economic Development
Mr. Chris Hogan, Director of Protective Services
Mr. Brandon Robertson, Network Systems Manager
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Jesse Hibbetts, Operations Manager
Mr. Austin Seth, Operations Supervisor
Mr. Nick Malambri, Engineering Specialist
Ms. Tricia Vela, Public Affairs Assistant
Ms. Christine Lewis, Safety Coordinator

Also, present:

Mr. Peter Nemeth, Crain, Caton & James
Mr. Sam Gregson, Cummings Westlake
Mr. Chris Moore, Texas Port Ministry
Ms. Megan Mikutis, Randle Law Office
Mr. Rick Stephanow, Gulf LNG Services
Ms. Barbara Fratila
Ms. Melanie Oldham

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Chris Moore, Texas Port Ministry.
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Hoss noted that all Commissioners were present in the Board Room.
5. Safety Briefing – Ms. Christine Lewis provided a safety moment regarding mental health awareness and suicide prevention.
6. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.

There were no conflicts noted from Commissioners.

7. Public Comment – There were no public comments.
8. Public Testimony – There was no public testimony.
9. Approval of minutes from the Regular Meetings held August 25, 2022, and September 8, 2022.

Commissioner Singhania stated that he still has some minor changes for the August 25 meetings under the Strategic Planning Advisory Committee which he will provide but went on to read some modifications from the minutes... *He also noted that the extra length associated with Reach 1 (Port's share) would be minimal, assuming the settling difference would not be much different. The committee discussed 51 ft. vs. 56 ft. and where the Port would have been cost wise if the project had been delayed, it would have cost the Port more then and it would have required to start a new permit, etc. The Port has a channel that can be used in the future without recurring cost. The committee received an update on Sabine to Galveston project and Ike Dike project and what the impact to the Port will be. There will be none from the Ike Dike. Discussion also took place regarding the Inflation Reduction Act with Commissioner Singhania noting there is \$1.3 billion. Commissioner Singhania noted this should be \$3.1 billion. Commissioner Singhania also noted some changes for the Personnel Advisory Committee beginning with the line "an inflation adjustment for employees in the form of a one-time lump sum payment," adding that the committee*

discussed during budget time and depending on CPI, the committee would make an adjustment to 2022 increase. Commissioner Giesecke also noted a minor edit on the Strategic Planning Advisory Committee minutes stating that on the line stating, *“With regard to the FHCIP, Commissioner Giesecke clarified that the 50% Port share would be for the excess sedimentation”*, he was simply repeating what Mr. Hull has told the committee and was not making that statement himself.

A motion was made by Commissioner Singhania to approve the August 25, 2022, minutes with the modifications. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

A motion was made by Commissioner Santos to approve the September 8, 2022, as presented by staff. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

10. Receive reports from Executive 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.

A. Executive Director/CEO

Ms. Saathoff reported attending the Port Authority Advisory Committee (PAAC) meeting September 13 stating a new chairman (Chris Fisher-Port of Beaumont) was elected, therefore Ms. Saathoff is now the immediate past chair of the committee. The committee reviewed and approved the 2024-25 Port Mission Plan which is a biennial report regarding ports and includes what's needed channel wise, what projects are underway, what the funding requirements are, what the capital needs are inside the ports, and capital needs with regard to access to the ports. It also includes discussion about the Gulf Coast Intercoastal Waterway. The report has been approved by the PAAC and will now move to the Transportation Commission for presentation before being distributed to the Governor's office, Lt. Governor, Speaker of the House and legislature. Once the document is published, staff will share the link. Ms. Saathoff also attended the Texas Ports Association (TPA) meeting the same day, also relinquishing her role as TPA President. The Association finished discussions on the legislative priorities for Texas Ports collectively. Once the legislation is finalized, staff will share them with the Commission and discuss whether or not Port Freeport will support them. Other priorities will be advocating for funding of the Port Capital Program and the Ship Channel Improvement Revolving Fund both of which were created by the previous legislatures to provide an avenue for state funding for ports. Ms. Saathoff attended the Automotive Logistics Conference with Mr. Miura in Detroit. She also spoke at the Fort Bend County Infrastructure Conference earlier in the day. She also reported the Executive Governance meeting with the U.S. Army Corps of Engineers and Col. Blackmon is set for October 21 in Galveston. Ms. Saathoff reported on preparations for the upcoming golf tournament stating the Port currently has 69 sponsors with all flights sold out for a total of 39 teams and just over \$90,000 received in sponsorships and after event expenses expects to net an amount close to last year to benefit Texas Port Ministry. She expressed gratitude to the sponsors, volunteers and staff. The tournament will be held October 17. Commissioner Singhania inquired about the railroad contract negotiations. Ms. Saathoff stated that negotiations seem to have found some common ground, noting that it's probably not what either side wanted but have found something they can move forward with. Ms. Saathoff

feels there is still some nervousness in the market and until the contract is signed, things could change and if they decide it's not going to work, it could be very disruptive for the movement of goods and very detrimental for the United States. The disruption could be catastrophic if there was a strike. Ms. Saathoff further stated that staff has received inquiries about the Port's capabilities to handle more by short sea (cargo coming out of Mexico) should the need occur. Additionally, the Port is seeing an increase of autos coming out of Mexico by short sea vs. coming to the U.S. by rail which will increase the number of vehicles handled by the Port this calendar year and utilization of property at Quintana. Staff has notified the Village of Quintana, Brazoria County and Freeport LNG that the Port will have car haulers moving vehicles for storage to the property on Quintana. Staff will continue to follow negotiations.

At this time, Commissioner Hoss introduced the Port's new General Counsel, Grady Randle with Randle Law Office. Ms. Megan Mikutis with Randle Law Office also joined the meeting virtually.

B. Chief Financial Officer

Mr. Lowe gave a presentation regarding the financial results for the month of August.

C. Director of Engineering

Mr. Hull shared a current photo of the progress at Berth 8 as well as the dry excavation project which will take about 200 days (March 22). Mr. Hull noted that CenterPoint will need to relocate the power lines to the easement granted to them by the Port.

Commissioner Singhania inquired about demolition of the East End properties and whether or not it was complete. Mr. Hull stated there is still another week left with demolition unless more properties are added. With regard to the FHCIP, Ms. Saathoff reported that the Corps will not put out advertisement for bids until late December therefore construction will begin later than anticipated.

D. Director of Operations

Jesse Hibbetts reported on highlights from the written report stating that vessel count for August was down to 18 for the month vs. 44 in 2021. Excluding Freeport LNG, tonnage was up 11% compared to August last year. Year to date, the Port has handled 433 vessels compared to 491 last year. Looking toward September, GM will be sending short sea cargo out of Mexico. Mr. Hibbetts also reported that Ms. Lewis has been working with tenants to conduct a safety walkabout September 27. With regard to security, the USCG conducted their annual inspection of compliance with no discrepancies found. Mr. Hibbetts also shared pictures of the barges that recently called the Port from Jacinto Port. Additionally, Riviana recently imported 20,000 metric tons of jasmine rice in totes or super sacks from Thailand.

E. Director of Business & Economic Development

Mr. Miura reported on upcoming events stating the Indo-American Chamber Gala will be held September 24 and the Breakbulk Convention will be held September 27-29 in Houston with the Port hosting a customer appreciation reception September 28. The Union Pacific Shortline Railroad & Ports Conference will be held in October. Staff continues to strive towards achievement of the Port strategic goals and business that aligns accordingly. Ms. Saathoff noted that a more detailed report is forthcoming with regard to staff's participation at the Automotive Logistics Conference

11. Receive report from Commissioners on matters related to Port Commission related meetings or conferences, Port presentations and other Port related matters.
 - A. September 22 Finance Advisory Committee – Commissioner Croft reported the committee discussed proposed Tariff changes and modifications to the Freeport LNG Tax Abatement, both of which are on the agenda for approval.
 - B. Port Commission related meetings or conferences, Port presentations and other Port related matters.

Commissioner Pirtle reported attending the Brazoria Chamber Banquet along with Commissioners Singhanian, Croft and Giesecke and Ms. Saathoff, participated virtually on the EM Partners meeting, attended the Port CAP meeting, JA Business Hall of Fame and attended the beam raising at the new addition to the courthouse.

Commissioner Croft also reported attending Sweeny Rotary.

Commissioner Singhanian reported attending the Business Roundtable where Dow CEO spoke on the increase in small safety incidents following COVID while big incidents remaining extremely low. He also spoke on the future challenges with natural gas prices going up, customers being more cautious about products and the willingness to pay even with the higher ESG. He also attended the Joint CAP Meeting, the Chamber Breakfast and the Chamber Legislative meeting where Judge Sebesta spoke on the growth happening.

Commissioner Giesecke reported attending the BayTran luncheon in addition to other events previously mentioned by other Commissioners.

12. Approval of financial reports presented for the period ending August 31, 2022.

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

13. Approval of a modification to the Tax Abatement Agreement between Port Freeport and Freeport LNG Development, LP and FLNG Liquefaction 4, LLC.

Mr. Lowe introduced Sam Gregson with Cummings Westlake who was present in the Board Room representing Freeport LNG. Mr. Lowe stated that Freeport LNG Development, LP and FLNG Liquefaction 4, LLC submitted a request to modify the tax abatement agreement for Train 4. Freeport LNG estimated construction of Train 4 would begin in 2022 however, due to commercialization issues, they now anticipate beginning construction in 2024. As such, the agreement would be modified to begin in 2025 as opposed to the current 2023 start date. Brazoria County approved this modification August 9, 2022. Mr. Lowe noted that Freeport LNG acknowledged in their letter to the Port that there is a chance they would begin construction in 2023 if commercialization advanced. Freeport LNG and Mr. Gregson feel it is a higher probability that it will begin in 2024 but should construction begin in 2023, Freeport LNG has acknowledged, as per the Port guidelines, the abatement would need to begin January 1, 2024. All other terms remain the same. Mr. Lowe clarified the request is to

move the start date from January 1, 2023 (which was previously approved) to a start date of January 1, 2025. Staff recommends approval.

A motion was made by Commissioner Singhania to approve the modification as recommended by staff. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

14. Approval of proposed adjustments to Port Freeport Tariff No. 005.

Mr. Miura stated that staff met with the Finance Advisory Committee and recommended a 5% General Rate Adjustment to Port Freeport Tariff No. 005, with some rates being adjusted on a case-by-case basis to be effective October 1, 2022. Port Freeport's last general rate adjustment was also 5% and took effect October 1, 2021. The change in consumer price index from October 2021 to June 2022 was 8.23%. Staff realizes the change in consumer price index is greater than the proposed adjustment yet is cognizant that back-to-back years of a 5% tariff increase is not a circumstance Port customers are accustomed to. Staff recommends adopting a three-year period wherein total tariff adjustments do not lag far behind the total change in consumer price index for the same period. The approach was supported by the Finance Advisory Committee. Staff met with Port partners, tenants and users September 9 to receive comments and answer questions about the proposed adjustment. There was no feedback received. Staff recommends a 5% general rate adjustment to the Port Freeport Tariff No. 005 with some rates adjusted on a case-by-case basis to be effective October 1, 2022. Mr. Miura also provided a spreadsheet outlining the rate adjustments as well as a redline and clean version of the tariff.

Commissioner Singhania clarified staff's recommendation of not wanting to fall too far behind the CPI stating that with this year's CPI being around 8.25% staff is only requesting a 5% increase. Assuming next year's CPI ends up only being 3%, staff's intention would be to play catch up and asked for a little more. Mr. Miura confirmed the intention adding that this was discussed at length and felt it was best for Port customers to not to hit them with a big increase all at once.

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

15. Approval of an Inter-Agency Cooperation Contract with Texas A&M University-Corpus Christi for maintenance of the NOAA PORTS System.

Mr. Hull stated that this is an inter-agency agreement to maintain the NOAA PORTS System. The agreement provides that Texas A&M University – Corpus Christi will come out twice a year to clean barnacles, oysters and growth off the sensors in the water. Every two years they will replace the sensors and perform any programming upgrades needed. This agreement is consistent with the agreement previously signed with NOAA. Legal counsel has reviewed, and staff recommends approval. Ms. Saathoff added that the Port previously entered into an agreement with Freeport LNG whereby FLNG paid for the cost and installation of the NOAA System and advanced the first two years of maintenance. The Port agreed to pay for the ongoing maintenance of the system thereafter. She added that the system is very important for the safe navigation and efficiency in the channel with the Brazos Pilots using the information received in the system to determine the safety of bringing vessels in with the

changing currents at the mouth of the Jetties. Mr. Hull added that the estimated cost of maintenance is \$50,000/year.

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

16. Approval of an extension to the Memorandum of Understanding between Port Freeport and Panama Canal Authority.

Ms. Saathoff stated that in September 2011, the Port entered into a Memorandum of Understanding with the Panama Canal Authority to promote business between the Panama Canal and Port Freeport. With the Port constructing a container terminal and the Panama Canal expanding at the time, both parties had a mutual interest to promote business into the Gulf and through the Canal. The Panama Canal has not only been important to the Port in creating connectivity and efficiency but equally important to the Freeport LNG market. This will be the second extension to this agreement for an additional five years and will continue to promote the Port's relationship and partnership with Panama in moving business through the Canal into the Gulf of Mexico and into Port Freeport. This agreement does not cost anything and continues to promote opportunities for the NEO-Panamax vessels between the parties.

A motion was made by Commissioner Singhania to approve the extension of the Memorandum of Understanding between Port Freeport and Panama Canal Authority. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

17. Discuss and consider sponsorship for a Recycled Plastic Playground Project at Surfside Beach Jetty Park.

Ms. Saathoff stated that the Port was asked to participate in a community project to replace the playground equipment at Surfside Beach Jetty Park. The Surfside Jetty Park was a recreational feature and part of the 45-ft project that deepened the channel to its current depth and widened the jetties allowing the Port to bring in larger ships and have space for growth in the channel. Staff believes this park should continue to have features that are in good repair and available for the public of Brazoria County and visitors. The Port still owns the land and the park but entered into an agreement with Brazoria County to operate and maintain the park. Staff recommends Port Freeport participate in the replacement of the playground equipment at a Tier 1 level of \$15,000. Ms. Saathoff stated the choice of equipment to be installed is approximately \$200,000 and is made with recycled plastic. The Brazoria County Petrochemical Council (BCPC) is leading this effort and has invited the Port and other industry partners to participate. The Port is a member of the BCPC. Commissioner Singhania commented that when the Port became a member of the BCPC, he noted then that the Port would not give donations since it is tax supported. The Port has two projects they put on every year, the Golf Tournament that supports Texas Port Ministry and the Take-Child Fishing Tournament, both supported by sponsorships. As much as he feels this is a good project, he still has heartburn from this prospective. Ms. Saathoff added that this is still the Port's park and equipment and felt it was different in that it's a reinvestment into something that was previously established and made available by the Port. Commissioner Pirtle commented that he felt it was beneficial from an environmental perspective in using recycled

plastics and the Port taking care of a local entity that is user friendly for everyone. Beyond donating the land, Commissioner Giesecke inquired if the Port has made any promises for maintenance or upkeep to the park. Ms. Saathoff stated that Port has not, and the maintenance and operation was turned over to the County. Commissioner Hoss inquired about the history of the Port's contribution to the park. Ms. Saathoff stated that in trying to get the 45-ft project approved, the new start designation and funding, a recreational feature was added to the project which was to be 100% non-federal sponsored. The Surfside Beach Jetty Park was agreed upon, constructed and delivered as part of the overall channel project. Commissioner Hoss asked if this area is also where the Fort Velasco replica was recently constructed. Ms. Saathoff stated it was next to it adding that the parking lot and restroom facilities adjacent to the beach (that connect to the Jetties) is the Surfside Beach Jetty Park. Commissioner Giesecke commented that he can see the benefit the plastic industry gets from making equipment from recycled plastic product but isn't sure what role the Port plays stating that if it's just spending taxpayer money on good things, where do you draw the line. There's plenty of good projects the Port could support, but he is not willing to go down that path as long as the Port is levying a tax adding it were self-sufficient, there are all sorts of things we could do. Commissioner Pirtle stated that while he understands, but you keep saying taxpayer money, it is a fraction of what the Port is doing right now. We try to separate those projects out with everything we're doing with taxpayer money is covered somewhere else. Commissioner Hoss stated that he gets asked all the time what the Port is doing for the community and where is it. If we have a park and support it, here is something we are doing for the community and if we're using recycled plastics in it, that is environmentally correct. While he understands Commissioner Singhania and Giesecke's point of view, he sees this as a good thing for the community and that is the Port is engaged. Commissioner Santos agreed, stating that the Port needs to support the community. The Port is supposed to be community to community, brother to brother, shoulder to shoulder and here the Port is, an economic engine looking at playground equipment that someone's grandchildren might play on, and you can say see we helped build that and that ship coming in is part of what happens here. He went on to state that he likes that idea and would also like to see this happen with the city someday to build them a park somewhere.

A motion was made by Commissioner Santos to support the playground venture with a Tier 1 contribution of \$15,000. The motion was seconded by Commissioner Croft with four Commissioners voting in favor of the motion and Commissioners Singhania and Giesecke voting no. The motion passed.

18. Discuss and consider rules and procedures for conducting Port Commission meetings.

This item was tabled.

19. Discussion on term limits, possibly two consecutive terms, for Port Commissioners; and approve necessary actions to implement.

This item was tabled.

20. 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 under Government Code Section 551.071(1) (to seek or receive attorney's advice on pending or contemplated litigation).
 2. Consultation with attorney under Government Code Section 551.071(2) (to seek or receive attorney's advice on legal matters that are not related to litigation).
- B. Under authority of Section 551.087 (Economic Development Negotiations or Incentives):
1. To discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.
 2. To deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).
- C. 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 14, 19, 27, 34 and property on Quintana Island.
- 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 Port Director/CEO, Chief Financial Officer, Director of Operations, Director of Engineering, Director of Protective Services, Director of Economic Development and Director of Business & Economic Development.

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

22. Consideration and possible approval of a Resolution authorizing the Ground lease Agreement between Port Freeport and PRP KDC Freeport Development, LLC and related agreements, including a Permitted Mortgagee Recognition Agreement, a Sublease Non-Disturbance Agreement, an Indemnity Agreement (Financing Related Documents), an Agreement for Liquidate Damages, a Ground Lease Estoppel and a Memorandum of Lease.

Mr. Miura stated that staff recommends approval of a Resolution authorizing a Ground Lease Agreement between Port Freeport and PRP-KDC Freeport Development, LLC and the related agreements listed in the agenda item. PRP-KDC Freeport Development, LLC is a joint venture between KDC Real Estate Development and Investments and PRP Real Estate Management. The joint venture will develop an OEM processing storage and distribution facility. The facility will be located on approximately 120 acres of Port Freeport's Parcel 14

and a tax abatement application submitted for the project details an investment of \$114,490,000 with a total of 113 jobs planned and an estimated 260-300 total direct and indirect job created as a result of the project. The 31-year lease agreement has been structured similarly to the Port's other lease agreements. Furthermore, this agreement will not be fully executed upon approval of the resolution today but is expected to be countersigned next week. Staff recommends approval of the resolution as presented. Mr. Nemeth confirmed that this resolution covers the documents listed and described as transaction documents including the following:

- (a) Ground Lease Agreement;
- (b) Memorandum of Ground Lease;
- (c) Sublease Non-Disturbance Agreement;
- (d) Permitted Mortgagee Consent and Recognition Agreement;
- (e) Indemnity Agreement;
- (f) Agreement for Liquidated Damages; and
- (g) Landlord Estoppel

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

23. Consideration and possible approval of a Commission Agreement between Port Freeport and Jones Lang Lasalle Brokerage, LLC related to the proposed Ground Lease Agreement between Port Freeport and PRP KDC Freeport Development, LLC.

Mr. Miura stated that staff recommends approval of a Commission Agreement between Port Freeport and Jones Lang Lasalle Brokerage, LLC related to the proposed Ground Lease Agreement between Port Freeport and PRP KDC Freeport Development, LLC as presented. Ms. Saathoff added that this agreement has already been countersigned and will be fully executed upon approval. Commissioner Croft inquired about executing this document prior to having all other documents signed. Mr. Nemeth stated that legal counsel has no issue deferring signature until all other documents are signed. He also pointed out that by its terms, the document only applies if a lease is signed on or before October 31, 2022, adding that even if this document is signed, it does not continue until the lease is signed by the end of October. This document will be held until all other documents are signed.

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.

24. Consideration and possible approval of a Resolution authorizing a Marine Terminal Services Agreement between Port Freeport and Volkswagen Group of America, Inc.

Mr. Miura stated that staff recommends approval of a resolution authorizing a Marine Terminal Services Agreement (MTSA) between Port Freeport and Volkswagen Group of America. The MTSA establishes the main commercial terms, conditions and details for use of Port Freeport's marine and rail facilities. The MTSA is a maximum 30-year term and is also structured similarly to the Port's other marine terminal service agreements. Furthermore, this agreement will not be fully executed upon approval of the resolution but is expected to be countersigned next week. Staff recommends approval of the resolution as presented.

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

At this time, Ms. Saathoff commended the team and Peter Nemeth for their attention to details in making sure the Port is delivering a good partner to this community that is a global leader and invested in our community. It will be transformational for the Port and for this community and with it being strategically located with direct access to the Port, adjacent to a state highway and direct access to the rail investment the Port has made, it's all the components to make this world scaled facility a great success for all involved. She congratulated Jason Miura, Al Durel, Jason Hull, Rob Lowe and all involved for the level of effort in making this happen. She also thanked the community for their participation and support of the tax abatement program because it was an important component in putting Port Freeport and the Freeport area in full consideration.

Commissioner Singhanian also commended Ms. Saathoff and staff for their efforts.

Commissioner Hoss spoke on behalf of the Commission, stating that the public doesn't get to squeeze a lot of information out of the Port Commission because they observe NDAs, and we don't engage. We are quiet for a reason even when we want to say something and express how happy they are for the community. He also thanked staff again for a job well done.

25. Adjourn.

With no further business before the Commission, the meeting adjourned at 4:18 PM

John Hoss, Chairman

Rudy Santos, Vice Chairman

Dan Croft, Secretary

Rob Giesecke, Asst. Secretary

Ravi K. Singhanian, Commissioner


Shane Pirtle, Commissioner



1100 CHERRY ST. • FREEPORT, TX 77541
(979) 233-2667 • 1 (800) 362-5743 • FAX: (979) 373-0023
WWW.PORTFREEPORT.COM

MEMORANDUM

TO: Commissioners
Directors
Legal Counsel

FROM: Jason Hull, P.E. 
Director of Engineering

DATE: October 7, 2022

SUBJECT: City of Freeport request for sanitary sewer easement

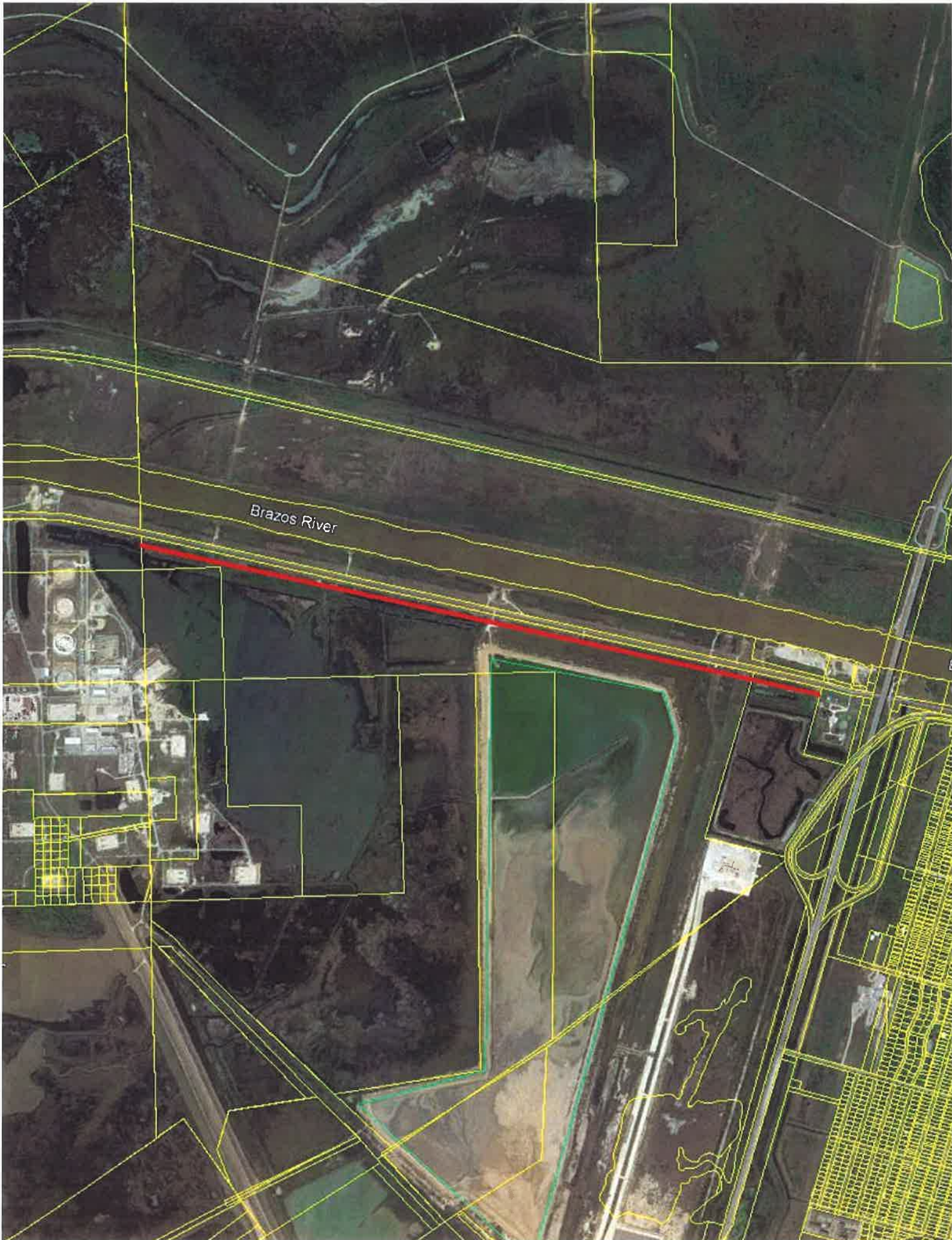
As previously discussed, the City of Freeport is requesting a sanitary sewer easement from Port Freeport across Parcels 12, and 13 and as shown in the exhibit.

I have reviewed the engineering drawings and have no objection to them as submitted. The easement has been reviewed by Port Legal Counsel and been found to need some modifications. Once I receive those modifications from Port Legal Counsel, I will forward the easement to the City of Freeport for acceptance.

After the City has accepted the changes required by Port Legal Counsel, I can recommend action by the Port Commission.

PORT COMMISSION

Brazos River





PAUL BRIDGES & ASSOCIATES

156 ST. ANTHONY STREET
MOBILE, AL USA
WWW.PBACORP.COM
+1 (251) 445-2973

5 October 2022

To: Al Durel
Director of Operations
Port Freeport
575 Pete Schaff Blvd.
Freeport, TX 77541

Subject: Proposal for Used Crane Inspection and Appraisal Consulting Services

Dear Mr. Durel,

Further to your request for proposal for the subject services, we will provide the Crane Inspection Services, Appraisal Services, and Deliverables per your requirements set out on our phone conversation on 4 October 2022. As such, PBA proposes to complete the services as per the below:

- Conduct a Pre-Assessment of Data (We are totally familiar with these vintage and manufacturer of these cranes, as several PBA personnel were involved in the procurement of hundreds of these STS cranes), and
- Conduct a review/evaluation in Mexico of the overall condition of the cranes structurally, mechanically, and electrically – Four (4) days (including travel time via Guadalajara Airport and expenses) at nine (9) hours per day - \$10,740.00
- Document observations from crane condition evaluation and submit a “concise report of findings” and include an appraisal regarding their Fair Market Value and estimations of useful life as well as costs for relocation and refurbishment – Twenty-seven (27) hours - \$5,805.00
- Total - \$16,545.00

All costs noted are in US Dollars. PBA further proposes to bill the above works on a Lump Sum basis, with items payable 30 days from receipt of a properly submitted invoice. Please review all and kindly advise if you have any questions. We appreciate the opportunity to submit this proposal and look forward to working with you again. Thank you very much.

Sincerely,

A handwritten signature in black ink that reads 'Paul E. Bridges'.

Paul E. Bridges
President
Paul Bridges & Associates, LLC

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