

Minutes of Port Commission Regular Meeting
August 25, 2022
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held August 25, 2022, beginning at 2:30 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.

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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. Peter Nemeth, Interim 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. Chris Hogan, Director of Protective Services
Mr. Brandon Robertson, Network Systems Manager
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Ms. Tricia Vela, Public Affairs Assistant
Mr. Jesse Hibbetts, Operations Manager
Ms. Holly Soria, Operations Coordinator
Ms. Hannah Fitzsimmons, Operations Specialist
Ms. Christine Lewis, Safety Coordinator

Also, present:

Mr. Chris Moore, Texas Port Ministry
Mr. Stuart Herbst, Terracon
Ms. Megan Mikutis, Randle Law Office
Mr. James Nash, WGMA

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 flooding and mosquitoes.
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 Meeting held August 11, 2022.

A motion was made by Commissioner Giesecke to approve the minutes. The motion was seconded by Commissioner Singhania 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 stated that plans for the October 17 annual golf tournament benefiting Texas Port Ministry are well underway with more than two-thirds of the teams filled and sponsorships still coming in. Ms. Saathoff gave a federal update stating the Senate Committee on Appropriations released their FY23 spend bills which covers energy and water. Staff is monitoring. The Inflation Reduction Act holds about \$3 billion that would fund electrification at ports to be spread out over five years via a grant program. Staff will review for any opportunities. The next bid package for the FHCIP is scheduled to be advertised November 9, bid opening December 12 and award approximately January 31, 2023. The City of Angleton has contacted the Port about providing a tour to a delegation from Belize. The city will be entering into sister city agreement with a city from Belize

and wants the Port to be part of the program when the delegation arrives. Date to be announced. Marshall Tidwell from Jones Creek is requesting a meeting between the Port, TxDOT and Zachary Construction regarding the wide loads down Highway 36 through the construction areas.

B. Chief Financial Officer

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

C. Director of Engineering

Mr. Hull shared a current photo of the progress at Berth 8 stating the last pile was driven August 22. Regarding the demolition project, the contractor is running about 3 days ahead of schedule.

D. Director of Operations

Mr. Durel reported on a few highlights from his written report stating that July was the first full month without an LNG vessel with current year-to-date total at 149. For July, the Port handled 11 RoRo vessels and 10 container vessels. Tenaris steel this month included 2 ships, 16 barges and 31 railcars. Last year, the Port averaged 44 vessels per month but in July the Port handled 24. Year to date, the Port has handled 415 vessels with last year at 444 vessels. Mr. Durel also shared some pictures of the recent cement vessel worked at Dock 7. Bay-Houston Towing announced they will release three tugs assigned to Freeport LNG and will return September 30. Additionally, Freeport LNG is looking to start up partial operations in November.

E. Director of Business & Economic Development

Mr. Miura reported on upcoming events stating the Breakbulk Americas Conference will be held September 27-29 in Houston. The Consul General of India, Aseem Mahajan, will visit Port Freeport September 7 and will also be the guest speaker for the Brazosport Chamber Luncheon the same day. Staff has scheduled a meeting with Port partners, tenants and users September 9 to discuss a general rate adjustment to Port Tariff No. 005. Mr. Miura also updated the Commission on the Port's work with MARAD to modify the Port's project designation for container on barge that utilizes the Port's heavy-lift corridor and the marine highway. The Port is working closely with MARAD to develop a hub and spoke network with Port Freeport as the hub and additional Texas ports as the spoke. Next steps will be to get the project designated by MARAD and once designated, will seek funding for a planning study.

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

A. August 12 Strategic Planning Advisory Committee – Commissioner Singhania reported the committee received an update from staff regarding the progress of the FHCIP. Also, what will be the Port share for the extra cost of dredging for 56 feet compared to 51 feet, stating the Corps' share is 100% for everything up to 51 ft, with the Corps share at 50% (51 ft -56 ft.). Jason Hull concurred. He also noted that the (Port's share for) extra length, about 2000feet, associated with Reach 1 would be minimal, assuming the settling difference would not be much different. It was further pointed out to the committee that if the scope at that late stage has been changed to 51 feet (51 ft. vs. 56 ft). the project would have been delayed, as it would have required to start new permit, etc. The engineering, inflation for the time would have eaten up the difference in dredging cost. It would have cost the Port more then. Without the change at that stage, the Port has a 56-

foot channel that can be used in the future. Also, maintenance dredging costs were discussed. Jason Hull pointed out COE pays 100% for 51 feet channel. Assuming there is no significant silting difference between 56 feet and 51 feet, our share for Maintenance dredging should be minimal. With regard to the FHCIP, Commissioner Giesecke clarified that Mr. Hull shared with the committee that the 50% Port share would be for the excess sedimentation cost associated with the 56-foot depth vs. the 51-foot depth. Commissioner Hoss asked if staff had a number for what the minimal cost may be. Mr. Hull stated that sedimentation is variable from year to year with drought or rains contributing. He also explained that costs every year is a variable. Sedimentation quantity (cost) depends on how much is shoaled, how much fuel prices are, labor cost or dredge availability that year. Commissioner Hoss then inquired if staff has a history of the cost in the past. Staff indicated that a slide was shared with the committee noting the average has been 2.9 million cubic yards of maintenance dredging with the Corps budgeting approximately \$10 million/year. Staff doesn't know what is going to change and how much additional dredging there will be. Mr. Hull noted another variable is with the Brazos River flood gates with the Corps increasing the width from 75 feet to 125 feet. With the bigger opening, the Corps has indicated there will be more shoaling. Commissioner Singhanian noted that with the new gate and additional siltation, the cost will still be on the Corps. The Port's liability stays only with extra siltation between 51 and 56 feet; therefore, the gates should not have any impact on the Port's liability. 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 Singhanian noting there is \$3.1 billion allocated within the POWERS Program for port electrification. Staff will be looking at consultant for grant writing to obtain funds.

- B. August 12 Personnel Advisory Committee - Commissioner Singhanian reported that the committee discussed the personnel budget stating that given the CPI and cost of living increase, a 6.6% was proposed however, the committee discussed it further and broke it down into two parts to benefit employees whose compensation is below \$100,000.00. One part would be a fixed amount increase for everyone and the second a percentage which includes merit (with total budget at 6.6%). Additionally, it was brought to committee's attention that in 2021-2022 budget planning, provisions were made to any adjustments based on CPI for past year. The committee recommended an inflation adjustment for employees in the form of a one-time lump sum payment. Personnel matters were also discussed under executive session. Performance review forms were also discussed.
- C. August 24 OSS Advisory Committee – Commissioner Pirtle deferred his comments to agenda items 14 and 15 which are on the agenda for consideration.
- D. August 24 Finance Advisory Committee – Commissioner Croft reported the committee discussed the Port Freeport tax abatement guidelines as well as proposed general rate adjustment to the Port tariff.
- E. Port Commission related meetings or conferences, Port presentations and other Port related matters.

Commissioner Singhanian reported attending the India Consul Dinner August 15. He also noted the Consul General will be arriving September 6 for dinner, then visiting the Port

September 7 and attending Chamber luncheon as a guest speaker the same day. He also reported attending the Maritime Dinner August 20 and a few others everyone attends.

Commissioner Giesecke reported attending the Brazosport Chamber luncheon August 11, the Brazoria County Cities Association (BCCA) dinner August 17, the 36A Coalition luncheon August 18 as well as the Angleton Chamber luncheon held earlier in the day.

Commissioner Santos reported also attending the Angleton Chamber luncheon.

Commissioner Croft reported attending an executive committee meeting for CCA Texas.

Commissioner Pirtle reported that he is interim chair for 36A Coalition.

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

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

13. Approval of a Correction Easement Grant and Partial Release for the North Wave Barrier.

Mr. Hull stated the Port Commission previously approved an easement to the Velasco Drainage District to relocate the North Wave Barrier and release the old North Wave Barrier. In the easement grant document, there was an error with some of the numbers and this document will correct those errors. Mr. Hull clarified that this correction does not change what was released or granted, only the location/point of beginning. Mr. Hull showed the Commission the three areas within the document where the errors was made. Staff recommends approval.

Commissioner Croft noted that this error was made by the surveyor and not Port Freeport.

A motion was made by Commissioner Pirtle to approve the correction easement as recommended by staff. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

14. Approval of a new Stevedore License application submitted by Associated Terminals Pangaea Logistics, LLC.

Mr. Durel stated that this company is also a stevedore for On-Site Concrete, and they requested Associated Terminals also get a stevedore license to perform work in Freeport. All the necessary paperwork has been submitted and is in order. The application was also reviewed with the OSS Advisory Committee previously. Staff recommends approval.

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

15. Approval of a new Stevedore License application submitted by Vanquish Crane and Construction.

This item was tabled.

16. Discuss and consider the adoption, amendment, repeal or reauthorization of the Port Freeport Tax Abatement Guidelines and Criteria, to be effective August 25, 2022 – August 24, 2024.

This item was tabled.

17. Discuss and consider approving a one-time lump sum inflation payment.

Mr. Lowe stated that staff met the with Personnel Advisory Committee in August 2021 to present a preliminary personnel budget and make a recommendation of a 5% adjustment for wages for FY22. During this meeting, the committee discussed the possibility of considering additional adjustments during the fiscal year based on inflation. At the most recent Personnel Advisory Committee meeting, the topic was discussed further and based on an extraordinarily high year over year CPI increase and overall inflationary market, staff and the committee discussed bringing a recommendation for Port Commission's consideration of a one-time lump sum inflation payment of \$1500 per employee which would be based on 40-hour employees with a full year tenure, otherwise would be prorated accordingly. Port staff has remained diligent in managing expenses and as such, the favorability in the budget can easily accommodate. Staff recommends approval of the payment.

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

18. 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.

- 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.

19. RECONVENE OPEN SESSION:

20. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:03 PM