

# Minutes of Port Commission Regular Meeting

June 23, 2022

## In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held June 23, 2022, beginning at 1:02 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

**This meeting agenda with the agenda packet is posted online at [www.portfreeport.com](http://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/83989205298?pwd=bTQzMdJjOTI4SHhCeFhCaW1xQmFQZz09>

Meeting ID: 839 8920 5298

Passcode: 041060

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Meeting ID: 839 8920 5298

Find your local number: <https://us02web.zoom.us/u/kXb9cycyj>

Commissioners present in person:

Mr. John Hoss, Chairman  
Mr. Rudy Santos, Vice Chairman  
Mr. Rob Giesecke, Asst. Secretary  
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. Jason Miura, Director of Business & Economic Development  
Mr. Brandon Robertson, Network Systems Manager  
Ms. Mary Campus, Controller  
Ms. Tricia Vela, Public Affairs Assistant  
Mr. Nick Malambri, Engineering Specialist  
Ms. Christine Lewis, Safety Coordinator

Absent:

Mr. Dan Croft, Secretary  
Mr. Ravi Singhania, Commissioner

Ms. Missy Bevers, Executive Assistant

Also, present:

Mr. Chris Moore, Texas Port Ministry  
Ms. Megan Mikutis, Randle Law Office  
Ms. Barbara Fratila

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Commissioner Shane Pirtle
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Hoss noted that Commissioners Croft and Singhanian were both absent. All other Commissioners were present in the Board Room.
5. Safety Briefing – Ms. Christine Lewis provided a safety moment to the group regarding heat safety.
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 Special Meeting and Regular Meeting held June 9.

Commissioner Giesecke asked that the discussion regarding whether the general counsel interviews should be held in open session or closed session be reflected in the minutes.

A motion was made by Commissioner Pirtle to approve the minutes with the added discussion requested by Commissioner Giesecke. The motion was seconded by Commissioner Giesecke 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. Christine Lewis reported Port Freeport currently has 1264 days (or 3.5 years) without time loss for Port employees. Ms. Saathoff complimented all departments for putting safety first. Ms. Saathoff reported on activities related to the channel project including the additional allocation received in the Corps 2022 Work Plan and explained the next steps and timeline of reviews for the next bid package which is anticipated to go out for bids by the end of September with bid opening in late October - early November and award in

late November - early December. Ms. Saathoff stated that the next quarterly executive governance meeting with Col. Vail will be held tomorrow (June 24) noting this will be the last meeting with Col. Vail as the Change of Command ceremony and his retirement will take place July 14-15. The House Appropriations Subcommittee on Energy and Water Development released the 2023 appropriations package. Congressman Weber issued a press release in regard to the package funding for the Sabine—Neches Waterway and the Freeport Harbor Channel Improvement Project. Ms. Saathoff explained that the original request for the package was \$165 million but because the Port received the \$73 million allocation, the amount was reduced. The amount still included in the overall package is \$90,660,000 which will allow closeout of the FHCIP. Ms. Saathoff shared photos from the June 17 CAP Meeting that was held at the San Jacinto College Maritime Campus where staff and members were able to experience the simulator. Ms. Saathoff also noted that Al Lee from Corps Headquarters will be retiring in September and Becky Moyer from Southwest Division will retire in July. Ms. Saathoff also reported on the Retirement Reception held for Bobby Fuller at Texas Port Ministry where the Port recognized Mr. Fuller with the PORT Award.

B. Chief Financial Officer

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

C. Director of Engineering

Mr. Hull shared a photo of the current progress at Berth 8.

D. Director of Operations

Mr. Durel reported on a few highlights from his written report stating that May was a very healthy month with LNG handling 18 vessels. Tenaris moved 99,000 tons of steel for the month of May as compared to 64,000 tons May prior year. Year-to-date is 484,000 tons as compared to 215,000 prior year. The Port monitored 45 vessels with year-to-date total vessels up 4% and cargo up 6%. The total number of vessels Port wide year-to-date is 843 with 361 monitored by the Port. With regard to security, Mr. Hogan has been working on Port security grants and recently attended an AAPA security meeting. Christine Lewis has been getting up to speed on safety, meeting with customers and contacting their safety representatives. A tenant safety meeting is scheduled for July 12. Operations staff has also begun work on the budget process. Lastly, Austin Seth recently attended a RoRo Rodeo Roundup in Baltimore which showcases different project cargo, heavy-lift vendors, stevedores, ILA, WGMA members and various ports. Plans are in motion for Freeport to host a similar event.

E. Director of Business & Economic Development

Mr. Miura highlighted upcoming events the Port will support including the 2022 Annual Maritime Dinner Greater for the Greater Houston Port Bureau to be held August 20, and the Breakbulk Americas 2022 will be held September 27-29.

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

Commissioner Pirtle reported attending the Friends of River (FOR) Breakfast, 36A Board Meeting, BCCA Meeting, Alliance Operations Budget Meeting, CAP Meeting, Bobby Fuller Retirement Reception and the Chamber Luncheon.

Commissioner Santos reported attending the CAP Meeting.

Commissioner Giesecke reported attending the CAP Meeting, BCCA Meeting and Bobby Fuller Retirement Reception.

At this time, Ms. Saathoff gave an update on the San Bernard River stating the current dredging contractor has been released with a final walk-through held earlier in the week. She added that with the current drought conditions and low flow, it is expected the dredge depth will not hold for long. The County is working with the Corps Galveston District on a different dredge template design for the portion in the Gulf and to establish the process where the maintenance dredging work can be done in conjunction with the maintenance dredging contacts for the GIWW. An informational paper will be available to share with FOR and others. Commissioner Dude Payne has been invited to give an update to the Port Commission at a July meeting.

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

A motion was made by Commissioner Santos 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. Adoption of a Resolution authorizing the filing of Maxter Healthcare, Inc. application for manufacturing authority and subzone within Port Freeport Foreign-Trade Zone No. 149.

Ms. Campus stated that Maxter Healthcare is requesting manufacturing authority and subzone status under Port Freeport Foreign-Trade Zone No. 149. This is for their new manufacturing medical facility that will produce medical/surgical disposable gloves. Construction has begun and the project is expected to add 300 construction jobs and 750 permanent jobs. The duties they will be achieving is estimated to be about \$450,000/year in savings. Ms. Campus explained that the dye used to make the color of the gloves has a duty on it and is why Maxter is requesting FTZ manufacturing status so they can obtain the dye duty-free. The application requires letters of non-opposition from all taxing entities which have been received and includes a letter from Port Freeport in support of this request. Staff recommends approval of the resolution authorizing staff to proceed with application to the Foreign-Trade Zone Board.

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

14. Approval of Contract with the low bidder for the East End Properties 2022 project.

Mr. Hull stated the Port received two bids for this project with the low bid submitted by AAR Incorporated in the amount of \$383,135.00. This contract will abate 12 properties and demolish 27 structures (20 addresses) in the East End. Staff recommends approval.

A motion was made by Commissioner Pirtle to approve a contract with AAR Incorporated in an amount not to exceed \$383,135.00. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

15. Approval of payment to the U.S. Army Corps of Engineers for the Port's non-federal cost-share of the Freeport Harbor Channel Improvement Project (FHCIP), in an amount not to exceed \$55,000,000.

Mr. Hull stated the Project Partnership Agreement requires the Port pay its cost-share amount prior to the Corps moving forward with bidding the project. Staff seeks approval to make payment in an amount not to exceed \$55,000,000 for the Port's cost-share portion. Ms. Saathoff stated that staff has reviewed with the CFO noting the Port has approximately \$51 million remaining from the prior general obligation bond issuances authorized by the voters in 2018 for this project. The Port still has bonds to be issued under the project, but staff wants to bridge the difference between the \$51 million and the anticipated \$54.5 - \$55 million for this project. This can take place without issuing bonds by using internal cash flows at this time and reimbursing at a later date.

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

16. Adoption of a Resolution approving and authorizing an Advance Funding Agreement with the State of Texas for construction of the Velasco Terminal Access Project.

Mr. Miura stated that Port Freeport submitted a RIDER 37 Grant Application for the Velasco Terminal Access Project to TxDOT in August 2021. The Port's application was successful and TxDOT will reimburse Port Freeport 75% of the costs related to the project up to \$6,228,128.42 in reimbursement. To enable the funding opportunity, the Port must enter into an Advance Funding Agreement (AFA) with the State of Texas. Port Freeport must approve a resolution approving and authorizing an Advanced Funding Agreement which will be attached to the AFA as an Exhibit. Mr. Miura reminded the Commission that a resolution approving and authorizing the submission of the RIDER 37 application was approved August 12, 2021. Staff recommends approval of the resolution approving and authorizing an Advanced Funding Agreement with the State of Texas. Mr. Miura noted that staff expects to receive the draft agreement in July, followed by legal counsel review and then presented to Port Commission for approval. Engineering and Design bidding of the Velasco Terminal Access Project will follow. Staff noted that should the project come in over the \$6 million number; the Port is responsible for any overage.

A motion was made by Commissioner Santos to adopt the resolution for the Advance Funding Agreement with the State of Texas for construction of the Velasco Terminal Access Project. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

17. Adoption of a Resolution recognizing Col. Timothy R. Vail for his years of service to the U.S. Army Corps of Engineers.

Ms. Saathoff stated that staff has drafted the following resolution for consideration recognizing Col. Vail for his years of service....

*At a regular meeting of the Port Commission of Port Freeport ("Port") held at the office of said District at 1100 Cherry Street, Freeport, Texas, on the 23rd day of June 2022, among other business, on motion duly made and seconded, the following Resolution was passed and adopted:*

**WHEREAS**, Col. Timothy R. Vail was commissioned in the U.S. Army in May 1997.

**WHEREAS**, Vail earned a Bachelor of Science in Engineering and Environmental Sciences from the University of Notre Dame, a Master of Science in Environmental Engineering from Missouri University of Science and Technology, a Master of Science in Construction Management from Texas A&M and a Master of Arts in National Security and Strategic Studies from the U.S. Naval War College. In addition, he is a graduate of the Army Force Management Course, Command and General Staff College and Engineer Office Advanced and Basic courses.

**WHEREAS**, The U.S. Army Corps of Engineers Galveston District was established Feb. 25, 1880, as the first engineer district in Texas to oversee river and harbor improvements, keeping Texas waterways open for navigation and commerce.

**WHEREAS**, July 2, 2019, Col. Vail assumed command of the U.S. Army Corps of Engineers Galveston District encompassing the Texas coast from Louisiana to Mexico; an area that spans across 50,000 square miles, contains more than 1,000 miles of channels (750 shallow-draft and 250 deep-draft) serving 28 ports and 700 miles of coastline.

**WHEREAS**, the U.S. Army Corps of Engineers Galveston District with its 350-plus dedicated professionals under the leadership of Col. Vail's command successfully executes its mission of providing vital public engineering services in peace and war to strengthen our nation's security, energize the economy, build and maintain Texas waterways, and reduce risks from disasters.

**WHEREAS**, Texas ports account for 25 percent of the nation's total tonnage, with six Texas ports ranking among the top 20 U.S. ports including Port Freeport, generating a combined total annual economic value of \$1.3 trillion nationally and \$81 million in annual tax revenue.

**WHEREAS**, seven Texas ports in partnership with the U.S. Army Corps of Engineers Galveston District have deep-draft channel projects under construction, or soon to be under construction, totaling more than \$3.4 billion.

**WHEREAS**, under Col. Vail's command the \$295 million Freeport Harbor Channel Improvement Project authorized by Congress in 2014 received a "New Start" designation and initial funding of \$19.5 million in the Fiscal Year 2020 Work Plan, additional allocation of \$24.5 million was made in the Fiscal Year 2021 Work Plan, and \$73.156 million in the Fiscal Year 2022 Work Plan bringing the total federal allocations for construction funds to \$117 million.

**WHEREAS**, under Col. Vail's command the first contract for constructing Reach 3 of the Freeport Harbor Channel Improvement Project was awarded in September 2020 and completed in April 2021, and a second contract for the widening of Reach 2 was awarded in October 2021 and completed in May 2022, and a third contract for dry excavation in Reach 2 will be awarded and completed prior to the calendar year end, and a fourth contract will be bid and awarded prior to the end of the calendar year 2022 keeping the overall project on schedule for completion in 2025.

**WHEREAS**, Vail's previous assignments include Platoon leader, company executive officer and battalion logistics officer, 588<sup>th</sup> Engineer Battalion, and detachment leader, Engineer Support Detachment, 204<sup>th</sup> Forward Support Battalion, 4<sup>th</sup> Infantry Division, Fort Hood, Texas; assistant operations officer, 44<sup>th</sup> Engineer Battalion, 2<sup>nd</sup> Infantry Division, and later commander of A Company, 44<sup>th</sup> Engineer Battalion, at Camp Howze, Republic of Korea.

**WHEREAS**, Vail served as trainer and evaluator at the National Training Center, Fort Irwin, California, and deployed as the USACE deputy Arabian Gulf engineer for construction operations in Kuwait, Qatar, Oman, United Arab Emirates, Yemen and Bahrain. Later, as operations officer of 2<sup>nd</sup> Engineer Battalion, White Sands Missile Range, New Mexico, he deployed to Afghanistan during

*Operation Enduring Freedom. Upon redeployment, he was assigned to the RAND Corporation Headquarters, Santa Monica, California, as an Army research fellow.*

***NOW, THEREFORE, BE IT RESOLVED***, the Port Commission of Port Freeport, by adoption of this Resolution, is honored to recognize Col. Timothy R. Vail and his years of outstanding contributions, leadership and service to the U.S. Army Corps of Engineers, Texas ports, and Port Freeport; and we extend our best wishes to Col. Vail as he embarks in the next chapter of his life.

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

18. 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.

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

19. Receive update regarding General Counsel Request for Proposals.

Ms. Saathoff reported that staff has scheduled the top three scoring candidate law firms for July 21 in-person presentations and query. It was noted this is not final choice, rather a continuation in the process. Additional interviews can be scheduled if need be.

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 or a settlement offer).
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 551.072 (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 2<sup>nd</sup> Street; Terminal Street and East 8<sup>th</sup> 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.

21. RECONVENE OPEN SESSION:

22. Adjourn.

With no further business before the Commission, the meeting adjourned at 4:25 PM