

Minutes of Port Commission Regular Meeting
June 9, 2022
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held May 26, 2022, beginning at 1:00 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.

The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/83434074563?pwd=eUpDQ09BYThBZi9iMWZvRHIYYjVvZz09>

Meeting ID: 834 3407 4563

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Find your local number: <https://us02web.zoom.us/u/kciEMvmR8>

Commissioners present in person:

Mr. John Hoss, 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. Jason Miura, Director of Business & Economic Development
Mr. Brandon Robertson, Network Systems Manager
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Ms. Tricia Vela, Public Affairs Assistant
Mr. Nick Malambri, Engineering Specialist

Absent:

Mr. Rudy Santos, Vice Chairman

Also, present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Bruce Reed, P66
Mr. Bryan Wagner, P66
Ms. Judith El Masri, Randle Law
Mr. Gavin Gerngross, Randle Law
Ms. Kim Voigtlander
Mr. Julian Arevalo
Ms. Barbara Fratila
Mr. Sammy Chambless

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:

Commissioner Hoss noted that he is simultaneously convening both the Special Meeting posted and the Regular Meeting that have both been posted.

2. Invocation – Mr. Bobby Fuller, Texas Port Ministry
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Hoss noted that Commissioner Santos was absent. All other Commissioners were present in the Board Room.
5. Safety Briefing – Mr. Hogan provided a safety moment to the group regarding heat advisory.
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 – Mr. Julian Arevalo addressed the Port Commission regarding taxes.
8. Public Testimony – There was no public testimony.
9. Approval of minutes from the Regular Meeting held May 26.

Commissioner Singhania asked that his comments made at the prior meeting related to the Alliance meeting presentation given by Mr. Conway be incorporated into the minutes, noting the presentation was not well-received by some audience members. Additionally, he mentioned working with a committee to develop a media no comment policy related to contract negotiations.

A motion was made by Commissioner Croft to approve the minutes with the additional comments noted by Commissioners Singhania. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

10. PUBLIC HEARING on application for tax abatement filed by Volkswagen Group of America, Inc. regarding a \$115 million 125-acre vehicle importation and processing center for property located within the City of Freeport Reinvestment Zone 2022-01 and proposed Tax Abatement Agreement to be entered into by Port Freeport related to same.

Mr. Lowe stated that Volkswagen Group of America is evaluating the development of a 125-acre vehicle importation and processing center. The proposed site is on Port Freeport property within the City of Freeport Reinvestment Zone 2022-01, generally located south of Highway 36 and west of FM 1495. He noted that for the abatement considerations, the project is a \$114,500,000 total investment that includes \$28,500,000 in vertical improvements. The request is for a 100% seven-year abatement that will begin in 2023. He further stated that Volkswagen and the Volkswagen Group of America brands intend to employ 14 direct job positions, plus an additional 99 positions intended to become a permanent part of the development as well as indirect jobs created at the Port by the weekly vessel calls. In total, an estimated 260-330 total direct and indirect jobs are anticipated.

Discussion then began among Commissioners regarding where applications originate and the process/order for approving tax abatements as well as what the County's advisory committee looks at when evaluating the abatements.

At this time, Commissioner Hoss closed the public hearing and adjourned the Special Meeting at 1:31 p.m.

11. Adoption of a Resolution approving the application for tax abatement between Port Freeport and Volkswagen Group of America, Inc. regarding a \$115 million 125-acre vehicle importation and processing center for property located within the City of Freeport Reinvestment Zone 2022-01, approving Tax Abatement Agreement and authorizing Chairman and Secretary to execute said agreement.

Commissioner Hoss stated that although the tax abatement will not be approved at this time, he asked Ms. Saathoff to explain what must take place before the Port can approve the tax abatement. Ms. Saathoff presented a chart to help understand the process, what has taken place and where the process stands with each entity. She further stated that staff recommends scheduling a regular meeting of the Port Commission for July 28 to approve the tax abatement. Additionally, the Port's current guidelines for approving tax abatements will soon expire, therefore staff also recommends conducting a hearing and approving new guidelines at the July 21 meeting.

12. 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.

Ms. Saathoff introduced two representatives in the audience with Phillips 66, Bruce Reed and Bryan Wagner. Mr. Wagner is the business manager for Phillips 66 Freeport terminal and has been working with Mr. Reed for about a year. Mr. Hull then spoke on the Port's \$73 million allocation in the Corps 2022 Work Plan stating that with the allocation, the Port will receive a written request for approximately \$54 million of its portion of the non-federal cost

share. Mr. Hull shared a map of the areas the funding will include in the project. Ms. Saathoff also noted the Port still has \$51 million available from prior bond issuance. Ms. Saathoff reported on the explosion that occurred at Freeport LNG noting it did not affect any tank infrastructure but rather the pipeline infrastructure. The facility will be closed for the next three weeks. There were no fatalities, no injuries and there is no further risk to the community. All appropriate agencies have been notified. An investigation will take place to determine what caused the explosion. Mr. Hogan also gave a brief overview on the incident that occurred noting the Port monitored the event, participated on phone calls and communicated updates until the Coast Guard released the safety zone. He also commended Chief Motley with Freeport Fire Department for how quickly they were able to control the fire. Port staff will continue debriefing with industry partners to gather information. Additionally, Ms. Saathoff and Mr. Hogan acknowledged the response received from mutual aid partners throughout the County as well as bordering Counties to assist with the event.

Ms. Saathoff also reported on her participation at the Finished Vehicle Logistics Conference noting she was able to meet with some potential partners however the events of the Freeport LNG incident overshadowed additional opportunities. The Port was a sponsor for the event. Additionally, she and Commissioner Singhanian will be participating in the Texas-Panama Trade Mission in Panama June 13-14.

13. Approval of liability insurances through broker Arthur J. Gallagher & Co.

Ms. Campus stated the current liability policies will expire July 1, 2022. Staff met with the Finance Advisory Committee to discuss the renewal. Overall, some areas in the liability package increased and some decreased. Total premium is \$198,168 which is an 11.5 % increase or a \$20,479 over last year. Ms. Campus noted this is the Port's standard policy and there are no changes. Commissioner Croft stated the Finance Committee reviewed the proposal noting the presentation was well detailed and Arthur J. Gallagher was able to explain why things were occurring the way there were and what to expect moving forward. Consensus of the committee was to recommend approval.

A motion was made by Commissioner Croft to approve the insurances as recommended by staff. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

14. Approval of an Interlocal Cooperation Agreement between Port Freeport and Brazoria County for Public Safety Radio Access and Services.

Mr. Hogan stated that security uses the P25 radio system to talk with patrol and as a communication tool with all local and state responders. Users of the system pay a current air-time fee of \$150 per radio with an increase expected in 2023 to \$180 per radio due to Motorola increased charges. The Port receives radio programming, firmware updating, antenna alignments, radio encryption and over air programming. This will increase the budget \$1300 per year. Staff seeks approval to sign the agreement with Brazoria County which will take effect next year.

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

15. Adoption of a Resolution recognizing Bobby Fuller for his years of service to Texas Port Ministry.

Ms. Saathoff stated that Mr. Fuller will be retiring this month and the Port wanted to reflect on all the great things he has done for not only Port Freeport but the harbor community, Texas Port Ministry and the community as a whole. Ms. Saathoff presented and read a resolution recognizing Mr. Fuller 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 9th day of June 2022, among other business, on motion duly made and seconded, the following Resolution was passed and adopted:

WHEREAS, Bobby Fuller was called to the Seaman's Center in February 2007 and became Texas Port Ministry in the fall of 2007.

WHEREAS, Fuller graduated from Brazosport High School in 1974, married Jackie Hopkins on February 14, 1976, and welcomed a daughter in 1979.

WHEREAS, prior to joining Texas Port Ministry, Fuller worked at Maintenance Service Company (1975-1978) and then Dahl & Co. for 28 years; he surrendered to full-time Christian ministry in 1999, served as Minister of Education & Administration for Temple Baptist Church in Clute until 2000 and Minister of Education and Administration of First Baptist Church in Old Ocean until 2003.

WHEREAS, Fuller became a missionary for the North American Mission Board and served in several capacities for Port Ministry International, including President and Vice President.

WHEREAS, Texas Port Ministry grew in scope and financially under Fuller's leadership, to include...

- Recruitment and training of new volunteers to support the service and ministry of Texas Port Ministry;
- Continuously adapting the ministry to meet the changing needs of the people that Texas Port Ministry served;
- Extending service to all Port Freeport and industry marine terminals inside the Freeport Harbor Channel;
- Creation of Monday meals to feed and pray for workers in the harbor community;
- Annually serving over 10,000 international seafarers from over 50 countries, over 150,000 truck drivers, and many local port workers;
- Offering a place of rest for truck drivers' children and spouses while business is conducted inside the Port; and
- Supporting the Port's Annual Golf Tournament and Take-A Child Fishing Tournament with volunteers for 10 years.

WHEREAS, Fuller functioned as a chaplain to the whole Port and focused on meeting the spiritual, physical and emotional needs, including the difficult times of the pandemic.

WHEREAS, Fuller's biggest impacts is that everyone who comes in contact with Texas Port Ministry feels loved, and his vision of "show up and love people" will continue long after he's gone.

***NOW, THEREFORE, BE IT RESOLVED,** the Port Commission of Port Freeport, by adoption of this Resolution, is honored to recognize Bobby Fuller and his years of outstanding contributions, leadership and service to Texas Port Ministry, the seaman, longshoremen, truckers and port administration workers; and we extend our best wishes to Mr. Fuller as he embarks in the next chapter of his life.*

Commissioner Hoss recognized Mr. Fuller and his efforts to take care of an entire port, both in the religious aspect and in the secular aspect by doing a lot of things over and above what is mentioned in the resolution as chaplain to the Port by getting things done for the good of people.

Mr. Fuller thanked the Port for the recognition and opportunity to serve the Port.

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

16. Discussion and possible approval of change to the Regular Meeting schedule of the Port Commission for July, 2022.

Ms. Saathoff stated the Port Commission currently has a regular meeting scheduled for July 21 and staff is recommending an additional regular meeting be scheduled for July 28 at 1:00 p.m. After discussing whether the Port Commission should hold one or two meetings in July, the Port Commission agreed to move forward with both the July 21 and July 28 regular meetings.

17. Receive update regarding General Counsel Request for Proposals.

Ms. Saathoff noted that all scorings have been received from Commissioners with regard to the proposals submitted for General Counsel for Port Freeport. Weighting was applied based on prior prioritization and weighting that was presented by the Port Commissioners. A tally sheet has been shared with Commissioners with the top three highest scores highlighted. Staff seeks guidance from Commission if they want to move forward with interviewing the top three or others as well. Additionally, dates will need to be determined to conduct interviews. Commissioner Giesecke questioned whether or not it was appropriate to handle the interviews in executive session as this is a contract with an independent contractor, not employees. Ms. Saathoff stated that she did reach out to Barry Abrams to discuss this very topic, noting that if you look at a firm as a contractor, you cannot have a discussion in executive session; however, when you look at some of the matters general counsel will be involved with that are executive session in nature (i.e., potential litigation), you can have that discussion in executive session. Commissioner Giesecke argued that the Commission would not be receiving legal advice and doesn't expect the candidates would be giving it, adding that if the Commission were to ask specific questions related to potential litigation, the procedure should be a bifurcated discussion with part of it in open session and if questions become specific to potential litigation, then if allowed, go into executive session for that discussion. Ms. Saathoff said that general firm overviews would be addressed in open session and offered to have Mr. Abrams speak directly to the Commission and answer any concerns, as he was confident there could be discussion with potential counsel in executive

session. Ms. Saathoff also noted it was recommended to have Andrea Johnson, personnel lawyer, present for the interviews, especially if any portion will be discussed in executive session. Staff will work with Ms. Johnson to schedule a date for interviews in July.

At this time, Mr. Sammy Chambless addressed the Port Commission under Public Comment regarding silting of the San Bernard River.

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 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 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 5:04 PM