

Minutes of Port Commission Regular Meeting
November 17, 2022
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held November 17, 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/87193999523?pwd=bWFlemhZMy9oZTYyNE9PMzZuNERJUT09>

Meeting ID: 871 9399 9523

Passcode: 052137

Dial by your location

+1 346 248 7799 US (Houston)

Meeting ID: 871 9399 9523

Find your local number: <https://us02web.zoom.us/u/k7mmCo7Wl>

Commissioners present in person:

Mr. John Hoss, Chairman
Mr. Rudy Santos, Vice Chairman
Mr. Dan Croft, Secretary
Mr. Rob Giesecke, Asst. Secretary
Mr. Ravi Singhanian, 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. 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
Mr. Jesse Hibbetts, Operations Manager
Ms. Holly Soria, Operations Coordinator
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Ms. Tricia Vela, Public Affairs Assistant
Ms. Christine Lewis, Safety Coordinator
Mr. Rico Arbolante, Help Desk Technician

Also, present:

Mr. Chris Moore, Texas Port Ministry
Mr. Jodie Moore, Texas Port Ministry
Ms. Dara Grogue, Texas Port Ministry
Mr. Chuck Beem, Texas Port Ministry
Mr. Chuck Kovar, Texas Port Ministry
Mr. Mike Hayes, Texas Port Ministry
Mr. Mike Potts, Texas Port Ministry
Ms. Patty Loewe, Texas Port Ministry
Ms. Brandei Goolsby, Gulf Coast Employee Benefit Services
Mr. Gavin Massingill, Carriage House Partners
Ms. Megan Mikutis, Randle Law Office
Mr. Sammy Chambless
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 – Mr. Chris Moore, Texas Port Ministry
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Hoss noted that Santos was participating by videoconference and all other Commissioners were present in the Board Room.
5. Safety Briefing – Ms. Christine Lewis provided a safety moment regarding cold weather 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. Recognition of Veterans.
At this time, in honor of Veteran’s Day Friday, November 11, Commissioner Hoss recognized the following veterans employed at Port Freeport....

Port Freeport recognized the following employees for their service:

Cecil Booth – U.S. Army
Enrico Arbolante – U.S. Navy
Kevin Hartney - U.S. Marines

Veterans employed under Sunstates Security (Port’s Protective Services vendor):

Stephan Chapa – U.S. Air Force
Jonathan Lamothe – U.S. Marines
Willie Holmes – U.S. Navy

Joshua Thomas – U.S. Marines
Raymond Singleton – U.S. Air Force
Rosendo Pena- U.S. Army

Guests in the audience recognized...

Chuck Beem – U.S. Air Force
Sammy Chambless – U.S. Army & National Guard
Mark Vaughn – U.S. Army

At this time Commissioner Hoss noted that Commissioner Santos was stepping away from the meeting via Zoom at 1:13 p.m.

10. Presentation of check to Texas Port Ministry from proceeds of Port Freeport Golf Tournament.

Ms. Saathoff stated that on October 17, Port Freeport hosted the 11th annual golf tournament benefiting Texas Port Ministry at The Wilderness in Lake Jackson. A total of 36 teams participated, 71 sponsors and more than 15 volunteers helped make the tournament a success. Ms. Saathoff thanked the Port Commission for allowing staff to continue to host the event as well as Port Freeport staff, especially the Public Affairs team who organizes the event and the sponsorships. Ms. Saathoff also recognized the student volunteers from Texas A&M Galveston Maritime Organization who volunteer every year. The net total for the 2022 Port Freeport Golf Tournament was an all-time high of \$83,200. Ms. Saathoff noted that this brings the total presented and sponsored over the last 11 years to \$522,220. A check was presented to Mr. Chris Moore and staff of Texas Port Ministry. Mr. Moore addressed members of the Board, Port employees and sponsors to thank them for their efforts and success of this tournament.

11. Approval of minutes from the Regular Meetings held October 27, 2022.

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

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.

A. Executive Director/CEO

Ms. Saathoff reminded the Port Commission that proposed board meeting dates for 2023 have been uploaded to BoardPaaS for the Commission to review. These dates will be on the agenda for approval at the next meeting. She also noted that two Commissioners will not be able to attend (in person) next month's board meeting currently scheduled for December 15 and asked the Commissioner to consider moving the meeting to December 8. The Commission agreed to move the meeting. Ms. Saathoff noted that with that earlier date, financials may not be ready for the meeting but will be published as soon as they are available. Ms. Saathoff reported the Port Commission will receive an update from Gavin Massingill (Carriage House Partners) with regard to the outcome of the State elections and with the state legislative session nearing in January, pre-bill filing has already begun. Staff will review the Texas Ports Association legislative agenda to determine support of that

agenda. On a federal level, Geoff Bowman (Van Scoyoc) will give an update at the December meeting which will fall after staff's advocacy trip to WDC. Ms. Saathoff noted that the republicans did take control and now have majority in the House and expect key committees will have new chairs and appointees. Staff is still hopeful that an appropriations package will be passed by Congress in December. The bid package is still on schedule with the USACE to be released mid-December

B. Chief Financial Officer

Mr. Lowe gave a presentation regarding the financial results for the month of September. He noted staff will be presenting a different format moving forward that will acknowledge the GASB entry and will discuss with the Finance Advisory Committee to ensure alignment. Commissioner Giesecke inquired if staff could take a look at presenting cash flow from operations that doesn't account for non-cash entries the depreciation on expense side and lease recognition on the income side. Mr. Lowe stated that staff will take a look at it and also present to the Finance Advisory Committee.

C. Director of Engineering

Mr. Hull shared a photo of the current progress on the Berth 8 construction. He also noted that contracts have been signed for the rail project and notice to proceed has been issued to the contractor who will begin work January 2.

D. Director of Operations

Mr. Durel reported that October was a good month noting that cargo-wise the Port is ahead by 14% compared to prior year. The RoRo activity is a big contributor with 10 vessels handled and 12,636 vehicles in October. Of that, 6,751 was short sea movement. Steel this month included 1 vessel, 6 barges and 94 railcars for a total of 52,500 tons. Regarding security, Mr. Hogan hosted a BMAT meeting and recently, TSA conducted a spot check with no issues found. Mr. Hogan also gave an update on security to the OSS Advisory Committee. Regarding safety, Ms. Lewis hosted a tenant safety meeting that was well attended and also gave a safety update to the OSS Advisory Committee. Mr. Durel noted that staff continues to work with stevedores on license renewals which will be presented later in the meeting. Staff recently participated in the Texas A&M Career Fair and will soon begin the search process for an intern for Summer 2023. Staff also participated in preparations for Rear Admiral Timme's visit. Commissioner Hoss inquired about the low water in the Mississippi and potential increased barge traffic from Tenaris. Mr. Durel stated that it is already noticeable with significant rail increase.

At this time, Ms. Saathoff reported on Rear Admiral Timme's visit to Port Freeport noting that she, Commissioner Hoss and Chris Hogan met Admiral Timme at the Surfside USCG station where they boarded a vessel for a waterside channel tour and briefing in route to Port Freeport. In route, they passed Phillips 66's 1000th LPG vessel in berth since they opened the facility in 2016. Staff also provided an aerial tour from one of the Port's cranes. Admiral Timme left with an understanding of the significant increase in vessel activity in the Freeport Harbor Channel. Commissioner Hoss added that Admiral Timme was very impressed with the impact of Port Freeport acknowledging that when discussions in DC begin regarding defense measures, Freeport will be added to his list as he was impressed with the products being moved and the economic impact of the Port's size. Ms. Saathoff noted that Commissioner Croft also joined the visit with Admiral Timme.

E. Director of Business & Economic Development

Mr. Miura reported that representatives from Union Pacific and Volkswagen will meet with staff November 18 to discuss the rail project, rail service and expectations of all parties. Additionally, the Port will host another delegation on December 6 to view the project. New business opportunities are detailed in Mr. Miura's written report as well as visitors to the Port. Commissioner Hoss inquired about an M10 route. Mr. Miura stated that it is in relation to a marine highway project designation submitted to MARAD which would use the M10 route and cover the movements of barges out of Pennsylvania to Port Freeport for Tenaris. Mr. Wilson added that in this particular case, M10 means the East–West route from Interstate 10 Louisiana down to Brownsville, TX. He noted that Port Freeport is also part of M69 paralleling Interstate 69. Additionally, on the Midwest applications, there are multiple interstates for the Tenaris barge traffic for which staff wrote an application. Mr. Miura also noted that the Port has two outstanding project applications with MARAD, one for container/barge for the hub and spoke network and the second is for barge movements.

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

- A. November 16, 2022 Personnel Advisory Committee – Commissioner Singhania reported the committee discussed the contribution to the retirement plan as well as the renewal for health insurance, both of which are on the agenda for consideration. The review of Port policies for Open Meetings, Open Records, Executive Director/CEO and Press Releases were also on the agenda, but the committee deferred review until meeting procedures are approved and also felt the full Commission should discuss.
- B. November 16, 2022 OSS Advisory Committee – Commissioner Pirtle reported the committee received a safety update which included implementation of new signage, safety equipment and safety sheet. A security update was also provided to the committee and included a review of grants sought by staff. Staff is also seeking to replace the A/C system at the Emergency Operations Center. The renewal of stevedore licenses were also discussed which are on the agenda for consideration as well as other security sensitive topics discussed under executive session.
- C. November 17, 2022 Finance Advisory Committee – Commissioner Croft reported the committee was updated on the new financial reporting changes and received review of the quarterly investment portfolio, strategies and allocations. Also discussed was the contribution to capital reserves fund and workers compensation policy, both of which are on the agenda for consideration. Staff also provided an update regarding the City of Freeport's water meter and delayed billing issues.
- D. Port Commission related meetings or conferences, Port presentations and other Port related matters.

Commissioner Croft reported attending the Rear Admiral Timme Port visit, meetings with the Brazoria County Economic Alliance and Sweeny Rotary.

Commissioner Pirtle reported attending the Brazoria County Transportation Quarterly meeting, Brazoria National Wildlife Refuge, Brazoria County Emergency Operations Open House, One Nation Under God Luncheon, 36A Coalition meetings and the Brazoria County Cities Association Event.

Commissioner Hoss reported attending several of the same events mentioned as well as the luncheon where Speaker of the House Dade Phelan spoke.

14. Approval of financial reports presented for the period ending September 30, 2022.

Mr. Lowe shared new line items added to the financials, specifically the balance sheet and income statement with regard to GASB 87 changes. On the Balance Sheet, a Lease Receivable line item has been added to the Asset reporting while Deferred Flow of Income has been added to the Liabilities reporting. These entries reflect the GASB 87 required reporting capturing the NPV of future lease payments due to the port. The difference in the two accounts flows through to the Income Statement as GASB 87 Lease Recognition. The Income Statement entry does not impact actual cash flow.

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

15. Approval of Change Order No. 1 with AAR, Inc. for the East End Properties 2022 project, for an amount not to exceed \$88,750.00.

Mr. Nick Malambri explained that this item is a change order to the existing contract with AAR, Inc. adding that AAR is still on site from the original scope which included 21 properties. In the interest of time and savings on mobilization costs, staff is requesting a change order to add 6 additional properties, 3 of which require abatement. Staff recommends approval. Commissioner Singhanian inquired about the savings amount by adding to the original scope. Mr. Malambri stated that previously, staff was looking at \$18,000 per property, now its \$14,000 per property. With approval from the Commission today, the additional houses will be demolished in approximately 30 days. Once complete, there will be 5 structures remaining.

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

16. Approval of Stevedore License renewals submitted by the following:

Associated Terminals Pangaea
Ceres Gulf, Inc.
Cooper/Ports America LLC
Gulf Stevedoring Services, LLC
Gulf Stream Marine, Inc.
James J. Flanagan Shipping
Ports America Texas, Inc.
QSL-Texas Terminals
Red Hook ConRo Terminals LLC
Richardson Stevedoring & Logistics Services, Inc.
Suderman Contracting Stevedores, Inc.

Mr. Durel presented 11 applications for stevedore license renewals and shared the spreadsheet and checklist used to ensure the stevedores have submitted all necessary information to meet

requirements, noting that staff presented same to the OSS Advisory Committee. Commissioner Pirtle noted the committee reviewed the applications with staff and received presentation from Cooper/Ports America regarding their high TIRR rating which is attributed to new employees in Houston who have less than one year of service with the company however the number is coming down and efforts are being made to improve. The committee recommends approving the applications. Commissioner Singhanian inquired about not seeing the actual TIRR number on the spreadsheet and if they are satisfactory. Mr. Durel stated that staff was hesitant to publish the TIRR numbers but were discussed in more detail in committee with all being satisfactory. Ms. Saathoff commented that Cooper/Ports America had the highest number of incidents and why they were brought in to address the number noting that none of the incidents were in Freeport. Mr. Durel noted that most of these stevedores do not work at the Port but like to have a license in the event of vessel calls at Port Freeport.

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

17. Approval of a renewal with Texas Association of Counties for Port Freeport Workers Compensation Policy.

Ms. Campus stated this is the annual renewal of workers compensation policy for 2023. This year's policy is \$37,283 and continues to remain a good value to the Port as a member of the Texas Association of Counties pool for workers compensation. The renewal policy is a slight increase over prior year due to change in classification for job positions. Commissioner Croft noted there is an approximate 20% savings with the Port being part of the pool vs. going out for an independent policy. Commissioner Hoss asked for clarification/explanation regarding the categories of employees (i.e., jurors, election workers, volunteer firefighters, etc.) included in the backup documentation provided. Ms. Campus explained that as a private entity, we don't see the designations.

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

18. Approval of a renewal for Port Freeport Health, Dental and Vision Insurance.

Ms. Campus presented the renewal for the Port's health, dental and vision insurance for 2023 stating that Blue Cross Blue Shield (BCBS) has offered a renewal plan with an increase of 5.7% in premium. Ms. Campus noted that the budget was calculated using a 10% increase, therefore, the medical portion is within the budget. Staff recommendation is to renew the BCBS plan as proposed and maintain the existing cost share. Alternatives were discussed in committee and staff will begin earlier next year to develop a survey for employees to evaluate their needs before going out for proposals. Ms. Campus stated the current dental/vision plan is through Principal, who offered a renewal premium of 4% which is under budget calculation of 5%. Two plans will continue to be offered with the main plan offering an annual maximum of \$1500 and second plan offering a \$2000 annual maximum. The Port's cost will remain the same and the employee will absorb the additional cost. Staff recommends approval of this plan.

Commissioner Singhanian inquired if employees would be allowed to choose plans as is the case with dental/vision or would everyone get the same offering. Ms. Brandei Goolsby explained that several years ago, a high deductible HSA Plan was offered with no takers but is something they can incorporate in the employee survey as it is becoming more popular for businesses to offer choices to employees in order to keep their budget in line.

Commissioner Giesecke noted his continuing opposition to extending the employee health-based benefits to Commissioners stating that he knows of no other governing body of any port in the State of Texas that extends these types of benefits to their commissioners or trustees. He does not want to revisit this since it was voted on last year but wants to voice his opposition. He will vote for it for the employees but not for the Commissioners.

A motion was made by Commissioner Singhania to approve the renewal of the BCBS Plan and the dental/vision plan with Principal as recommended. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

19. Adoption of a Resolution authorizing a contribution to fund Port reserves for capital improvements.

Commissioner Hoss noted the capital reserve began in 2015 where the Port Commission approves a resolution to contribute to the reserve for capital improvements. Mr. Lowe shared a breakdown of contributions made to the reserve with total contributions of \$26,880,312.00 contributed in since 2015. The Commission authorized Berth 8 Dredging to be paid for through the reserves for a total of \$13,517,898.43 spent to date. Investment earnings total \$837,370.78 leaving a remaining balance of \$14,199,784.35, prior to FY2023 contribution. Mr. Lowe noted that an additional \$1,052,288.98 retainage will be paid for the Berth 8 dredging upon completion of the project. Staff recommends approval of a \$3,351,718.00 contribution to the reserve. Commissioner Singhania noted that while they have been contributing since 2015, it has been for the channel project, rather than the general capital reserve. Ms. Saathoff stated the resolution is consistent with what has been previously drafted with no change. The intent is to use funds for the channel project and authorization of funds must come before the Commission for approval. Commissioner Giesecke commented that this shows as a restrictive reserve on the balance sheet. Mr. Lowe responded saying that it's not a technical covenant restriction from a law, rather from the resolution that staff would bring it back to the Commission for approval but from an external standpoint, it's not controlled by any other means other than Port Commission. Commissioner Giesecke stated that on a household level, this is no more than taking an envelope and saying this is the Christmas fund and putting cash in it, so we can take it out and spend it for whatever at any time. It's not really restrictive but we're saying its restrictive, we're saying this is taxpayer money, it's put aside in this particular account, and its only going to be used for these virtuous projects and not be used for things like Commissioner health insurance premiums. Mr. Lowe responded saying that's a fair summarization, the Port Commission will make any decision. Commissioner Giesecke went on to say that these dollars aren't really special in this account, just in a separate account, adding that it's a shell game as far as he's concerned. He referenced an argument made before that the port doesn't use taxpayer money on certain projects or expenses, but taxpayer money is only used on certain things but at the end of the day, it's all taxpayer money, everything here is owned by taxpayer money. Doing these kinds of tricks and funds is not something he will go along with. Commissioner Singhania responded stating that he and Commissioner Hoss were initiators of this fund because there was a lot of discussion at that time to become M&O tax independent. This was one way the Commission looked at because they did not know what the channel project would cost, nor did they know if the Port would get federal funding for the project. Since there were a lot of unknowns, the Commission decided to start setting money aside, at least equivalent to the M&O, for the channel project. Commissioner Hoss added that it was also intended to keep the tax rate from porpoising over the years while completing the channel improvement projects, and while the port has made a consistent effort and have a track record of bringing tax rates down,

Commission knew there was uncharted territory in the channel development. This project and this fund is what it's there for - to improve the channel that benefits the entire community which is part of our job to see how things are spent. You can say it's a shell game, a rainy-day fund or a Christmas fund, but the fact is the commissioner's here job to decide how the money gets spent and where it goes. Tried to keep the taxpayers informed, here's what we're doing, here's where the money is at and consistent in our role as to what we do.

Staff clarified Commission's intent for the funds, noting that Commissioner Singhania's motion indicates funds would be restricted for channel improvement whereas the current drafted resolution has a broader description to include Freeport harbor improvements, capital and maintenance dredging, dredge disposal are improvements, land purchased and other approved Port capital improvements or capital maintenance items. If the Commission wants to change the resolution, it can be done but staff is requesting clarification as the resolution/wording presented is what has been in place since the fund's inception in 2015. After discussing further, Commissioner Singhania stated he did not want to change his motion.

A motion was made by Commissioner Singhania to adopt the resolution to deposit funds into the reserves as recommended by staff to be restricted for the channel improvement. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion and Commissioner Giesecke voting no.

20. Adoption of a Resolution authorizing a contribution to the Port Freeport Retirement Plan.

Mr. Lowe stated that staff reviewed this item with the Personnel Advisory Committee with staff's recommendation to continue with the standard 6% contribution to the Port Freeport Retirement Plan. Commissioners Giesecke and Singhania clarified for the record that this contribution does not apply to Commissioners and overtime is not included in this contribution.

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

21. Approval of Executive Director/CEO travel for the months of November and December 2022.

Ms. Saathoff noted that the first trip listed has not been rescheduled at this time but included it in the event it is before the end of the year. The Washington, DC Advocacy trip will be November 28-29 and the Port Authority Advisory Committee meeting will be held in Brownsville December 12. Ms. Saathoff indicated that she will attend virtually unless she is needed in person.

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

22. Receive update from Carriage House Partners, LLC regarding legislative affairs.

Mr. Gavin Massingill with Carriage House Partners gave an update on the results of the election and what to anticipate as the state legislative session approaches stating there were few surprises and very little turnover with 25 new House members expected in next session and no significant changes along the Gulf Coast region or committees of jurisdiction that will affect any issues.

The House republicans and Senate republicans each gained one seat. Statewide level, the republicans swept statewide races for the 13th consecutive election cycle. Comptroller has stated the last certified estimate going into session would have an ending balance in this biennium of \$27 billion. Bill filing began on the 14th with approximately 1,000 bills filed. CHP has picked up four or five bills that may be of interest to Port and will review further. Mr. Massingill also spoke about the success with the Speaker's office and Representative Canales with regard to potential funding toward the port capital program and the ship channel improvement revolving fund adding that the Speaker has indicated one of his top priorities this upcoming session will be infrastructure related issues. Chairman Canales, Chairman of Transportation Committee in the House has echoed the same desire for this to be an infrastructure and transportation session.

23. Discuss and consider Texas Ports Association legislative agenda and resolution in support thereof.

Ms. Saathoff stated that Texas Port's Association (TPA) got started much earlier this year in putting together the legislative agenda in order to file bills more timely. Port Freeport did not bring forth any of the items to be covered however, every year the Ports will jointly discuss with legal counsel various issues and technical corrections in the law or opportunities to add clarity in the way things are administered or supported to help facilitate better government. Currently, there are five proposed bills. 1) The Omnibus, which covers technical corrections or clarifications related to Chapters 60 and 62 of the Water Code; 2) Real Estate; 3) Open Meetings Act; 4) Chapter 55 of Transportation Code; and 5) Chapter 66 of Transportation Code. The last two bills are both related to the capital program referred to in the ship channel improvement revolving loan fund. Ms. Saathoff then went over the summaries for each of the proposed bills noting that the Commission does not have to support the full legislative agenda but wanted to review each of the proposed bills in detail. Additionally, all proposed bills are currently under state legislative counsel review and could be altered from what is being presented. Ms. Saathoff wanted to present the proposed bills to the Commission to allow time for review and discussion adding that the Commission can vote on what they are comfortable with or table to give time for further review. After discussing concerns with some of the items and requesting additional information, the Commission agreed to postpone allowing further review.

A motion was made by Commissioner Singhania to postpone consideration until the next meeting. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

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

A motion was made by Commissioner Pirtle to postpone discussion and consideration of the procedures until the next meeting. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

At this time, Commissioner Hoss noted that Commissioner Santos would not rejoin the meeting.

25. 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, 7 and 8.
 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 Port Director/CEO.

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

27. Discuss and consider approving Phase II and Phase III proposals from Paul Bridges & Associates.

Mr. Durel stated that staff has been researching the potential purchase of two cranes. Don Mullett, Port crane manager along with representatives from Paul Bridges & Associates (PBA) and ABB Computer Control Systems inspected the cranes, noting the cranes are very similar to the Port's current ZPMC cranes, however they are a much larger scale and newer versions. Staff reviewed the reports from Paul Bridges and ABB regarding the cranes with the OSS Advisory Committee, confirming the cranes are in good condition however there are a few things to consider in order to bring the cranes up to speed. One item discussed were the transformers on the new cranes, as they do not match the power or voltage of the Port's current cranes. ABB confirmed the transformers would have to be replaced in order to accommodate the supply voltage the Port requires. Additionally, all the cables (boom, trolley, hoist, etc.) need to be

changed out. They have not been changed since the cranes were originally purchased. Lastly, the cranes are as is, where is with no spare parts. Additional considerations will include transportation costs which Mr. Durel briefly went over. With all considerations, PBA provided a purchase range for the cranes as well as a price to purchase a new crane that is similar to the cranes in Mexico. Mr. Durel then went over the cost breakdown for used cranes vs. new cranes noting that until staff gets further into negotiations, will not know exactly what the price will be for the used cranes when considering all factors. The proposal submitted by PBA includes pricing for different task levels. If all of the task levels are completed (negotiation, refurbishment oversight, shipping process, commissioning work oversight) the total amount due is \$132,075 with travel expenses. If negotiations end without a transaction, the fee is \$29,575. The commission agreed to authorize staff to begin negotiations.

A motion was made by Commissioner Singhania to authorize a contract with Paul Bridges & Associates to perform Task 1 of the proposal in the amount of \$53,225.00. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

28. Discuss and consider action resulting from Executive Session for Executive Director/CEO.

A motion was made by Commissioner Pirtle to postpone consideration to the next meeting. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

29. Adjourn.

With no further business before the Commission, Commissioner Croft made a motion to adjourn the meeting. Commissioner Giesecke seconded the motion with all Commissioners present voting in favor of the motion.

The meeting adjourned at 5:38 PM