

Minutes of Port Commission Regular Meeting
October 27, 2022
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held October 27, 2022, beginning at 3:06 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. 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
Ms. Hannah Fitzsimmons, Operations Specialist
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Ms. Tricia Vela, Public Affairs Assistant
Ms. Christine Lewis, Safety Coordinator

Also, present:

Mr. Chris Moore, Texas Port Ministry
Mr. Mike Baker, LJA Infrastructure
Mr. Tim Kelty, City of Freeport
Ms. Megan Mikutis, Randle Law Office

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 noted that all Commissioners were present in the Board Room.
5. Safety Briefing – Ms. Christine Lewis provided a safety moment regarding Autumn safety and Daylights Savings Time.
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. Chris Moore with Texas Port Ministry addressed the Port Commission regarding the recent golf tournament thanking the Port for their efforts in making a successful event. He also shared some of the things that happen because of the Port's partnership with the ministry such as providing prayer support for workers, transportation for seafarers within Port Freeport gates as well as transportation to town for items needed on the vessel, visits to the vessels, sim cards provided for seafarers to connect with families, provide reading material, welfare checks performed on the vessels, partner with Take-A-Child-Fishing Tournament, host families for seafarers, provide Monday meals for Port workers and much more.
8. Public Testimony – There was no public testimony.
9. Approval of minutes from the Regular Meetings held October 13.

Commissioner Pirtle commented that minutes are not intended to be verbatim, but to capture the general idea. While he understands sometimes Commissioners want to make a point and have it noted, he doesn't feel it should get to the point of capturing minutes verbatim all the time. Commissioner Hoss agreed and noted that the meeting videos are uploaded online and can be reviewed there. Commissioner Giesecke added that comprehensive minutes serve the Port well and that the few times modifications have been made hasn't overly burdensome. Commissioner Santos stated the minutes were a good synopsis with key points noted and a prelude to what Commissioners need to do adding that if they need to reflect, they can reflect back to the minutes.

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

At this time, Commissioner Hoss recognized Tim Kelty, City Manager for the City of Freeport who was in attendance in the Board Room and here for agenda item #16. Commissioner Hoss asked staff if there was any reason this item needed to be addressed in executive session or if it could be taken up at this time. With no objection, Commissioner Hoss asked Mr. Hull to present agenda item 16 at this time for consideration.

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 thanked the Port staff for stepping up to assist with the golf tournament helping to make the tournament a success noting the net benefit goal looks to be exceeded. Ms. Saathoff reported on her attendance at the AAPA Annual Convention with Commissioner Singhania in Orlando where they had the opportunity to attend informative sessions and visit with two FMC Commissioners to discuss Port issues. She also reported participation in community events where she spoke at the Hispanic Chamber State of the County as well as the Alliance Transportation & Infrastructure Summit. Ms. Saathoff is also attending the National Waterways Conference which is being held this week in Houston where the U.S. Army Corps of Engineers has a large presence giving the Port opportunities to engage with representatives from Washington, Southwestern Division and the Galveston District. The quarterly executive meeting was also held in Galveston with Col. Blackmon with Ms. Saathoff noting that everything is on track and moving forward with the Corps moving the dates up for putting the final bid package out to mid-December. The Corps also gave an update on the Brazos River Locks project which includes flow analysis and impacts to the San Bernard River and the Freeport Harbor Channel. The Sabine to Galveston project was also discussed and confirmed they are proceeding with Alignment G which was requested by the Port. The Port is still awaiting cost estimate for the original and new alignments. Ms. Saathoff also noted that further discussion is needed with staff and the Corps after hearing in presentations the consideration for use of an I -Wall structure vs. a T-Wall. Lastly, Ms. Saathoff reported that the U.S. Coast Guard will be celebrating 40 years of the Lone Star Harbor Safety Sub-Committee November 4 with Rear Admiral Richard Timme visiting the Port for a tour. Details are forthcoming.

B. Chief Financial Officer

Mr. Lowe reported that September financials are not yet finalized as staff is still working through the process for full year-end close out. Staff anticipates having financials available for the November meeting. Mr. Lowe included a tentative policy review schedule which will begin in November for review with the Personnel Advisory Committee. Finally, staff continues to move forward with the business interruption insurance claim and recently received notification of a partial settlement.

C. Director of Engineering

Mr. Hull shared current photos from the Berth 8 progress as well as the Corps' dry excavation project. Ms. Saathoff also noted the progress Volkswagen has made on the Parcel 14 site thanking the City of Freeport for their support in creating the reinvestment zone and supporting the tax abatement program.

D. Director of Operations

Mr. Hibbetts reported on highlights from the written report stating the Port saw 9 container vessels, 10 RoRo, 2 rice, 2 steel, 7 barges, 28 railcars and 1 Vulcan train. Total vessels handled for the fiscal year was 456 which was short of the 541 projected due to the LNG shutdown. Port wide, there was 1,184 vessels compared to 1,230 last year. However, for the month of September (excluding LNG), tonnage was up to 244,000 tons compared to 166,000 tons last year. Last year the Port handled 2,192,000 tons with this year's number at 2,680,000 tons. The Port saw 134 RoRo vessels for the year vs. 139 last year. Mr. Hibbetts noted that overall RoRo business is up, and the Port currently has approximately 12,700 automobiles on the ground at the Port and LNG. Out of that, the Port is seeing about 7,500 shortsea vehicles with the number increasing with two additional vessels expected. Regarding safety, Ms. Lewis hosted a Port tenant walkabout and a tenant safety meeting. Both were well attended. Mr. Hogan recently hosted the annual security exercise and BMAT Meeting. Mr. Hibbetts and Austin Seth attended the Breakbulk Conference as well as the Lone Star Harbor Safety Committee. He also noted that staff is working on stevedore license renewals. Commissioner Singhania inquired about the increase in Tenaris shipments. Mr. Hibbetts stated they are bringing in steel billets/bars by rail, barge and vessel and going to the plant in Bay City adding the increase in tonnage from 450,000 tons last year vs. over 700,00 tons this year. Ms. Saathoff noted the drought experienced along the Mississippi River has affected how the Port tenants move product.

E. Director of Business & Economic Development

Mr. Wilson had nothing further to report and was available for questions. He noted the Port hosted the owners of Alpha/Omega, a company from the Van Vleck area who is importing equipment through the Port and establishing dealerships and facilities for new heavy equipment.

At this time, Commissioner Santos thanked Mr. Wilson for giving the City of Angleton and the City of Belize an update on the Port as well as a tour of the facilities.

Commissioner Pirtle and Croft also joined the delegation.

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

A. October 26, 2022 Strategic Planning Advisory Committee – Commissioner Singhania reported the committee discussed the Parcel 14 Rail Expansion which is the next item on the agenda for consideration.

B. Port Commission related meetings or conferences, Port presentations and other Port related matters.

Commissioner Croft reported attending the Republican Candidate Forum, virtual meeting with Texas Gulf Link EIS presentation, Belize Delegation, Hispanic Chamber Luncheon and the Alliance Transportation & Infrastructure Summit.

Commissioner Singhania stated that he attended several of the same events as other Commissioners and noted that he will have Ms. Bevers send out some information from the AAPA Annual Convention.

Commissioners Giesecke noted that he also attended the same events mentioned in addition to a West Columbia Chamber of Commerce event.

Commissioner Hoss reported attending the Alternative Fuels Conference in Galveston in addition to other events previously mentioned.

Commissioner Pirtle noted a discussion he had with Chris Moore about how many people throughout the County still do not know the Port exists or that the Port ministry exists. Commissioner Hoss suggested Mr. Moore possibly address the Commission at a future meeting regarding this topic. He also reported attending the BCCA Meeting.

12. Approval of a Construction Contract with LJA Infrastructure, Inc. for the Parcel 14 Rail Expansion project, for an amount not to exceed \$9,262,902.00.

Mr. Hull stated that bids were opened for this project on October 20 with nine bids submitted. LJA Infrastructure submitted the lowest bid and met all requirements. It is staff's recommendation and that of the Strategic Planning Advisory Committee to award contract to LJA Infrastructure in an amount not to exceed \$9,262,902.00. Commissioner Singhania stated that the committee reviewed the bids and are satisfied with the experience of LJA and staff's due diligence. The expansion includes the addition of four more rails adjacent to the existing rails on Parcel 14. Mr. Hull shared the scoring spreadsheet from all bids. Commissioner Giesecke added that LJA hit all the marks being the low bidder, has an extensive track record building rail, references checked out and he also noted their bid for the project came in under the estimated amount of \$10 million. Commissioner Santos agreed stating that when projects of this size come in under the engineer's estimated budget it's great to be able to relay that to the public.

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

At this time, Commissioner Hoss noted that Commissioner Singhania left the meeting at 4:14 p.m.

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

Commissioner Hoss stated that on behalf of Commissioner Singhania and himself that while they are happy with the progress, they do not feel pressed to vote on something today if the Commission is not happy with it. Commissioner Giesecke stated that he would propose final passage be postponed until the next meeting since Commissioner Singhania had to leave for another engagement. Commissioner Hoss assured the board Commissioner Singhania was

happy with the progress. Commissioner Giesecke asked about the number of motions in consideration with the number going from three to two inquiring what the justification was for the change. Ms. Saathoff stated that a step was taken out (substitute motion) and believes that was the reason it went to two. After discussing the number of motions and amended motions allowed and how it is handled, all agreed to leave the procedures written as is with the number of motions at two.

Commissioner Giesecke made a motion to postpone approval of this item until the next meeting. Commissioner Croft seconded the motion with all Commissioners present voting in favor of the motion.

14. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:
 - A. Under authority of Section 551.071 (Consultation with Attorney) for discussion regarding:
 1. Consultation with attorney under Government Code Section 551.071(1) (to seek or receive attorney's advice on pending or contemplated litigation).
 2. Consultation with attorney under Government Code Section 551.071(2) (to seek or receive attorney's advice on legal matters that are not related to litigation).
 - B. Under authority of Section 551.087 (Economic Development Negotiations or Incentives):
 1. To discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.
 2. To deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).
 - C. Under authority of Section 551.072 (Deliberation Concerning Real Property Matters) for discussion regarding:
 1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the are known as the East End of Freeport and bordered by or adjacent to the following streets: FM1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
 2. The potential purchase, exchange, lease, or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5 and 7.
 3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 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, Chief Financial Officer, Director of Operations, Director of Engineering, Director of Protective Services, Director of Economic Development and Director of Business & Economic Development.

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

16. Approval of request from the City of Freeport for a Sanitary Sewer Easement occupying 3.815 acres of property across Parcels 12 and 13, leading from the U.S. Department of Energy Strategic Petroleum Reserve to the City of Freeport Sewer Treatment Facility.

Mr. Hull stated at the last meeting, questions were brought up regarding this easement request that he didn't have the answers to with one being if the city was going to pass on all costs to the Department of Energy (DOE). All hard and soft costs will be passed on to the DOE. The second question was the value of the land and Mr. Hull still does not have that answer. Mr. Kelty then addressed the Commission stating the city is still working toward getting the value of the land but has not received it at this time and has hired Barry Coleman to perform an appraisal however it will take approximately 40-60 days. Mr. Hull stated that the City has accepted the form of easement that legal counsel has prepared and recommends approval. Discussion then began regarding whether or not the easement could be approved prior to receipt of appraisal. Mr. Kelty does not expect the Port to sign the easement prior to getting the appraised value but indicated he could request a letter from the DOE stating they agree to pay all costs associated with the easement.

A motion was made by Commissioner Pirtle to move forward with authorizing the CEO to execute the easement subject to receipt of letter from DOE agreeing to pay the appraised value for the easement once the appraisal is received. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

17. Discuss and consider action resulting from Executive Session for Chief Financial Officer, Director of Operations, Director of Engineering, Director of Protective Services, Director of Economic Development and Director of Business & Economic Development.

Ms. Saathoff stated that the annual performance reviews for Directors have been completed with recommendations for pay increases submitted and reviewed. Staff is requesting the Commission affirm the pay increases.

A motion was made by Commissioner Pirtle to affirm the pay increases as recommended by staff. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

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

Commissioner Pirtle made a motion to postpone this item until the next meeting. Commissioner Giesecke seconded the motion with all Commissioners present voting in favor of the motion.

19. Adjourn.

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

The meeting adjourned at 5:24 PM