

Minutes of Port Commission Regular Meeting
April 13, 2023
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held April 13, 2023, 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

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/82132015321?pwd=SFVBRVhZUCs2NStZbmhaM2FCbDdpQT09>

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

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

Commissioners Absent:

Mr. Rudy Santos, Vice Chairman

Staff Members Present:

Mr. Grady Randle, 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. Chris Hogan, Director of Protective Services
Mr. Jason Hull, Director of Engineering
Mr. Jason Miura, Director of Business & Economic Development
Mr. Brandon Robertson, Director of Information Technology
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Jesse Hibbetts, Operations Manager
Ms. Christine Lewis, Safety Coordinator

Ms. Emily Henderson, Marketing Specialist
Ms. Katie Tudor, Sales Representative
Ms. Tricia Vela, Public Affairs Assistant
Ms. Bailee Pavlovsky, Accounting Analyst

Also, present:

Mr. Chris Moore, Texas Port Ministry
Mr. Peter Nemeth, Crain, Caton & James
Ms. Barbara Fratila
Mr. Sammy Chambless
Mr. Kim Kincannon

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 Commissioner Santos was absent. All other Commissioners were present in the Board Room.
5. Safety Briefing – Ms. Christine Lewis provided a safety moment with tips for sharing the road.
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 by Commissioners.

7. Public Comment – There were no public comments.
8. Public Testimony – There was no public testimony.
9. Approval of minutes from the Regular Meeting held March 23, 2023, and the Regular Meeting held March 29, 2023.

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

10. Receive report from Executive Director/CEO and/or Port 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 reported attending the AAPA Legislative Summit along with Commissioners Santos and Singhania where they were also able to secure meetings with representatives from Senators Cornyn and Cruz and Congressman Weber's office to thank them for their support

with the port receiving the remaining funding needed for the channel project. The delegation also attended a meeting with Senator Cornyn and other Texas port directors highlighting Texas ports and matters of current importance. Staff recently participated in the Executive Governance Meeting with Col. Blackmon and the team that supports Port Freeport from the Corps noting that the final contract for completing the Freeport Harbor Channel Improvement Project should be awarded next month with work beginning this summer, lasting approximately 2.5 years. Ms. Saathoff also reported attending the Port Authority Advisory Committee Meeting April 11 stating that the committee is evaluating criteria for scoring projects submitted for funding that's allocated by the state legislature to port programs. Port Freeport will be issuing a joint press release with Dole Fresh Fruit to recognize 40 years of partnership. The lease agreement with Dole was signed April 25, 1993. Commissioner Singhania reported that while in DC, Commissioner Santos, Ms. Saathoff and himself had the opportunity to visit the Volkswagen facility noting that it is a very first-class facility. He also commented on a dinner he attended with Randy Weber and funding recently received. Mr. Durel gave an update on the process to acquire new ship to shore gantry cranes, noting that staff worked with Paul Bridges & Associates to put together the technical specifications for the cranes which have been sent to ZPMC. Next steps will be for PBA to send an example/guide of pricing, construction and erection agreement to continue conversations with ZPMC. Construction and delivery of the new cranes will take approximately 20 months. Meanwhile, PBA is also continuing the search for two used cranes. Commissioner Giesecke commented on an article he recently read regarding security concerns with the ZPMC cranes. Mr. Robertson confirmed that no one has access to the cranes internally besides port employees noting that the cranes sit within the port's network behind firewalls and are not at all connected to the internet. Lastly, Ms. Saathoff stated that the Port's annual Take-a-Child Fishing Tournament is scheduled for May 6th and thanked the community sponsors for their generosity.

11. Approval of a Construction Contract with Noble Building & Development, LLC for the Gate 8 Guardhouse Expansion project, for an amount not to exceed \$162,525.00.

Mr. Hull stated that this project involves building an addition onto the back of Gate 8 Guardhouse to house equipment which is currently housed in the restroom of the gate. The room will have a separate air conditioning system for the equipment to keep humidity out. The Port received one bid from Noble Building & Development in the amount of \$162,525.00. Contributing factors to the bid amount is that the project is small but because the building is occupied 24/7, construction will take place around working staff and operations.

A motion was made by Commissioner Singhania to approve the contract for \$162,525.00 to Noble Building & Development, LLC for the Gate 8 Guardhouse Expansion project. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

12. Adoption of a Resolution Authorizing the Submission of a PIDP Grant Application.

Mr. Miura stated that on February 15, 2023, the Port Commission approved staff to engage the Goodman Corporation to prepare Port Freeport's 2023 Port Infrastructure Development Program grant application which will be largely based on the 2022 application. The application must satisfy several statutory requirements with one being able that the applicant is able to demonstrate it has sufficient funding available to meet the matching requirements.

The cost of the Velasco Terminal Sustainable Expansion Project includes two components with one being the North Access Gate at a cost of \$4,635,937.50. The second is the Refrigerated Cross Dock at a cost of \$16,641,900.00 for a total project cost of \$21,277,837.50. The Port is seeking a 75% match from MARAD in the amount of \$15,958,378.13 with Port Freeport's 25% portion being \$ 5,319,459.37. Staff has prepared a resolution that approves and authorizes the submission of a 2023 PIDP Grant Application demonstrating Port Freeport has sufficient funds available to meet the matching requirements. Staff recommend approval of the resolution as presented. Commissioner Croft noted that the Finance Advisory Committee reviewed the resolution and supports approval. The cross-dock operation moves cargo from an ocean-going container to an open road truck to be used by port users. The project will be considered even without grant funding.

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

13. Approval of the reaffirmation of Port Freeport's Environmental Statement.

Mr. Miura stated that staff met with the Strategic Planning Advisory Committee April 11 to discuss the Port's environmental statement. In 2022, Port Freeport submitted a PIDP application for the Velasco Terminal Sustainable Expansion Project. The Notice of Funding Opportunity for the 2022 PIDP grant program requested applicants to describe its environmental conservation efforts and if those efforts were tied to a sustainability program or plan. Port Freeport's 2022 application was not awarded funding. During the application debrief with the U.S. Department of Transportation Maritime Administration, it was noted that Port Freeport could improve its focus on the above-mentioned items. Staff has received interest from parties wishing to conduct business at Port Freeport and the topic of ESG (Environmental, Social and Governance) has been a recurring item of discussion, with parties interested in the Port's Sustainability statement, plan, and any action or programs completed. Mr. Miura stated that while Port Freeport has been very active with its investments and partnerships to ensure we are good environmental stewards by purchasing electric cranes, converting to LED lighting, partnering with the only LNG export facility that utilizes electric generators and our partnership with TxDOT to establish heavy-lift corridors which reduces trucks on highways thereby reducing emissions and improving public safety. Port Freeport currently does not have an approved sustainability plan nor its calculated baseline greenhouse gas emission. Staff has researched approximately 60 other companies including leading Ports in the U.S., leading global carriers, Port Freeport's customer base and leading vehicle manufacturers to determine which ones had sustainability plans and goals to achieve net zero emissions or carbon neutrality. Approximately 70% of the companies researched had stated goals to be net zero by some date in the future. Staff recommends the Port Commission reaffirm Port Freeport's Environmental Statement, so it can be included in forthcoming grant applications and proposals. The Environmental Statement reads as follows....

PORT FREEPORT Environmental Statement

Port Freeport is fully committed to conducting Port activities in a proactive manner that is protective of the environment, through management and staff commitment, public outreach, and regulatory compliance.

Management and Staff Commitment

Port Freeport's Board of Commissioners, Management and staff are committed to the protection of all aspects of the environment, while applying the principles of continuous improvement.

Public Outreach

The Port is committed to providing public outreach and leadership on environmental issues. The Port will make this policy available to its staff, tenants, customers, vendors, and the community.

Regulatory Compliance

Port Freeport will comply with all applicable environmental regulations and other requirements while promoting sustainable growth and development.

Mr. Miura stated that the Strategic Planning Advisory Committee supports the recommendation by staff to reaffirm the environmental statement and advised staff to begin working towards having a plan in place by 2025. Upon reaffirmation of the statement, staff also recommends engaging a firm who specializes in the area of sustainability to help guide the Port's development of a sustainability plan.

Commissioner Singhania clarified that once the Commission approves the reaffirmation, the goal is to have an ESG as part of the statement. He also recommended keeping track of environmental accomplishments throughout the year as staff is always achieving goals in the background, however it is not well documented. Mr. Miura confirmed that staff will work with the consultant to establish a baseline with goals to reduce the number. He also stated that most of the firms researched who have a stated goal, produce an annual sustainability report.

With regard to the 2025 timeline, Commissioner Giesecke commented that if not having a sustainability policy in place is hindering the Port in the acquisition of grants and possible business with prospective tenants and users, shouldn't the deadline be sooner if it will result in additional federal funding and revenue from new business. Commissioner Singhania agreed suggesting the policy be in place this year with implementation of goals and processes that can be reviewed.

Commissioner Croft commented that this item should be included in the budget and allocate funds towards it to properly define that staff has taken it seriously by allocating funds towards achieving objectives.

A motion was made by Commissioner Singhania to approve the reaffirmation of the environmental statement and request staff to obtain a consultant to establish an ESG policy and implementation process. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

14. Receive update and discuss funding for Gulf Coast Protection District and Velasco Drainage District for the Sabine Pass to Galveston Bay Project.

Ms. Saathoff began by reminding everyone that the Port Commission previously approved a resolution in support of Velasco Drainage District seeking direct funding for the non-federal share of the Sabine to Galveston Project piece specifically in the Freeport area. They

received broad community support and began discussions in Austin seeking additional funding, especially since the state had such a large surplus and originally there had been an agreement stating the state would be supportive of the project and funding the non-federal share. The last legislative session the Gulf Coast Protection District was created with Harris, Orange, Jefferson, Galveston counties joining the GCPD with Brazoria County opting to not join with Velasco Drainage District and Port Freeport supporting that decision. What has changed in Austin is that is the introduction of a bill sponsored by Representative Dennis Paul and Thompson to create the GCPD Trust Fund which would create a fund outside the treasury of the comptroller, administered by the GLO. This fund could receive money from gifts, grants or donations to the GLO for the protection of the Gulf Coast or other sources designated by the legislature. The funds can only be used to pay expenditures for the development of infrastructure necessary or useful for protecting the Gulf Coast within the territory of the GCPD. The GLO will be able to manage the funds, investing as necessary but only distributed to the GCPD. Ms. Saathoff stated that her understanding is if this fund is created, there would also be a directed amount of money placed into the trust fund to be spent over longer terms than just the annual budget biennium which is why they want to create the trust fund. Instead of relying on what's happening each legislative cycle, they can make a larger allocation while they have the surplus to address the Gulf Coast resiliency and protection. Brazoria County, VDD and others continue to evaluate and reconsider whether or not it's appropriate to join the GCPD. The GCPD does have taxing authority. If implemented, it would have to be voted on before implemented but how that vote is taken and measured is not clear. Currently the way the GCPD is organized, all the counties currently in the district have a seat on the governing body. Current legislation does not guarantee a seat will be given to Brazoria County if they elect to join the district. Ms. Saathoff further stated that if they make that decision and the County is allowed to make the decision, legislation should be changed to assure a seat. While Port Freeport supports the trust fund, they also want to make sure the local level continues to make decisions (in partnership with the Corps) on the design, construction and execution of projects. Because the projects run through Ports Freeport, Orange, Port Arthur, Beaumont, etc., the ports need to remain in conversations to ensure they are given the right amount of participation in the process to make sure it's designed correctly, and the building implementation does not disrupt the movement of commerce. Ms. Saathoff further stated that the Port's position remains the same in that it supports funding of the non-federal share from a state level, but further voice should be given if the trust fund route is pursued and the County joins GCPD. Ms. Saathoff wanted to make the Port Commission aware of what had taken place. She did note the bill related to this has moved favorably out of the Natural Resource Committee on the House side.

15. Receive update and discuss legislation under consideration in the Texas 88th Legislature.

Ms. Saathoff first gave an update on the bills the Port Commission supported by adoption of a resolution and then noted bills that are of interest to the Port. They include the following...

SB 1499 (Nichols) - Provides funding to certain port projects creating the Port Improvement Fund. Moved through transportation, passed the Senate and referred to the House.

HB 2605 (Canales) – Parallel bill to 1499. Heard in transportation committee April 12th. SB moved over and referred to the house transportation committee. Both bills are moving quickly.

SB 1500 (Nichols) – Port Omnibus Bill. Moved out of transportation, passed on April 3rd by Senate and referred to the House.

HB 2606 (Canales) – Heard in transportation on April 12th. Receiving Senate version and picking it up to move forward.

SB 818 (Alvarado) - Disposition of real property items – Intact as presented. Passed the Senate April 3, referred to the House.

HB 1511 – (Perez) - Companion bill 818. Reported favorably out of House transportation. House bill is expected to be picked up.

Ms. Saathoff stated that staff tracks different areas of interest from bills that may affect different sections of the code including, transportation code covering the Brazos Pilots to administrative items that involve notifications to the public, public information act, public meetings act to finance related items such as the ability to issue debt, property values to tax rates. Following are a few bills of interest...

HB 159 (Landgraf) Tax rate notifications. Moved through Ways and Means, reported favorably April 4.

HB 187 (Landgraf) Bond sales. This bill supports the effort to move all GO Bond sales to a November ballot. It is currently pending on the financial services committee.

SB 561 (Sparks) Bond sales. Limit debt issuances if the life exceeds expected life of assets currently.

SB 541 (Campbell) Prohibit businesses from state contracts (or special districts) if they are prohibited under the John S. McCain National Defense Act of 2019. Under federal contracts, there are restrictions on businesses that are able to bid on government contracts. If they are on certain lists or prohibited under Section 889 of the John S. McCain National Defense Act of 2019 which applied to federal contracts. Passed Senate April 4 and referred to the House.

SB 1104 (Birdwell) Related to rules governing declared disasters. Passed the Senate March 28.

HB 2654 (Slawson) Companion bill to SB 1104. Has moved to the state affairs committee but the hearing has not been set.

HB 338 (Paul) & SB 2431 (Bettencourt) Related to changing the name of the Harris County Flood Control District to the Gulf Coast Resiliency District. Also, transferring the assets programs and facilities of the Harris County Toll Road Authority to that body.

Ms. Saathoff also noted there are two bills proposing to put the Gulf Coast Protection District on schedule to be put under sunset review. It has been heard in the business and commerce committee and left pending. Has not been heard in the House.

16. 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 551.087 (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 area 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 14, 19, 27, 34 and property on Quintana Island.

17. RECONVENE OPEN SESSION:

18. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:38 PM.