

Minutes of Port Commission Special Meeting  
August 15, 2024  
In Person & Videoconference

A Special Meeting of the Port Commission of Port Freeport was held August 15, 2024, beginning at 1:04 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

**This meeting agenda with the agenda packet is posted online at [www.portfreeport.com](http://www.portfreeport.com)**

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." A quorum of the Port Commission, including the presiding officer, will be present at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas. The public will be permitted to attend the meeting in person or by videoconference.

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Commissioners present in person:

Mr. Ravi Singhania, Chairman  
Mr. Rob Giesecke, Vice Chairman  
Ms. Barbara Fratila, Secretary  
Mr. Kim Kincannon, Asst. Secretary  
Mr. Dan Croft, Commissioner

Commissioners present by videoconference:

Mr. Rudy Santos, Commissioner

Staff Members Present:

Mr. Grady Randle, Randle Law Office  
Ms. Phyllis Saathoff, Executive Director/CEO  
Mr. Rob Lowe, Director of Administration/CFO  
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  
Mr. Jesse Hibbetts, Director of Operations  
Ms. Amy O'Brien, Controller  
Ms. Mary Campus, Controller

Also, Present:

Capt. Dan Harris, Sentinel  
Mr. Tyler Abadie, Texas GulfLink  
Mr. Patrick Smith, REM Consultants  
Mr. Matt Eagan, Texas GulfLink

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Roll Call – Commissioner Singhania noted that Commissioner Santos was present via videoconference while all other Commissioners were present in the board room.

At this time, Commissioner Singhania noted for the public the reason for the special meeting today is to meet the deadline for the Port Commission to encumber funds to reduce the I&S taxes which is the GO bonds taxes, explaining the money has to be encumbered and satisfied before it can be done. He also commended staff on all the hard work done to get the Port Commission prepared to this point as well as the efforts made by all to hold committee meetings earlier in the week to also prepare for today.

3. Public Comment – There were no public comments.
4. Public Testimony – There was no public testimony.
5. Discuss and consider encumbering funds for the purpose of reducing the portion of the 2024 property tax rate used to pay debt service for General Obligation Bonds (i.e., the I&S rate).

Mr. Lowe began by sharing slides that were presented to the Finance Committee earlier in the week noting the committee had an excellent conversation and sharing of information. He also noted he has received a couple of different opinions from the board's individual members on this topic adding that staff is willing to take the spreadsheets in any direction noted. He stated there are seven spreadsheets in total and has tried to give two or three scenarios of what things would look like on the encumbrance side. The last four spreadsheets incorporate a look at the forecasted operating results through 2031, comparing that to the capital and debt payment needs to see what the impact would be on the cash flow. The first encumbrance slide model was built on the basis of collecting the same amount of tax dollars that was collected for this fiscal year. This fiscal year's tax dollars was based on a budget of \$3,637,512. Mr. Lowe stated the first model is based on the taxes collected for this fiscal year, not the tax rate. If the Port attempted to collect the same amount of taxes in the upcoming fiscal year, as done in this fiscal year, it would need to encumber \$1,975,438. This would result in an estimated tax rate of \$.01466. He reiterated this will be an estimate and will be slightly different based on prior year collections, contested taxes and sometimes things that are completely removed from the roll. The second model Mr. Lowe built was based on maintaining the exact same tax rate as the current fiscal year which is \$0.016007 and would result in the Commission needing to encumber \$1,642,458 which would then result in a rate lower than the no new revenue rate of \$0.01615. Mr. Lowe added that he believes the no new revenue rate is going to be slightly higher than the current rate because the year over year comparison on the Port's tax roll is projecting to be slightly lower than this year. He further explained that the no new revenue is

attempting to say what tax rate would need to be administered in the upcoming year to collect the same amount of taxes as collected in the prior year. For the third model Mr. Lowe chose a higher number to encumber of \$2.5 million which would result in a tax rate of \$0.0125. He noted it has been suggested by a couple of Commissioners to go to a zero tax rate. This would require an encumbrance of \$5,612,950 which is the Port's debt payments this fiscal year. Mr. Lowe pointed in 2026, the debt payment would be \$6.2 million, and in 2027, the debt payment would be 7,249,000. He noted that it levels out in 2027 and maintains throughout the bond, adding that in those years individually, the Commission would be considering these numbers when they consider their encumbrance. A tax rate of zero would require an encumbrance of \$7,250,000 in the future. It would require \$6.2 million next year and then \$7.25 million thereafter. Mr. Lowe stated the next spreadsheets are modeled by a base case with the Port's existing customers growing at a traditional 3% growth rate and a moderate increase of \$1 million a year in new revenue. He also modeled a case with two new additional customers (similar to the ones added in recent times) to show what higher growth or revenue would be. Staff is projecting just under \$53 million in operating revenue for fiscal year 2025 and has about \$20 million worth of cash currently on hand along with \$18 million worth of capital reserve, totaling about \$38 million combined. The next \$35 million is what staff anticipates generating in operating cash flow for the coming fiscal year. Staff also anticipates that it will continue to earn investment income. Mr. Lowe shows investment income in 2025 is at \$5 million, then dropping to \$3 million in the following years noting that as the Port gets into a heavier capital season, staff will draw down its cash and not make as much investment income. Starting at the top of the model, the case shows \$38 million on hand today, adding \$35 million throughout the year, adding an additional \$5 million more in investment income and with taxes collected at the same rate as this year, you have an additional \$3.367 million. You then deduct the revenue bond payments, the GO bond payments, all the capital needs for the year and the encumbrance amount which would leave the end cash balance just under \$20 million. The next slide is exactly the same with the exception of the ad valorem tax receipts showing none if the Commission chose to take the 2025 tax rate to zero with the end cash balance of \$12 or \$13 million. Discussion then ensued regarding the calculations with Mr. Lowe pulling up the spreadsheet to adjust calculations. With the adjustments made, Mr. Lowe showed a beginning cash balance of \$20 million, capital reserve of \$18 million, \$35 million anticipated results for the year, adding \$5 million of anticipated investment income for the year and \$3.6 million of ad valorem tax receipts incoming for the year. Next the Port will pay the revenue debt, the GO debt and the capital needs. Mr. Lowe stated that to make the formula work, we would need an encumbrance of \$1,975,000 for an end cash balance of \$21 million. Another example shows the ad valorem receipts zeroed out. In using the two examples, he further explained that in using this year's tax collections of \$3.6 million, looking at the upcoming year in the future and keeping everything consistent, we would start year with \$38 million and end the year with \$22 million. If you look out through 2031, the cash availability would grow up into the \$70-\$80 million range. Ms. Saathoff noted that while it looks like cash availability is growing really large, there are other capital needs that aren't specifically captured. Some of the cash flow will be used for future capital projects that are not yet identified. Mr. Lowe agreed showing the current model to be \$22 million growing to \$64 million while the model showing no taxes collected would be \$18 million growing to \$46 million over the five year period. Commissioner Singhania asked Mr. Lowe to add a line on the current model to show the numbers for no taxes so he can see everything on one page. He also added a line showing

revenue growth from 2 new customers and another line showing growth of \$1 million per year. Looking at the model, he explained there's no growth projection in the current year (2025) as its what's already being projected. He further explained that as you move out in the out years beginning in 2026, you can see the impact adding of the first new customer model although it will look a little odd because it only shows a half year revenue for the new customer in 2026. He noted that he would probably cut off the analysis in 2028 or 2029 just for a reasonableness test because staff doesn't know what the capital needs are or what may come from the market study, 3-5 years is probably the most aggressive he would get on that. At this time Commissioner Singhania asked Mr. Miura what he feels comfortable with as far as projecting revenue growth. Mr. Miura stated that he would go with a conservative approach considering the long sales cycle of some deals giving examples of what was done recently with both Volkswagen and Del Monte which were multi-year negotiations. Commissioner Singhania asked for clarification on which of the three scenarios Mr. Miura was okay with. Mr. Miura stated that he would go with the most conservative approach (no tax line) until the market study results are in. With respect to achieving the other two scenarios over a course of five years, he stated they could be achievable, no guarantee. Mr. Lowe stated that it's also not guaranteed to be at the level we might see from the most recent addition adding that a million a year might not be from a single source. It could be breakbulk one year and a specific project for a local petrochemical investment breakbulk for a given year. There's going to be a combination of things that would lead to those as opposed to assuming that the two specific customers. Ms. Saathoff added that there's also the impact of the Port's largest customer, and their fluctuating volumes year to year that has been hard to predict. Mr. Kincannon clarified that if we went to a zero tax rate and paid the GO bonds out of reserve money, all we have to do is levy at some point if we saw ourselves getting in trouble. Mr. Lowe reminded the board the GO bonds were sold based on the 2018 vote of the District explaining that this encumbrance decision process has to be done annually, the Port cannot go to zero permanently. The decision will have to be made every year because the buyers of the bonds bought the bonds under a different understanding. He further explained that if the commission didn't feel comfortable encumbering the entire amount next year, it would put in a tax rate up to the full payment with no vote required of the District; however, through the County's calculations of the no new revenue and voter approval rate, the port would be exceeding the no new revenue rate and would have to put an ad in the paper that says this is what we're doing and explain to the constituents why it was done this way. Commissioner Croft commented that he appreciates the effort put into analyzing every aspect of what's being proposed but if he understands correctly, if the Commission proposes going to something close to or equal to zero or even keeping it at the current tax rate, it will completely deplete the capital reserve and end up at a break-even year, starting with \$20 million cash and ending with roughly \$20 million, and no longer have a capital reserve. He further commented that if the tax rate has to be implemented, the Port will be confronted with headlines that it had to implement the tax again. Commissioner Fratila commented that she's always been more conservative and looks to public perception adding that if the Commission went to zero, not knowing what's coming, and had to go back, it couldn't control the headlines. She stated that it's a good plan to decrease, to set aside to encumber increasing amounts, but never go to zero, or at least not yet. She further commented that this is a relatively new process and isn't offended by Port Freeport's tax rate and what she's paying because in comparison it makes sense and is a lot lower. She worries how people will look at what the Port is doing when depleting cash reserves by going totally to

zero and doesn't think it shows responsibility. She understands the Commission wants to decrease tax burden but feels that completely zeroing it out isn't a wise move adding that she'd like to encumber incrementally and work towards zero. Commissioner Santos commented that the Commission went into encumbering funds in an incremental fashion and taking it to zero (all of a sudden) is not a conservative way. He confirmed that if the Port has to insert a tax rate at a later date, it does not require a vote of the taxpayers. He further commented that because of uncertainties coming about, including a possible \$3.5 million tariff on the cranes, encumbering funds incrementally would be his way of handling it. Commissioner Singhania responded by stating that he's glad to see the Port is able to work with more or less capital reserve going to zero because the capital reserve was set up for the channel project and never meant to be a crutch for operations revenue. He also stated that after spending money on the channel, the docks and the cranes, the Port will generate more money with business growth and plans staff is working on. He added that if something unfortunate happens, the Port still has the crutch of going to the taxes without approval and should be able to explain to the public why it had to happen, and the public should be able to understand by looking at the Port's record that shows it has not been holding reserve every time it has made more money. He is very happy with no tax line and the reserve we have. Commissioner Fratila inquired if there would be any negative effect to the Port going to zero when it comes to bond ratings, if bonds were needed later, could the action be detrimental? Mr. Lowe replied saying it could be and offered two different paths to look at, GO bonds and revenue bonds. Any future GO bonds the Port Commission chose to pursue would only be done by a positive vote of the public. He stated that Moody's is the port's rating agency for GO bonds and reviews the port's financials annually. He explained that when discussing the \$1 million encumbrance the board took action on last year, it took Moody's a bit to understand so if the Commission went to zero, he could potentially see that the rating agency commenting on it. With regard to the revenue bonds, Mr. Masterson and his team have maintained the port gets a little boost for having the M&O tax which has already been eliminated. Mr. Lowe stated that on the revenue side, a rating decrease is less likely because it's been offset by the increased revenues that the port has brought in the last couple of years. While he does think there's a risk on the GO bond side that the Port would get an unsolicited downgrade, it would only arise when the Port chose to borrow money again. The timing of and how it got passed would determine how the rating agency saw it at that moment. It would have no effect on the outstanding debt as the agency cannot change the rate of what's already been issued. Further discussion and dialogue began regarding a downgraded rating and its possible consequences as well as the impact to revenue bonds and the factors that goes into the analysis. The commission and staff also discussed projected capital projects, capital reserves and anticipated mags (minimum annual guarantee) and leases coming in. Commissioner Giesecke summed up the discussion by stating it's a difference of encumbering \$5.6 million or \$2 million this year. Assuming the commission wants to encumber the minimum of \$1.975 million and not go beyond the no new revenue rate (which will generate the ad in the paper that says it's a tax increase), the difference is \$3.6 million for this year commenting that it's kind of a di minimis difference when talking about an \$80 million capex. Lastly, he stated that the port will be celebrating its 100th anniversary next year and can't think of anything better to celebrate than to tell the taxpayers the port has taken the tax rate down to zero. Commissioner Fratila added that she appreciates the analysis of information since some of the commissioners don't have the benefit of being on the capital projects or finance committees. It takes a little while to digest the information that's presented between

committees and the meeting along with additional changes, and she can't just jump on to something without a concept of understanding. Commissioner Croft commented that being a former banker, when looking at organizations borrowing money, the debt, cash flow, debt coverage ratio is always looked at, but it is also good to know what type of fall back capacity the organization has adding that when it's totally reliant on cash flow, any interruption can create a crisis. The port has assets it can go back and borrow on but in borrowing in a time of need when your cash flow may not be exactly where it is today, having that reserve is an unintended benefit of what the predecessors set aside, is very meaningful in the analysis of an organization. He further stated that you never want to see is utilizing cash flow for capital investments as you definitely do need to finance those assets because you don't want to burn up cash flow to cover long term assets. The port is doing a good job of maintaining that based on its current investment dynamics. He added that he likes the idea of having some level of reserve, no matter what its initial purpose was intended for, it created an additional benefit beyond that intent because it does identify the liquidity the port has. While he appreciates how everything has been handled in detail with thought and forethought, he feels a staged approach is better as opposed to an all or none scenario that's implied. Commissioner Singhania responded stating that he appreciates what Commissioner Croft said, but the capital reserve fund was never intended to make it into more reserve for more question. With approximately \$10 million of operating reserve for six months, \$18-20 million is almost like a whole year asking how much more reserve is needed. Commissioner Croft followed up adding that if the board agrees to a gradual increase, it could look at accruing on a monthly basis towards the payments that are due in anticipation of what the taxes were with the cash flow. It would demonstrate a more scheduled and deliberate plan to achieve a zero tax as opposed to doing it all at one time and manages the funds a little bit better. Commissioner Giesecke added a few more comments stating that he put together a worksheet to look at what the port's cash flow has been historically. He noted in 2021, the total net income from all sources including property taxes was about \$19 million, 2022 was \$20.5 million and 2023 was \$20.4 million with the current fiscal year budget projecting about \$18.2 million. He also noted the year has been very good with expenses lower than budgeted and revenues significantly higher so we're looking at about \$22.4 million, rounded up. If the port goes to zero tax altogether this year, based on current budget estimates, it's looking at about \$21.3 million which is a number that's consistent from past years with no big decrease in available funds from operating revenue and other sources such as investment income. He further commented that it's all a matter of priorities. Does the port keep squirreling away taxpayer money or do the more difficult thing adding that this wasn't possible five years ago but it's possible to do it now without jeopardizing the ports current situation and future growth. He noted one last comment stating he found in public record a comment from a former Port Commissioner who stated in 2009 that at some point the port should be self-sufficient. Commissioner Giesecke stated that was 15 years ago and feels the time is now to go to self-sufficient. Commissioner Fratila asked for clarification how much the board would need to encumber to go to zero. Mr. Lowe explained that last year the board encumbered \$1 million and to maintain the same amount of taxes collected this year, the board would need to encumber \$2 million; however, to encumber everything would be \$5.6 million for fiscal year 2025 so the delta is between \$2 million and \$5.6 million, an additional \$3.6 million above staying where the port was last year. Ms. Saathoff pointed out that staff doesn't have the final tax number, so the motion needs to be made in a way that is achieving what the board wants. Mr. Lowe added that staff has \$48,000

right now in the I&S account because the accounts continue to settle so it's not going to be an exact deal. You can encumber that exact amount but because of prior year disputes, differences and valuations, those aren't paid so for a few years there's going to be excess in the funds. Mr. Lowe recommended the board do the exact payment of \$5.6 million this year knowing that you've probably got a little bit of excess in there. Commissioner Singhania inquired if the tax required is \$5.6 million and the board agrees \$5.7 million, will they get it for next year. Mr. Lowe explained that whatever the board chooses to do today, staff will move that cash over into a dedicated I&S account which normally happens on the sweep when the County sends the money. When the debt payment is due, staff executes the debt payment. If the board encumbers more than required, it will just sit there earning interest, but will be encumbered toward future debt.

At this time, a motion was made by Commissioner Giesecke to encumber \$5,612,950 to our I&S reserve for payment for the FY25 general obligation debt service and if this passes, will effectively take our total tax rate to zero. The motion was seconded by Commissioner Kincannon with all Commissioners present voting in favor of the motion by a roll call vote.

Commissioner Singhania thanked everyone adding it's a cause for celebration this is quite an accomplishment for this to happen. Ms. Saathoff thanked the constituents of the Navigation District because without the bonds and their support, the port may or may not have gotten the new start designation (for the Freeport Harbor Channel Improvement Project). It was the ability to say our community was behind the project and we had the funding in place that made the Office of Management Budget and U.S. Army Corps of Engineers willing to put us ahead in the line and give us that new start designation in February 2020. Commissioner Singhania again thanked Ms. Saathoff for the leadership in getting the bonds passed and numerous trips to Washington for getting the channel. Commissioner Giesecke echoed Commissioner Singhania's comments, but also thanking additional staff for all their efforts. He also thanked accounting staff for putting all the information together in a very concise format that was very helpful to go through and really understand the implications.

6. Discuss and consider the final Environmental Impact Statement for Texas GulfLink application for deepwater port and the federal notice for filing comments.

Commissioner Singhania recognized Captain Harris from Sentinel who was present in the board room as well as Tyler Abadi with Texas GulfLink and Patrick Smith with REM Consulting who were online. Ms. Saathoff stated the Port recently learned the Final Environmental Impact Statement (FEIS) had been submitted for the Texas GulfLink (TGL) project with an original comment period expiring August 19. The comment period was extended to August 30, so staff has a little more time to continue an analysis of FEIS and anticipates it being an item on the agenda next week. Ms. Saathoff reached out to Mr. Smith asking him to assist in looking at the port's previously comments filed with the Maritime Administration through and the Texas General Land Office to determine if the comments and concerns had been addressed or if anything further needed to be filed. She also noted a public meeting will be held September 14. She explained the project was initiated in 2019 with the filing of the application for an offshore deepwater port noting two projects were filed off the coast of Freeport, the SPOT Project (which has been approved) and the TGL Project. She explained the difference in the projects stating that SPOT's tank farm is near Richwood with lines going offshore, through Surfside and to the terminal while TGL's tank farm has been

identified to be located in an area by Jones Creek with the lines running near port property on the other side of the diversion channel and going offshore to the identified platform location. Mr. Abadie spoke to the deadlines noting the public hearing is September 13 and partly why the comment period was extended; to allow additional notice for the public to engage. He explained the hearing will start a 90 day clock for MARAD to issue a record of decision and the rod will be conditional on a multitude of federal, state and local requirements and not just a blanket approval to construct and operate. He further explained there is also a 45 day clock that starts concurrently where Governor Abbott will be able to approve, disapprove, approve with conditions, or have a silence that would either trigger the continuation of the rod or pause it. Mr. Smith, consultant with REM Risk Consultants explained the work they've done to assist Port Freeport in the HazID (hazard identification) process that the Coast Guard undertook in reviewing TGL as well as the other deepwater ports. Mr. Smith shared a presentation giving an overview of the project explaining it would be a deepwater port located about 26 miles off the coast in 104 feet of water, servicing VLCC tankers and transporting crude oil in a 42 inch pipeline to the platform. He shared a map showing the location of platform and the VLCC's as well as the route of the pipeline from the proposed Jones Creek Terminal. Mr. Smith explained they represented Port Freeport in the process required by the Coast Guard going through the design of the platform, discussing different risks with all aspects of the project and made comments. Those risks were then ranked by the outside consultant running the process and addressed in some way by TGL. He stated the port submitted three main comments...

1. Request to reevaluate an anchorage area that was adjacent to a safety fairway;
2. Assessing the pipeline barrel depth. The proposed depth was three feet below the surface for the majority of the length of the pipe and 10 feet below the surface in the fairways; and
3. The economic impact on Port Freeport. There is some economic impact study in the proposal and the port requested there be an additional study with respect to the port if there were any type of spill or leak.

Mr. Smith noted the updated EIS has moved to anchorage area while the barrel depth of the pipeline is currently in compliance with federal regulations with no plan to be changed, and the economic impact to the port is outside the scope of the current phase of the analysis. He further stated that based on all other comments in the original environmental impact statement, additional changes mentioned the anchorage area, changes to the pipeline route, dock space, changes on the buoy construction, changing the number of piers from 6 to 9 and the addition of a VOC (volatile organic compound) recovery vessel. He noted two items that were added to the study, reverse lightering assessment and the completion of oil spill modeling and shared models of different spill scenarios located within the study. Mr. Smith also noted the difference in this project from a deep water well. Commissioner Singhania asked Mr. Smith to explain what the safety, environmental issues and impacts will be on the port because of the project. Mr. Smith stated that worst case scenario would be a spill or release with the port impacted with vessel traffic into the port, spill recovery, cleaning of vessels, etc. Ms. Saathoff noted the study specified that boats will be at the offshore deepwater site equipped with spill boom and recovery equipment to deploy for containment and recovery efforts should there be an incident. Commissioner Singhania then asked about the benefits or positive things that can happen to the port with the project in regard to an environmental and sustainability point of view. Mr. Smith stated that Mr. Abadie would be able to best answer the question as his scope was to look at the HazID process and the risks. Mr. Abadie stated there is discussion in the EIS about utilizing Port Freeport and the reason for it is would TGL, as an applicant, have to build its own infrastructure or is there existing commerce that could handle the variety of services



the port would need which range from freshwater, sundries, cleaning, transport of personnel, storage, crane usage, patrols and boats coming back and forth several times a week as well as the need to unload cargo liquids periodically in between existing port business. It would be a significant economic impact to the port considering the alternative if the barrels continue to be lightered elsewhere outside of the Houston Ship Channel. Mr. Abadie stated that in terms of lightering there's one ship a month that goes into Port Freeport that is involved in lightering operations and is a barrel that is sourced from a completely different region that they would be taking barrels from that enter the Houston market from West Texas. From an ESG perspective, it's a huge benefit because the emissions that are free to go into the atmosphere, the volatile organic compounds and hazardous air pollutants, will no longer be going into low income or environmental justice communities, will be captured, condensed and put back into trains where they're not freely admitted. Ms. Saathoff noted there was a fair amount of discussion in committee about the vapor recovery system, how it would be processed and partially used on the vessel while the liquefied portion would be brought in to customers wanting the product adding that it definitely has a benefit to it from a clean air perspective. Commissioner Fratila commented that she appreciated the update noting the committee spent time asking questions and getting more information. She stated that since they have more time, she'd like to meet again to give a better presentation of where we are and where we think we need to go. Commissioner Croft inquired about the two projects in consideration, SPOT and TGL, asking if both projects can be approved or just one. Mr. Abadie stated when they had five projects out there, the capacity of all five was greater than the actual barrel production anticipated coming from West Texas, noting there's ample amount of volume for two or three barrels to go overseas. He stated that MARAD and the Coast Guard approve each project on its own merit but do look at the cumulative impact of all projects in unison (especially the EPA), so it has been vetted from the EIS perspective. He also stated that both projects are targeting different potential customers and barrel sources out of West Texas so both could be constructed but a realistic economic scenario is where one project has better support. Commissioner Croft commented that he would think we would want to weigh in the risk of both being approved and the overall effect to the fairways and the port itself asking if anyone has a different idea since the possibility exists that both could be approved. Mr. Abadie stated that Volume 14 on the FEIS recaps the three different sessions of the hazard identification. He noted the Port and REM had representatives attend the February 2020 session that identified the issues and what ifs of the actual port while the second and third sessions, which occurred in February 2020 and March 2022, incorporated a simultaneous operation occurrence. He encouraged reviewed of the documents which is a very detailed 130 pages with process flow diagrams, process nodes and the scenarios that have come up from a risk perspective with not just our ports but the others in the region. Commissioner Croft then inquired about the VOC recovery and what exactly would be done onshore at the terminal, whatever the location may be. Mr. Abadie stated they will condense the vapors every two or three loads, depending on the cargo characteristics, the VRV (vapor recovery vessel) will come into Port Freeport. From a high operational level, when TGL met with the port and several tenants, it was determined that offloading the liquids from a ship about 300 feet long with a temporary or rented lack unit or one a tenant provides wouldn't be an issue. There will be a couple of truckloads, take the liquids with the vessel in and out in 6-8 hours. There's a plan but as to what tenant or where it's done was always going to be a TBD only because the approval was several years out adding that it would be difficult to forecast, not just the operations locally but what tenant and what service providers. Captain Harris stated that if you look at the fairway system out there, when TGL and/or SPOT get built, they're going to reduce a tremendous amount of shuttle tankers so movements and the traffic in the fairways will be significantly reduced. Additionally, the tankers coming to TGL or SPOT are going to use the fairways. When

looking at the lightering activity, they're outside the fairways so they're constantly moving in unregulated areas and directions of their choice. With regard to the vapor recovery boat coming in and out, they intend to utilize the pilot service to bring the boat in and out to further reduced risk. They will start with one vapor recovery boat but plan to warehouse a deep supply of spares because they will shut down if that one boat goes out of service as they cannot load without recovering the vapors as the boat recovers 100% of the vapors. He stated there are two trains on the boat and will have critical spares backed up so if there is a partial failure, they can still do about 40,000 an hour with one train. They have the option to slow down to half capacity and hope if they do go out of service to change a motor or something, they will have the part in warehouse stock. Mr. Abadie stated this will be one of the very few platforms and infrastructure items in the Gulf of Mexico that will be fully designed to API RP2 that will have about a 20-30 year design life depending on the components, noting platforms that have been out there for 40-60 years because of the robust design. He added that the integrity management, the way they handle operations and longevity can be extended but currently, depending which way you look at it, it's 20-30 years with some of the permits being renewed every 5, 10 or 15 years. Commissioner Croft asked again about the VOC recovery and how it would be done at onshore terminal. Mr. Abadie stated the emissions are within a standard rule permit as it's below the threshold that gets into some of the macro federal requirements because the VOC onshore is so low. They plan to have geo descent domes. The tanks will never hit bottom and will always have some type of small oil fill and won't have a full vapor hole where vapors will be emitted in the port. The terminals are designed to be empty so the oil that comes in is only to pre-stage before being loaded out. By design, they don't want oil in the facility as there's no reason for the oil to stay any more than 24, 36 or 48 hours. When maintenance or cleaning is needed, they are required (under the air permit) to bring in portable vapor destruction or vapor recovery equipment. It would handle around 95-98% destruction or capture of those VOC's. Ms. Saathoff asked Mr. Abadie to again cover the process, the FEIS and getting through the 90 day period as there's still a lot to be done pointing out that many of the things that were brought up in the HazID meeting are addressed in the operating procedures manual. Mr. Abadie stated that in terms of NEPA, this is a final point, a major milestone but in the course of deepwater port licensing, it's more or less a halfway point as there's still a lot that needs to be accomplished with stakeholders (such as Port Freeport) and the jurisdictional agencies. After completion of the FEIS, there is a 90 day period followed by a record of decision. The record of decision will be conditional and could have 50 to 100 or 200 items that are required to be demonstrated, proven, issued or obtained from stakeholders, local, state and federal agencies. This includes operational manuals, facility response, security plans, how they are going to detail prevention from cyber-attacks, terrorism, what's going to be their response, communication plans if there's a spill or an incident, how are they going to man, evacuate and firm up hurricane procedures, numerous things in addition to Corps of Engineers permits, permits for real estate brands, connectivity with the Department of Energy to utilize their pipeline and the EPA air permit. He stated the halfway point gives agencies and regional stakeholders to say their blessing the project, but still need to go through a period and a timeline to get everything documented and firmed up to demonstrate everyone's been satisfied and then they will issue the license to construct and operate. They anticipate, after those 90 days, if they have a conditional approval, it could take between 12 to 24 months to accomplish those tasks. Commissioner Croft made a final comment that the community of Jones Creek is against the proposed location noting they are constituents, not just his because it's his precinct, but constituents of each Commissioner. Ms. Saathoff will continue to work with Mr. Smith who will be providing a table that includes all comments and gives direction as to whether a comment has been addressed, is a duplicate or is similar to another and identifies where the ports comments are located in the document being produced by the Coast Guard.

Ms. Saathoff stated that staff will report back next week after having more time to thoroughly review noting the file will be uploaded to BoardPaq once it's received. Commissioner Giesecke asked what had been done to mitigate the concerns of the community in Jones Creek. Mr. Abadie stated that public outreach was made with the community prior to filing. In addition to holding conversations about the plans, they've done mitigation, committed to installing trees along Peach Point Road, relocated the entry and exit to the facility, agreed to put in an additional 10 acres of detention and retention to alleviate flooding on adjacent properties, offered community benefit plans, gave out scholarships and helped with emergency relief during COVID and after storms. TGL has set precedent for community engagement and plans to continue the engagement and incorporate what they can and where they can. He further stated the projects can take 3-7 years to get approvals, so there's a reciprocated respect in that at what point does TGL get serious about what it looks like outside of what they've been doing now that's been documented both in the EIS and with the benefits and outreach level with the EPA through the environmental justice and outreach directives they have. Commissioner Giesecke asked for clarification on the plan. Mr. Abadie stated there were outreach sessions that were done, concessions were absorbed into the engineering and the design of the project which were relocations, beautification, additions that were at the request of the local community. TGL also worked hard in terms of engaging in areas where they could continue outreach locally and did through various philanthropic efforts. Additional conversations will be held after TGL gets the FEIS and after there's a rod that's conditional for an approval. He encouraged the topic be brought up during the interface which has been asked for in the near future. Captain Harris followed up saying that if another meeting arises where its beneficial for TGL to answer questions, please let them know and they'll have someone available.

For the record, Commissioner Santos left the meeting during the last agenda item at 2:50 p.m.

7. Adjourn.

With no further business before the Commission, the meeting adjourned at 3:22 PM.