

Minutes of Port Commission Regular Meeting  
August 22, 2024  
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held August 22, 2024, 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](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.

Join Zoom Meeting

<https://us02web.zoom.us/j/81606553316?pwd=DDwRXRjWjZtDXVq1qKrgf8AnvEb0bK.1>

Meeting ID: 816 0655 3316

Passcode: 033825

Dial by your location

• +1 346 248 7799 US (Houston)

Meeting ID: 816 0655 3316

Find your local number: <https://us02web.zoom.us/u/kCnaL4Bum>

Commissioners present in person:

Mr. Ravi Singhania, Chairman  
Mr. Rob Giesecke, Vice Chairman  
Mr. Kim Kincannon, Asst. Secretary  
Mr. Rudy Santos, Commissioner  
Mr. Dan Croft, Commissioner

Staff Members Present:

Mr. Grady Randle, Randle Law Firm  
Ms. Phyllis Saathoff, Executive Director/CEO  
Mr. Rob Lowe, Director of Administration/CFO  
Mr. Jason Hull, Director of Engineering  
Mr. Chris Hogan, Director of Protective Services  
Mr. Jason Miura, Director of Business & Economic Development  
Mr. Brandon Robertson, Director of Information Technology  
Mr. Jesse Hibbetts, Director of Operations  
Ms. Missy Bevers, Executive Assistant  
Mr. Don Mullett, Crane Maintenance Manager  
Ms. Christine Lewis, Safety Coordinator  
Mr. Chas Gryseels, Engineering Specialist  
Ms. Mary Campus, Controller  
Ms. Bailee Anderson, Accounting Analyst  
Mr. Jason Caywood, System Administrator  
Ms. Tricia Vela, Public Affairs Assistant

Absent:

Ms. Barbara Fratila, Secretary

Also, present:

Mr. Chris Moore, Texas Port Ministry  
Ms. Emily Hanson, The Facts  
Ms. Melanie Oldham  
Mr. Manning Rollerson  
Mr. Riley Bennington

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 Singhanian noted that Commissioner Fratila was absent, and all other Commissioners were present in the board room.
5. Safety Briefing – Ms. Christine Lewis stated that port staff has reached 2,056 days with no time loss incidents. She also provided safety tips for staying hydrated in extreme heat.
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.  
Ms. Melanie Oldham addressed the Port Commission regarding the Texas GulfLink Project.  
Mr. Riley Bennington addressed the Port Commission regarding the Texas GulfLink Project.  
Mr. Manning Rollerson addressed the Port Commission regarding the Texas GulfLink Project.
8. Public Testimony – There was no public testimony.
9. Approval of minutes from the Regular Meeting held July 25, 2024.

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

10. Hurricane Beryl facility repairs update.

As previously reported, staff took emergency action to make repairs for safety reasons and to get the port back fully operational. Ms. Saathoff stated that one more purchase order will be issued for the repair to the stairwell safety panels on both cranes. Design specs have been completed and the quote came in at \$208,000 for 66 panels to be installed. The purchase order will be issued under the provisions that are provided in the state regulations. A memo is forthcoming, but staff wanted to report it to the board in open session. She stated that Mr. Hull is capturing all other repairs and is preparing to bid the work following normal procurement procedures. Mr. Hull then gave an update on the additional repairs which are in

progress. He also shared an overall map showing the location of each project while explaining the repairs...

#11 Transit Shed 3 – Membrane roof will be removed and replaced with new membrane roof. Gutter repairs will also be done at northeast and southeast corners.

#10, 9 & 8 Transit sheds 1,1A and 2 - Membrane roof will be removed on all three, including the deck, and replaced with new membrane roof. New gutter will also be replaced along the entire length of the building.

#3 Operations Building - Membrane roof over a standing seam metal roof will be removed, and new metal roof only will be replaced in addition to some gutter repairs.

#4 Transit Shed 5 – Two metal roofs will be removed and replaced with single metal roof. New metal panels will replace translucent plastic panels that were old, brittle and broken. Gutter repairs will also be made.

#7 Warehouse 52 - A new stainless steel roll up door will be replaced as well as a new extruded anodized aluminum canopy to replace a damaged canopy.

#5 Transit Shed 51 - Entire roof will be removed and replaced with a single standing seam metal roof.

#6 Gate 8 Guard Check In - Metal roof will be repaired along with replacement of a section of gutter.

Ms. Saathoff noted the emergency repairs that have been done under the emergency provisions total \$371,293 to date. She also noted an announcement by FEMA regarding the major disaster declaration, Brazoria County is now included in the authorization for permanent work eligibility for FEMA filing. Staff will be able to submit some of the projects to see if they are eligible for FEMA assistance.

11. Receive reports from Executive Staff on activities and matters related 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 reported on the additional work started in the Expansion Area which is a RIDER funded program (TxDOT) and includes 5th Street improvements as well as the new access from FM1495 to East Second Street. The new gate infrastructure is also under construction and is expected to be complete later this year. She also reported on the Wallenius Wilhelmsen vessel that is in port which was contracted for construction in partnership with Volkswagen and is LNG dual fueled (regular diesel or LNG). She explained the unique design that allows more fuel efficiency which is about a quarter of the fuel that was required previously. The vessel will be calling the port every other month. Emergency dredge work is near completion returning the channel to full operational depth. The dredge will return to performing the new work under the Freeport Harbor Channel Improvement Project contract. The Panama Canal announced the canal will be back to 50 foot operational depth and back to full daily vessel movements (36) at the beginning of September. Ms. Saathoff stated that staff will attend the Quarterly Executive Governance Meeting with the U.S. Army Corps of Engineers on September 4, noting the new commander of the Southwestern Division, Col. George Walter, and deputy commander, Col. Seth Wacker will be present at the meeting. A legislative appropriation request for the Texas Department of Transportation Maritime Division is being considered at the Texas Transportation Commission meeting. Under consideration is approximately \$1.2 billion specific to maritime related activities with \$900 million requested for port related projects and \$200 million requested to add to the ship channel improvement revolving loan program. Sabine Neches Waterway has made application for

what was previously appropriated to that fund, \$400 million which will be approved. There are also funds of \$140 million being appropriated for the Brazos River Locks project. Ms. Saathoff reported the port had another really good month and complimented the team on all their work. Automobiles are up 40% over last year with approximately 150,000 vehicles expected to be moved by fiscal year end which is 70% over last year and an all-time record for the port. Tenaris continues strong operations in their Bay City facility and are moving record amounts of steel through Port Freeport. They are up over 11% over prior year, which is a record year as well, moving over 820,000 tons through the port this year. Ms. Saathoff further clarified for Commissioner Giesecke the Wallenius Wilhelmsen vessel has a 75% reduction in fuel consumption versus regular bunker fuel and older vessels that have been in operation. She also clarified Tenaris steel is being loaded onto railroad in Tennessee and barges in Pennsylvania. With regard to Vulcan, they have not had a ship in recent months and the port hasn't seen as much aggregate moving out of the port; however, they do still receive rail aggregate from the Medina quarry. In addition, Mr. Miura followed up with them regarding the vegetation they committed to planting, and they are working to get corporate approval on it.

#### B. Director of Engineering

Mr. Hull started by showing the location of the dredge work for the shoaling and where they will move to complete dredge work for the deepening. With regard to the shoaling work, the contractors will have to bed level or smooth out the bottom of the ship channel followed by the Corps completing after dredge surveys. The surveys are used by the Coast Guard to verify that the restriction has been lifted. He reported the Liberty Island dredge was offshore, working on the SATOC which is the annual maintenance dredging of the outer channel and will be completed this Saturday. In December, the Ellis Island dredge will come back to Freeport and continue dredging Reach 1 offshore. Mr. Hull also shared a picture of current groundwork at the new gate entrance into the port as well as construction for the new road connecting FM1495 to Second Street. In addition, he reported Freese & Nichols has begun work on the drainage study with timeframe for completion still at 180 days.

#### C. Director of Operations

Mr. Hibbetts reported another good month with the port handling 40 vessels for the month and 93 port wide. If the pace continues, staff expects to exceed the budget. Container tonnage is increasing and expected to continue along with the record-breaking year on steel. Mr. Hibbetts stated that OEMs have been remarkable, noting the sister vessel to the Wallenius vessel will be coming to the port in the near future. The current vessel carries 6500 vehicles and discharged 3100 in Freeport. Rail numbers are increasing month to month with Volkswagen being a big contributor. Staff is expecting project cargo to be moving through the port and includes helicopters that will be assembled inside the port and then flown out. Commissioner Giesecke commented on the 19 LNG vessels projected for August. Mr. Hibbetts stated with the plant back up, they should be getting back to normal. Commissioner Singhania inquired about actions taken regarding the recent accident on FM1495. Mr. Hibbetts stated that staff met with stevedores and labor terminal operators with safety measures agreed upon by all parties which include uniformed officers present in the intersection. The officers will be the authority of the intersection handling the flow and movement of the vehicles across the roadway. Other safety items discussed include additional striping as well as measures taken for heat exposure which include rotation of three officers and providing umbrellas for shade. Commissioner Singhania commented that it speaks very well of the port for coordinating with the users and operators and thanked the team for the effort.

Commissioner Santos noted the OSS Committee met and interrogated Mr. Hibbetts and staff very well adding that the team has a great plan with everyone involved.

D. Director of Business & Economic Development

Mr. Miura stated the Breakbulk Americas Conference will be held October 15-17 at George R. Brown Convention Center and will discuss related estimated expenses later in the meeting. He also noted his fourth quarter travel schedule included in his report to visit carriers and shippers. He also shared pictures of the Wallenius vessel spoken of earlier noting its 6500 car capacity, 121 foot beam and LOA of 656. It is considered a Neo Panamax RoRo vessel which is fabricated in China.

E. Chief Financial Officer

Mr. Lowe gave a presentation regarding the financial results for the month of July. Additional discussion was had with regard to improvements/changes to the operational earnings slide. Staff will discuss with the Finance Committee and bring it back to the full board.

12. Approval of financial report presented for the period ending July 31, 2024.

A motion was made by Commissioner Giesecke to approve the financial report. The motion was seconded by Commissioner Croft with all Commissioners voting in favor of the motion.

13. Receive report from Commissioners on matters related to:

- A. August 13 Finance Committee Meeting – Commissioner Giesecke reported the committee reviewed the quarterly investment portfolio, discussed the revenue estimate for this year's budget and discussed the incoming funds and the implications for the tax rate, which was covered last week.
- B. August 13 Capital Planning Committee Meeting – Commissioner Kincannon reported the committee discussed the proposed capital spending plan for fiscal years 2025-2029 and reviewed a summary of roof damages to port buildings suffered during Hurricane Beryl.
- C. August 14 Personnel Committee Meeting – Commissioner Croft reported the committee reviewed port salary, wages and benefits projected for next year and proposal of overall raises. The committee also discussed the allocation and how staff plans to disperse the raises. Additional detail will be shared in the budget workshop.
- D. August 14 ESG&S Committee Meeting – Commissioner Croft reported the committee received a presentation from Texas GulfLink regarding the final Environmental Impact Statement regarding their application for deepwater port.
- E. August 21 OSS Committee Meeting – Commissioner Santos reported the committee received an update regarding the canine services contract. Safety matters were also discussed with the committee expressing the importance of having a good standard operation procedure. An update was also given regarding the EOC HVAC project.
- F. Port Commission related meetings or conferences, Port presentations and other Port related matters.

Commissioner Croft reported attending the Brazosport Chamber Dinner & Auction, Brazoria County Economic Development Alliance Meeting, Lower Brazos River Coalition Meeting and Friends of the River Breakfast.

Commissioner Kincannon reported attending a joint CAP meeting for CP Chem and Phillips 66, Highway 36A Coalition Meeting, Finance Committee, Capital Planning Committee, Quarterly Traffic Coordination & Safety Group Meeting and ESG&S Committee. He also attended a dinner at the Brazosport College with Captain Tom Chaby, retired U.S. Navy Seal as guest speaker, the Highway 36A Coalition Luncheon, Lower Brazos River Coalition Luncheon in Angleton and the BCCA Meeting.

Commissioner Giesecke reported attending the Freeport City Council meetings, Brazosport Chamber Dinner & Auction, Rotary Luncheon, Highway 36A Coalition Meeting, Lake Jackson Business Association Luncheon, SPCA Groundbreaking, Lower Brazos River Coalition Luncheon and BCCA Meeting.

Commissioner Singhania reported attending Highway 36A Coalition Meeting, Dr. Monica Baucham (VP Brazosport College) Port Tour, Volkswagen Facility Tour and Sheila Williams Retirement.

14. Future Commission Meetings:

August 27 Special Meeting (if needed) - Adopt Resolution for Proposed Tax Rate

September 12 Special Meeting - Set Tax Rate & Adopt Budget

September 26 Regular Meeting

October 24 Regular Meeting

November 14 Special Meeting - Strategic Workshop

November 21 Regular Meeting

December 19 Regular Meeting

Ms. Saathoff stated that because all information was received back from the tax office, the commission is able to propose the tax rate today during this meeting; therefore, the August 27 special meeting will not be needed. The September 12 meeting will be held for additional budget review, approve the budget and formally adopt the tax rate. Regular meetings will be held September 26 and October 24. November 14 will be a special meeting to conduct the strategic workshop. Ms. Saathoff noted that she would like to get the agenda set for that meeting by September 12<sup>th</sup>, so staff knows exactly what they need to prepare and has plenty of time for preparation. November 21 and December 19 will be regular meetings.

15. Approval of payments to CenterPoint Energy Houston for gas line relocation, for an amount not to exceed \$98,466.19.

Mr. Hull stated that in order to remove and abandon existing gas lines in the Expansion Area but still provide gas to customers that require service outside of the Expansion Area, CenterPoint needs to make alternative routes and connections to continue the service. This is Phase I of the project. Phase II of the project is the removal of the abandoned gas lines in the Expansion Area once new connections are established. Mr. Hull has combined the cost for Phase I and Phase II for a total of \$98,466.19 and recommends approval.

A motion was made by Commissioner Santos to approve the payment as recommended by staff. The motion was seconded by Commissioner Kincannon with all Commissioners voting in favor of the motion.

16. Discuss and consider selection of firm to perform Port Freeport Market Study and authorize Executive Director/CEO to execute contract with selected firm.

Mr. Miura stated that staff met with the Ad Hoc Committee to review proposals submitted for the market study and subsequently interviewed all proposers with staff recommending KPMG as the firm to perform the market study. Staff then worked with KPMG to modify the scope of work, timeline and cost fee. Mr. Miura discussed the scope of work which is split into three phases with associated tasks assigned to each.

Phase I: Cargo Forecasts

Task 0: Project Launch

Task 1: Data Collection and Cleaning

Task 2: Preparation of Base Market Forecasts

Phase II: Port SWOT Analysis

Task 3: Quantify Current Market Demand

Task 4: Assessment of Current Facilities and Services

Task 5: Evaluate Other Market Factors

Phase III: Strategic Opportunities and Outreach

Task 6: Market Outreach

Task 7: Cargo Forecast Scenario Analysis

Task 8: Market Segment Assessment

Task 9: Finalize the Market Study

The timeline for the study is expected to take five months. Once the fee is approved, staff will negotiate the final contract. Commissioner Singhania commented that the study is critical to the investments the port has made with the channel and the docks, particularly for the container business and felt the team made a good decision with this group.

Commissioner Croft commented that each group brought their best strengths to the table and but felt this organization had the best culmination of all aspects. Commissioner Giesecke echoed Commissioner Croft's comments adding there was a good response to the RFPs, and all were qualified to perform the work, but KPMG had the better, well-rounded presentation. With the five month timeline, Mr. Miura expects to have results of the study by the February board meeting.

A motion was made by Commissioner Giesecke to authorize the Executive Director to execute contract with KPMG for the Port Freeport Market Study, in an amount not to exceed \$490,000. The motion was seconded by Commissioner Croft with all Commissioners voting in favor of the motion.

17. Discuss and consider authorization of expenditure funds for the 2024 Breakbulk Americas Conference to be held October 15-17, 2024.

Mr. Miura stated that Breakbulk Americas 2024 will be held October 15-17 in Houston with staff holding the annual customer appreciation reception and hosting a booth in the exhibition hall. Because the event falls in next year's budget, staff is seeking approval to start incurring some of the expenses to prepare for the event. Mr. Miura put together an estimate of expenses, based on historical cost, for approximately \$49,411. Staff is requesting approval to spend up to \$53,000 which includes any unforeseen expenses.

A motion was made by Commissioner Croft to authorize the expenditure of funds totaling \$53,000 for the 2024 Breakbulk America Conference to be held October 15-17, 2024 in Houston, Texas. The motion was seconded by Commissioner Santos with all Commissioners voting in favor of the motion.

18. Approval of JN3 invoice for consulting services and travel expenses in the amount of \$7,891.78.

Ms. Saathoff stated that staff had been trying to get consulting firm JN3 to the port for a visit and to discuss matters related to the further development of container business at the port. She explained there was a short window of opportunity in early June where everyone was available, so late Friday, June 7, it was confirmed that Mr. Newsome could travel to Port Freeport on Monday, June 10, further explaining when he made his travel arrangements, he was not able to obtain a coach seat. Generally, consultants follow the same practice with port policies, which is to purchase a coach seat for domestic travel. This was not possible as it was important to have Mr. Newsome here June 10. Ms. Saathoff wanted to have full transparency with the Port Commission and asks for approval to pay the invoice. Commissioner Singhania commented that it's understandable and appreciates staff keeping compliance with the port policy, whether it's an employee, commissioner or any consultant.

A motion was made by Commissioner Giesecke to approve JN3 invoice for consulting services and travel expenses in the amount of \$7,891.78. The motion was seconded by Commissioner Kincannon with all Commissioners voting in favor of the motion.

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

Ms. Saathoff stated this was discussed at the August 15 special meeting with Capt. Harris from Sentinel Midstream at the meeting while Tyler Abadie with Texas GulfLink (TGL) and Patrick Smith with REM Consultants participated virtually. Since REM Consulting participated and advised the port with TGL's initial application and draft environmental impact statement, Ms. Saathoff asked Mr. Smith to review the comments previously filed with MARAD and the Texas General Land Office (GLO) as well, because they will be advising the governor in his final approval or disapproval should they get the go ahead through MARAD. Mr. Smith has done an initial analysis and review and provided a table of all the comments that have been assembled and tracked by the U.S. Coast Guard. Staff is continuing to evaluate whether or not all of the port's comments have been addressed or need to be resubmitted to make sure they are captured and considered in the process. Ms. Saathoff stated that some of the things initially pointed out were operational matters such as how an incident will be handled should there be a spill that could impact the channel. A lot of information has been shared about carbon capture (their studies) and what direction spills will go, knowing the prevailing winds are from the Southeast; therefore, anything that occurs at that site will most likely impact the immediate area and likely impact the shipping channel. From a pipeline standpoint, there are other community concerns; however, staff's focus has primarily been to the effects to the Freeport Harbor Channel and the shipping lanes offshore. Staff will continue review and have a draft sent to the board for review prior to the August 30 deadline. The group began discussion on whether or not to have a special board meeting or an ESG Committee meeting to review comments prior to submittal and whether or not all aspects, concerns and benefits have been captured. Commissioner Croft commented that the impact of both projects being approved has not yet been addressed. Additionally, while impacts to the port have been addressed, the impact to the citizens of the District have not been addressed nor have the beneficial impacts to the port. Commissioner Giesecke commented that while he's sympathetic to the concerns of the citizens in Jones Creek, he feels the port's comments need to focus on the interest of Port Freeport with regard to the operational and safety concerns. He also questioned whether or not the lack of economic benefit to the port had been addressed with this project or with the SPOT Project. Ms.



Saathoff stated that it was clear that neither project had positive economic benefits to the port. TGL did because they were proposing to run supply vessels through the port adding there will some investment that goes on the tax rolls that will be a positive impact for the community at large. Commissioner Santos inquired about the type of insurance that will be required for the project (federal port) and if there is an impact and business interruption if the port has anything to fall back on and to whom. Ms. Saathoff stated the port has no oversight on the requirement but can comment and inquire about it adding that she doesn't know if the port's business interruption insurance would cover because of it originating offshore. Commissioner Singhania asked if the port would have any relief from its own insurance, channel users' insurance or any contractual relief if any of the channel users had an incident that shutdown the channel. Mr. Lowe stated that he would have to get clarification adding that he's fairly confident business interruption would cover inside the channel and would have a very strong argument outside the channel, stating the port has a six month window to collect business insurance if it is indeed payable to the port, but would need to get clarification. Ms. Saathoff noted that if something did occur it would not be a continuous flow under a high pressure situation like in a BP deepwater well, the aspect is a little different, but doesn't mean it wouldn't be impactful. She reminded the Commission's questions and concerns can also be heard at the public hearing September 13 where the final environmental impact statement will be discussed. With regard to the port's concerns, she and the consultant will have everything wrapped up prior to the August 30 deadline. The Commission agreed a board meeting was not needed for further action and authorized Ms. Saathoff to continue work with the consultant, review comments with Commissioner Fratila, as chair of ESG Committee, and will keep the board informed.

## 20. Conduct workshop regarding Fiscal Year 2024/2025 Budget for Port Freeport.

Mr. Lowe stated that staff previously met with all the respective committees to discuss revenue budget, capital plan, salary, wages and personnel costs noting that all of those aspects of the budget have been vetted very well in committee. Mr. Lowe began the workshop by stating the overall budget includes \$52.9 million in operating revenues and \$29.7 million in operating expenses which result in an operating profit of \$23.2 million and an increase in net assets of \$44.9 million. Planned capital expenditures amount to \$78.4 million plus contributed to others of \$2.6 million for a total of \$81 million. Debt service interest expense on existing debt amounts to \$9.2 million. All in, the sources of funding and use of funding total of \$117,978,461. Revenues represent \$86,333,176 with 44% generated through harbor revenues (wharfage, dockage, equipment facility use fees, security fees). Other categories include lease revenues which is predominantly ground lease revenues, grant revenues and other which is primarily investment income. Total operating revenues is \$52.9 million with a \$5.1 million or 10.5% harbor revenues increase from 2024 forecasted which is a result of 18.8 million tons moving through the port across 592 ship calls. Volumes are up 13% over 2024 forecasted for existing operations including the full year revenues of two new customers. Lease revenues of \$14.7 million which is an increase over the 2024 forecast of 811,000 or 5.8%. Operating expenses are just under \$30 million at \$29.7 million with depreciation, salary and wages, contract security, professional services and business insurance making up 83% of the budget. Mr. Lowe stated port salaries, wages and benefits includes a budget of \$6,891,334 which is a significant increase over the 2024 forecasted of \$1.2 million or 22%, noting it includes the filling of seven approved positions that are currently vacant which staff is actively pursuing at this time. The budget includes a 5% increase in CPI/merit raises as well as \$40,000 in available market adjustments. Mr. Lowe explained that staff will continue to utilize a hybrid approach where a set adjustment is identified for all salaries. That amount is then removed from the percentage approved and the

remaining amount is spread across everyone based on individual performance. Per the committee's suggestion, a higher base adjustment will be considered with the last two years set at \$1,000. There is a 12.5% increase forecasted in group health versus the prior year budget, and 0% increase in dental and vision premiums. This puts the percent of group health premiums to total wages and benefits at 15.5%. The budget assumes full participation in the retirement plan and the percent benefits to salaries and wages is at 37%. Professional Services is budgeted at \$3.5 million which is an increase over 2024 forecasted of \$528 thousand or 18%. Security service fees takes up a majority of this category at \$2.4 million which includes canine detection services and contract security personnel. Mr. Lowe explained the OSS Committee discussed needed changes and additions to the security contract to align with the additional hours needed at the gates and communications center to accommodate the increased activity across the port. This category also includes surveying, environmental consulting, federal and state level government liaisons, port planning services, granted related assistance, building code review services, records management permanent archives and election services. Training, Travel, and Promotional is budgeted at \$794 thousand which is a decrease of \$7000 thousand over 2024 forecasted. Mr. Lowe noted under commercial events, there is increased participation in conferences to promote the Port's containerized cargo capabilities. Also included is advertising in targeted publications, sales travel, government relations travel, community events that includes the addition of the Port's 100 year anniversary and completion of the Freeport Harbor Channel Improvement Project. Utilities is budgeted at \$1.2 million which is an increase over 2024 forecast of 80,000 or 7%. Business insurance has a budget of \$3.1 million, which is an increase of \$95 thousand or 3% over 2024 forecasted. Other services and charges budget at \$678 thousand, which is an increase of \$159 thousand or 30% over previous forecast. Mr. Lowe noted the driver in this drastic increase is that some of the cybersecurity subscriptions were previously covered under grants. Staff will continue to pursue the grants but felt it needed to be budgeted as cyber and IT projects become more prevalent going forward. Maintenance and repair budget is \$1 million which is a decrease of \$407 thousand or 28% over 2024 forecasted. One-time expenses related to the cranes and Administration building make up the majority of the delta with crane equipment, security equipment, cleaning and mowing contributing to the final number. Depreciation expense of \$12.4 million, which is an increase of \$438 thousand or 8% over 2024 forecasts due to completion of ongoing capital projects. Regarding debt interest and fees on the bond schedule, total principal and interest \$19,680,185. Staff has added a column for call dates noting only one being current which is the 2013 Series with a balance of about \$10.3 million at completion of this fiscal year. After an inquiry about interest rates, staff will add another column to include that data as well as a column for timing of retiring bonds. The Port's Capital Expansion Plan plans total \$81 million in the upcoming fiscal year with many of the projects underway which are broken out under the port's strategic initiatives. Mr. Lowe noted a few projects that are underway or have been bid or scheduled. Under Container Handling, Area 5 Backland Development, 5th Street Reconstruction, Rider 37 Velasco Terminal Access Project and the North Gate. In Warehousing and OEM, there are projects to improve efficiency in the inner harbor as well as commercial projects that will add asphalt in the Expansion Area. Under Port Infrastructure, you have Cathodic Protection, Expansion Area Green Belt w/ tribute, Gate 4 Access Road Widening as well as miscellaneous purchases like vehicles, gators and IT and security projects. Lastly, Mr. Lowe shared a pie chart that breaks the capital projects down by funding: Grants, Cash Flow or General Reserve, and Equipment Lease/Other Debt. Following the presentation of the workshop, Mr. Lowe answered a few questions regarding location of certain projects in the budget and budgeted numbers/placeholders for events and projects.

21. Discuss and consider adoption of a Resolution to propose the 2024 tax rate, to be adopted at a future meeting.

Mr. Lowe stated the Commission previously instructed staff to designate encumbered funds from previously unencumbered funds in an amount sufficient to cover FY25 general obligation bond debt payments. Staff did that, prepared and submitted the traditional worksheet required by the County every year. The County returned the tax worksheets with two predominant rates, the no new revenue tax rate and the voter approval tax rate. Because there was a tax levied last year, there is no new revenue rate this year of \$0.015922/\$100. The voter approval rate is listed at \$0.000065, due to nuances from prior year taxes and adjustments. Mr. Lowe clarified that going forward, if the Commission chose to not fully encumber the debt payment, the debt payment (whatever it is) will become the voter approval rate for that given year. The Commission needs to propose a tax rate of zero because the debt was fully encumbered, and there needs to be a vote of the proposal to be signed by the Chairman and Secretary and sent to the County. On September 12, the Commission will vote to adopt the tax rate, and that communication will also be sent to the County. Mr. Lowe noted this is a required step and because the debt is not retired, this process will take place annually.

A motion was made by Commissioner Giesecke to propose a tax rate of zero for 2024. The motion was seconded by Commissioner Kincannon with all Commissioners present voting in favor of the motion by a roll call vote.

22. 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 551.076 (Deliberation of Security Matters) for discussion regarding:
    1. Discussion regarding issues related to the deployment, or specific occasions for implementation of security personnel or devices or security audit and services.
  - C. 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.
      - i. Business and Economic Development Reports.
    2. To deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).

- D. Under authority of Section 551.072 (Deliberation Concerning Real Property Matters) for discussion regarding:
  - 1. The potential lease, or value of real property located at Port Freeport, including but not limited to the Expansion Area.
  - 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.
- E. 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 Director/CEO, Chief Financial Officer, Director of Operations, Director of Engineering, Director of Protective Services, Director of Business & Economic Development and Director of Information Technology.

23. RECONVENE OPEN SESSION:

24. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:46 PM.