

Minutes of Port Commission Special Meeting
November 14, 2024
In Person & Videoconference

A Special Meeting of the Port Commission of Port Freeport was held November 14, 2024, beginning at 8:34 AM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

This meeting agenda with the agenda packet is posted online at www.portfreeport.com

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

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Commissioners present in person:

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

Staff Members Present:

Mr. Grady Randle, General Counsel
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
Ms. Missy Bevers, Executive Assistant
Mr. Jesse Hibbetts, Interim Director of Operations
Ms. Amy O'Brien, Controller
Ms. Amanda Veliz, Public Affairs Manager
Mr. Chas Gryseels, Project Engineer
Mr. Cecil Booth, Engineering Manager
Mr. Clinton Woodson, Sales Manager

Also, present:

Mr. Gavin Massingill, Carriage House Partners
Mr. Geoff Bowman, Van Scoyoc Associates
Capt. Sean Kelly, Brazos Pilots Association
Mr. Melanie Oldham
J. Lawler

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Commissioner Rudy Santos.
3. Pledge of Allegiance – U.S. Flag and Texas Flag

At this time, Commissioner Singhania stated that with the extensive agenda, he suggests stopping the workshop by 3:00, and picking up the remaining items on another day, perhaps adding them to the November 21 or December 19 meeting. Ms. Saathoff reminded the chairman the decision was previously made to move the safety, cyber and security updates to December 19. The Commission agreed to move any remaining items to the December 19 meeting as well.

4. Roll Call - Commissioner Singhania noted that all Commissioners were present in the board room.
5. 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.

6. Public Comment – Ms. Melanie Oldham addressed the Commission regarding Clean Ports. Mr. Cecil Booth also addressed the Commission thanking them for their efforts and time in representing their constituents.
7. Public Testimony – There was no public testimony.
8. Conduct a Planning Workshop for Port Freeport regarding the following:
 - A. Introductory Remarks.
 - B. Governmental Affairs including but not limited to State and Federal Update and State Legislative Priorities.
 - C. Commissioner Committee and Other Assignments.
 - D. Operations Update.
 - E. Capital Projects Update.
 - F. Update from Pilot Commission and the Brazos Pilots.

Introductory Remarks

Ms. Saathoff began the workshop by stating that staff is ready to update the commission and the community on what's been occurring at the port and begin discussions and collaborate on matters as the port moves forward. She noted that the port has seen a lot of growth and has been granted money through state and federal agencies to continue to build out the port in making it a sustainable port. Ms. Saathoff thanked staff for their efforts and work in preparing for the workshop. Commissioner Singhanian commented the workshop is pretty key to be engaged in because it sets the direction of what the staff needs, what we are thinking and what our vision to align, so it helps the communication barrier that may happen afterward but also gets going in the right direction. Ms. Saathoff added for the public that staff will present a government affairs overview starting at the federal level and then the state level with discussion about the port's bills that will be introduced this session and talk about some of the things that are being supported by the Texas Ports Association and locally areas that will be supported by the Economic Alliance. At the federal level, discussion will include the American Association of Port Authorities legislative priorities. There will also be an overview of Port Commission committee assignments and other assignments, an operations update, capital projects update and a channel wide update from the Brazos Pilots. After executive session discussion, the workshop will continue with a market study and website redesign update as well as an overview of the EPA grant the port received, overview of staff's centennial planning, community engagement and an update on the sale of individual lots. Finally, staff will present several policies for discussions and adopt a policy related to technology and protecting governmental entities that was laid out by the state in the last legislative session and is a required policy.

Governmental Affairs including but not limited to State and Federal Update and State Legislative Priorities

Federal Update

Mr. Geoff Bowman with Van Scoyoc Associates joined the workshop by Zoom to give an update on federal matters. Mr. Bowman stated that we are working with very slim majorities in both the House and the Senate. The House currently has a 4-seat majority while the Senate side is even tighter with a 51/49 split between the Democrats and the Republicans, so the slim majority has led to a very low inventory of legislation. He noted that the House usually produces the most legislation that comes through Congress, but because there were two Speakers of the House, it cost approximately two and a half months of business time. There were casualties before and after the election, some of which will have direct impact to the port. There are term limited chairs in the House and a whole new slate of chairs in the Senate, with the Senate taking the majority. He stated that Congress enacted a major piece of reform legislation for the Federal Aviation Administration Program in May that didn't get a lot of press, but infrastructure always seems to find a way. With regard to the interim future, Congress will be carrying out a lame duck session with a number of items they need to have addressed before the holidays as the federal government is operating under a continuing resolution that funds the government through December 20. He stated there are only five bills that passed through the House with none passing the Senate as it's unclear what they're going to do with the fiscal year 2025 bills. He noted that some Republicans in the House majority and Senate want to address all the FY2025 bills before December 20 so they can start with a clean slate in the next Congress. However, there are others who think they need to cut the losses now and get a better deal once the president-elect is in office on or about January 20. Additionally, the Farm Bill programs need to be reauthorized as those will expire December

20 as well (no farms, no food). Mr. Bowman anticipates they'll do a short term extension for this but unsure of how long the extension will be. The National Flood Insurance Program also expires on December 20 with a short term extension anticipate for this as well with duration to be determined. The National Defense Authorization Act also has to be enacted which should happen as the House has passed their bill, but the Senate has not passed theirs. The Water Resources Development Act will see its 6th Congress over the last 12 years that has had this bill under consideration. Both the House and Senate have water resources development acts through their chambers that they are conferencing (informally) with negotiations going very well. Mr. Bowman commented that it would be surprising if we see the House and Senate take up a jointly negotiated package sometime in early to mid-December, then get a bill to the President for his signature before the holiday. Lastly, in terms of the lame duck, the nation has suffered through several natural disasters with this year's hurricanes hitting Florida twice and North Carolina devastated, there will need to put more funds in the Disaster Relief Fund. Additionally, the Small Business Administration has a loan authority program that is now essentially bankrupt, so it'll need to be replenished as well. Mr. Bowman anticipates there will be supplemental funds for the presidentially declared disaster areas from this last year. He noted five important dates to have circled on the calendar.

December 20 – Continuing Resolution expires.

January 1 – The nation starts to exceed the statutory debt limit.

January 3 - The 119th Congress is seated.

January 20 - Inauguration Day.

February 2 – President's budget is due to Congress.

January 15 - Contract expires for some unions on the Gulf Coast. Negotiations are still ongoing with some dock workers and their entities.

Mr. Bowman stated there will be almost 100 new members coming into the 119th Congress with House and Senate members leaving for various reasons before and after the election noting some those leaving...

Tom Carper, chair of the Senate Environment Public Works Committee

Debbie Stabenow, chair of the Senate Act Committee

Joe Manchin

Garret Graves

Grace Napolitano, chair of Water Resources and Environment Subcommittee

Kay Granger, chair of the Appropriations Committee

He noted that Ted Cruz won reelection with Bob Casey still to be determined and still waiting on some of the far Western races to be called on the House side. He also noted the President has poached 3 House members for his next cabinet which will cut into his House majority and affect execution of his agenda. He also nominated Matt Gaetz for Attorney General. In addition to the open committees previously mentioned, others that will be impactful to Port Freeport include Senate Committee on Energy and Natural Resources, House Committee on Transportation and Infrastructure and the Committee on Energy and Commerce. The big news out of DC is that John Thune has been elected as the Senate Majority Leader to replace McConnell, who's stepping down. All chairmanships in the Senate will be up for discussion with the new Republican majority. Mr. Bowman stated that the first 100 days is what Van Scoyoc will be paying attention to as the administration and House have already noted three priorities, they're taking up which include the 2017 tax code, border security and domestic energy production. In addition to the debt limit that has to be tackled next year, they also have the farm bill, and the service highway programs expire in September 2026. Cybersecurity has also taken on renewed attention in Washington, DC with

no fewer than 15 hearings on cybersecurity in the Nation's infrastructure platform. Lastly, Mr. Bowman noted a recent Supreme Court decision that overturned the Chevron Doctrine, which now instructs lower courts to no longer show deference to the federal agencies when they are interpreting otherwise ambiguous law. With regard to tariffs, Mr. Bowman stated that he would not be surprised if there is a movement, particularly in the House, to revoke the most favored nation trading status for China. In addition, there is a limited exemption on the ship to shore crane tariff regulation. If cranes were purchased prior to May 14, 2024 and delivered before May 14, 2026, there's a limited exemption; however, any crane ordered after that is subject to a 25% tariff. In terms of Rice's Whale, the courts have ordered NOAA to go back to the drawing board on the biological opinion which will be the responsibility of the president-elect's initiatives when he takes office in January. Mr. Bowman doesn't see a lot of initiative with the CBP Space Act (relates to CBP office space at ports) in the lame duck session and expects it will wait until the next president is seated in order to cut better deals but expects it to be reintroduced next Congress. Lastly, Lotus had a Supreme Court decision earlier this year that said to be considered jurisdictional under the federal Clean Water Act, you need to have a permanent surface connection and overturns the 2006 Supreme Court decision which suggested you just needed to have a significant Nexus. The Biden Administration had already issued a rule before Sackett and attempted to clarify their rulemaking after the Sackett decision. This will be something the president-elect will have to address in 2025.

State Update

Gavin Massingill with Carriage House Partners (CHP) gave an update on state matters. Mr. Massingill started with an election rundown stating the Texas House will have 88 Republicans and 62 Democrats adding that 32 are new members (26 Republican & 6 Democrats), so there will be opportunities to educate them about Port Freeport issues. There were 90 general election races in all with about 13 hot races throughout the state which were mostly in North Texas and the Houston area. With Ed Thompson's retirement, Jeff Barry won his seat in the primary election. Cody Vasut, an ally of the port also prevailed in the election. With regard to committees, House Transportation will have one seat open with the retirement of existing member John Rainey. He noted the chair of the committee is Democrat Terry Canalis, who has been very supportive of port legislation and an ally of ports in general, adding there is still question whether there will be Democrat chairs in the House this go around. CHP will continue to monitor for developments as the session progresses. Going into this session the Senate will have 20 Republicans and 11 Democrats with three new senators coming in, none of which are in this area, but Senator Huffman did win her race. CHP anticipates the Senate Transportation to continue to be very stable with no departures from retirements. Other committees that should see no changes are Appropriations and Senate Finance, so the port is in a good place across the board for the key committees in the House and the Senate going forward. The session begins January 14 and bill pre-filing began two days ago. As of today, approximately 1500 bills total have been pre-filed, 1200 House bills and 300 Senate bills. Mr. Massingill noted that because of the ability to file electronically, there's usually a big number in the early filing but tapers off quickly as you get closer to session. With regard to session priorities, Mr. Massingill expects to see school choice and vouchers, continued property tax relief proposals adding there's an estimated \$22 billion of excess funds coming into session with most already spoken for. Border security will continue to be an issue, electricity and grid reliability, housing affordability and infrastructure funding (especially water planning). The Port's term limits bill for the Port Freeport Commission has been drafted and shared with Representative Vasut. Once local

public notice has been completed, Vasut will move forward with the bill. With regard to the port related legislative priorities on the reinvestment zone, CHP worked closely with the port on this bill (HB 5336) as priority for last session. There still is a little bit of a clean-up needed this session as the County had some hesitation that they may not have the full authority they needed to enter into the type of abatement agreement on the port's behalf and do express grant of authority for the County to be able to work with the Port. He noted that because it is a local bill, it will require the 30 day public notice as well. Mr. Massingill stated there will be ceremonial events to watch for this session with Brazoria County Day and Texas Ports Day and some resolutions associated with these events. CHP will be working behind the scenes with the Economic Alliance of Brazoria County and Texas Ports Association to support TxDOT with their legislative action request this session. Currently the request is \$900 million to the Appropriations and Senate Finance committees for Ports Capital Improvements as well as \$140 million requested for the Brazoria River Flood West Gate Construction. Additionally, there is Ship Channel Improvement Revolving Fund for \$200 million and they also have some multimodal increase in FTE's. As done in years past, CHP will coordinate with the other ports and the Port Association adding that he expects there will be an Omnibus bill for housekeeping items such as increased spending authority and the ability to allow a notice of proposed purchase to be published on the ports website as it becomes more of an issue for small governmental entities when there's not a local newspaper to achieve the local notice requirement. Additionally, items include making sure bids can be submitted in hard copy or electronic copy, looking at being able to do negotiations similar to the way counties handle them in closed meeting and try to establish records retention processes locally as opposed to state statute. Lastly, Mr. Massingill noted that CHP does daily bill tracking looking at a whole suite of bills. As the bills are filed, they will continue to compile through the early filing and during the filing period, which will cut off 60 days after session begins. CHP will compile that full universe of legislation, send it to Ms. Saathoff and other ports to look at it and analyze it. From there, it will be paired down to what the priority bills are and what bills of concern might mean that we would oppose so as we go into session, CHP knows what we want to try to pass and as the session progresses, a better understanding of what we would like to not pass.

State Legislative Priorities

Ms. Saathoff presented a draft of the term limits proposed legislation stating that in October 2023, the Commission discussed pursuing legislation to establish term limits for Port Commissioners. The agreed proposed language was provided to Representative Vasut who then put in a request to Legislative Council and recently received a bill draft which has been provided. Ms. Saathoff stated the language accomplishes what the Commission set out to do, which is that in order to run for Port Commissioner, you can't have served more than two or more full terms as a Commissioner, but if a person were appointed to an unexpired term, it does not constitute service for a full term. Additionally, there was extensive discussion back in October as to whether or not this could be applied retroactively. The language that has been included in the bill states that this act does not apply to a term of office that began before the effective date of the act. The bill is written to go into effect September 1, 2025. Ms. Saathoff explained that if the commission still wants to move the legislation forward, the next step is to publish the notice of intent in the local paper which would run November 19, making it eligible to be filed on December 20 (or later). She further stated that based on her review and legal counsel's review, it accomplishes what the Port Commission had intended. Commissioner Giesecke agreed stating the language captures it perfectly, is very concise and accomplishes the goals of the Commission. Mr. Randle clarified the language states it's for

new terms after September 1, 2025 adding the current terms do not count. Commissioner Santos further clarified that every Commissioner on the dais is eligible to run again after September for two more terms (12 years). With regard to the Senate side, Ms. Saathoff has a call in to Austin Arseneau in Senator Huffman's office who has the bill draft as well as the general language for the tax abatement bill. A meeting will also be set up with Senator Huffman to brief her on the bills. Additionally, staff will brief new House member Jeff Barry, who may be interested in co-sponsoring the bill.

Ms. Saathoff then moved to the reinvestment zones and tax abatement legislation that are under consideration. She noted the legislation in the last session was clear that the county could establish a reinvestment zone but establishing the tax abatement bill fell under a different section. Language has been sent to Representative Vasut who then put into legislative council for the Port. Ms. Saathoff stated the notice of intent will be published in paper and staff will ensure that the county commissioners have been made aware of the bill before it is filed. She also noted that if the bill isn't received back before December 20, Rep. Vasut will file the current bill draft and do a committee substitute when it comes up to committee.

Ms. Saathoff then briefly updated the commission on centennial resolutions recognition in the Senate and the House. Staff has discussed with Representative Vasut noting the Brazoria County Day Committee has interest in it as well. With Brazoria County Day and Texas Ports Day happening on the same day, the recognition should be able to happen in a very productive manner. Later in the workshop, staff will give an update on centennial year ideas noting the resolutions recognition is one component that will kick-off the year.

The Economic Alliance is still working on their legislative and policy issues. They are supporting the I-69 southern route to serve Texas ports and encouraging TxDOT to finish development at Grand Parkway segments B&C, the widening of FM 518 from State Highway 288 to State Highway 35, widening of State Highway 35 from Alvin to Angleton and development of 36A - connecting all the way to Fort Worth from Port Freeport. She also noted interest in counties that are pushing for connectivity from State Highway 6 to what's being done on the State Highway 36 projects currently under construction that go into Fort Bend County. Staff will encourage funding for these transportation projects and also encourage the Alliance to include and advocate for funding in the next appropriations request for port improvement projects as well. Ms. Saathoff also noted an effort being made to designate FM 521 in Brazoria County as the Clarence B. Sasser Medal of Honor Highway. She also noted other items of discussion such economic development, education and workforce, continued funding of TWIA and retirement funding for public servants as well as a number of things that are being considered including healthcare, natural resources and environmental issues. Once the Alliance finalizes their full set of legislative policies, staff will bring them back.

The Texas Ports Association voted to move the following items forward into an omnibus bill which include....

- Increase spending authority up to \$500,000; a port's local governing body can set a lower amount
- Allow a notice of proposed purchase to be published on the port's website if there is not a local newspaper
- Allow bids to be submitted in hard copy OR electronic copy

- Allow for deliberation regarding certain negotiations and proposed changes to facilities or services in closed meetings; will follow what is allowed for Counties
- Permit a port authority or navigation district to establish their own records retention policy

Ms. Saathoff added that once staff receives the final bill language being considered, it will be passed along for review and as has been done in the past, a resolution will be drafted giving staff direction on what the port is supporting.

Commissioner Committee & Other Assignments

Commissioner Singhania felt the committee assignments should be reviewed for the public, noting that each committee is assigned three commissioners however, a quorum of two is required to hold a meeting. He then read over the following committee assignments...

	Chair	Commissioner	Commissioner
Committees:			
Finance and Audit	Rob Giesecke	Dan Croft	Kim Kincannon
Operations Safety and Security	Rudy Santos	Rob Giesecke	Barbara Fratila
Personnel	Dan Croft	Ravi Singhania	Barbara Fratila
Capital Planning	Kim Kincannon	Rob Giesecke	Rudy Santos
ESG and Sustainability	Barbara Fratila	Ravi Singhania	Kim Kincannon

Commissioner Singhania then moved on to review other assignments and the commissioner liaisons for the following areas...

	Commissioner	Commissioner	Alternate
Commissioner Liaisons			
USACE/Channel/Waterways/ Pilot Liaison	Ravi Singhania	Kim Kincannon	Rudy Santos
Highway/TXDOT	Kim Kincannon	XXXX	Ravi Singhania
Counties Liaison	Ravi Singhania	XXXX	Rob Giesecke
VDD	Barbara Fratila	XXXX	Rudy Santos
City Freeport	Rob Giesecke	XXXX	Kim Kincannon
Bastrop Bayou	Rob Giesecke	XXXX	Rudy Santos
San Bernard River	Barbara Fratila	Ravi Singhania	Dan Croft
Brazoria County Cities Assoc.	Rob Giesecke	Kim Kincannon	Ravi Singhania
EDA	Dan Croft	Rob Giesecke	Ravi Singhania
Business Development/FMC	Ravi Singhania	Rob Giesecke	Barbara Fratila

Lastly, Commissioner Singhania reviewed the commissioner and staff representatives and liaisons for the following organizations...

Organizations	Commissioner	Staff
Angleton Chamber	Rudy Santos	Cecil Booth
Brazosport Chamber	Ravi Singhania	Phyllis Saathoff
West Columbia Chamber	Kim Kincannon	Darlene Winkler
Sweeny Chamber	Dan Croft	Bailee Anderson
Brazoria Chamber	Barbara Fratila	
Hispanic Chamber	Rob Giesecke	Emily Henderson
Indo-American Chamber	Ravi Singhania	Phyllis Saathoff/Jason Miura
Economic Alliance	Dan Croft	Rob Lowe
36A Coalition	Kim Kincannon	Jason Hull
FBC Economic Alliance		Jason Miura

Commissioner Singhania noted that the assignments do not mean that other commissioners and staff cannot attend events, as it's encouraged when there is availability. He also stated that he appreciates the staff and commissioner representation in the community.

Operations Update

Mr. Hibbetts presented the update from the operations beginning with a look at the container sector. He stated that the port's newest customer started in late June bringing in 600 to 800 moves a week with each vessel holding about 1200 TEU's with approximately 634 electrical plugs. For 2024, the port finished with 118 container vessels, budgeting 156 container vessels for 2025, and handled 58,000 containers for 2024 which is equivalent to 116,839 TEUs. 2025 expects to have 84,000 containers which is equivalent to 168,000 TEUs. He noted for the public that a TEU is a 20-foot equivalent unit. The standard is a 20-foot equivalent unit or a 20-foot container (A 40-foot container is 2 TEUs). 2024 tonnage was up 28% from prior year. Looking forward, staff anticipates a full year of Del Monte with 52 vessels, 34,000 containers, increased volume of tonnage and moving into the new cross-dock facility. With regard to Velasco Terminal, 688 new plugs were added to the terminal. Gulf Stevedores is transferring fruit to 80 to 100 over the road (OTR) trucks per day, averaging six days a week. The portable cross-dock facility (Dockzilla), located behind Berth 8, is being used until the new facility is complete. The new cross-dock warehouse facility is under construction on Parcel 1 with an anticipated completion date of March-April 2025. Mr. Hibbetts shared a picture of the area and explained the truck traffic flow. He also shared a picture of the new facility which will have 40-45 employees to run the facility with an inspection area, chilled storage for custom builds and overflow fruit, 80 bay doors plus onsite parking for OTR trucks and containers. Ms. Saathoff clarified the fruit that doesn't get transloaded into an OTR truck will be temporarily stored in the cross-dock facility since its temperature controlled rather than staying in a container and plugging in at the container yard. Mr. Hibbetts then shared a diagram that depicts the traffic flow and explained how the flow will

be managed to/from the facility. He also shared a recent construction picture of Gate 12 which will be open 24 hours. Moving on to the Roll-On/Roll-Off Sector (RORO). Mr. Hibbetts stated the port handled 151 RORO vessels in 2024, budgeting 169 vessels for this fiscal year and moving 162,239 vehicles in 2024. The overall tonnage for RORO was up 36% and includes high and heavy cargo. He also noted that Amports, APA, Ports America and Red Hook handle all the existing RORO customers. Looking ahead to FY2025 and the Port's newest OEM customer (Volkswagen), staff expects a full year with 48 vessels, over 8000 rail cars and 120,000 plus vehicles. With the addition of Volkswagen, Union Pacific Railroad (UPRR) is constructing two new storage tracks to be completed in December. Mr. Hibbetts shared a picture and explained where the new set of tracks will be located. He further explained the project consists of adding 2500 more feet of rail to an existing line and then adding two additional tracks that will be over 7300 feet in length total (each) to support the Volkswagen auto business and growth at Port Freeport. In total, 16,821 feet of rail is being added.

Mr. Hibbetts shared a photo of the Volkswagen facility explaining where the vessel operation drops off all the vehicles and where the truck pickup is as well as where rail cars are loaded. He further explained that APS is the stevedoring company that handles Volkswagen along with Wallenius Wilhelmson Services (WWS) who processes the vehicles and loads the rail cars. Rail Link is the operator handling the switching off of Port Freeport tracks into the Volkswagen facility. He also noted that APS handles the vessel side of moving vehicles from ship side to the Volkswagen yard. APS also handles the flagging and routing of vehicles through the port. With regard to crossing of vehicles at FM1495, all vessel operations will hire 3 uniformed police officers to handle the crossing. Additionally, extra flaggers will be inside the port directing automobile traffic off the vessel and other port traffic that will be crossing through the operation. Staff is also working with TxDOT on safety enhancements to better the crossing which will be included in the Gate 4 project. Mr. Hibbetts then touched on the RORO carriers hauling VW vehicles calling Port Freeport that are powered by LNG. This includes SFL, Wallenius Wilhelmson Marine, NYK, Hoegh Autoliners and Glovis. All the carriers have a sustainability plan and are working on their zero emissions goal for 2050. Moving on to the LNG sector, the port finished the year with 191 LNG vessels and budgeted 198 vessels for 2025. Tonnage was a little over 13.5 million tons in 2024 with 15 million tons expected in 2025. The steel sector in 2024 was phenomenal with the port handling 30 vessels, 147 barges and little over 200 rail cars. It was record tonnage for the year with staff expecting another great year with over 100,000 tons of steel bars expected to move through the port in the next month and a half. Mr. Hibbetts briefly shared year-end accomplishments slide noting it's been a really great year from container numbers to container tonnage and steel tonnage to the number of vehicles processed. Ms. Saathoff also noted the additional jobs that have been added at the port as well as the additional hours and pay that has been generated by the activity adding the two new customers alone have added about 400 jobs. Mr. Hibbetts ended his update with an FY2025 outlook of 586 vessels, operational inner harbor arrival efficiencies and the new cross-dock facility which will move 200+ OTR trucks to the new facility once its open and alleviate congestion inside the port as well as help with safety and security efficiencies. Staff will be working with cargo handling and storage during the construction phase of the Area 5 project which is kicking off very soon and will also manage new traffic flows to Velasco Terminal once Gate 12 is operational which is expected in January. Lastly, the port's two new super post-panamax ship-to-shore gantry cranes are on schedule for delivery in September.

Capital Projects Update

Current Capital Plan/Projects Update

Mr. Hull began his presentation with a look at the \$81 million capital plan for fiscal year 2025 and how it breaks down, starting with the Freeport Harbor Channel Improvement Project. He stated the remaining work is limited to Reach 1 which includes the area from the Jetty channel to the offshore reach as well as the bend easing area and is on schedule to be completed by the end of 2025 in December. He explained that the work is complete when the paperwork has been signed off on by the last official at the Corps of Engineers. This may well be months after the dredge has finished digging in December 2025. He further explained that substantial completion means it's progressed to a point where it is usable for its intended purpose, so for a ship channel, its intended purpose is deeper draft ships adding that for the port there is usable depth from the Jetties inward, it just hasn't all been completed offshore. Moving forward, Mr. Hull then discussed the TxDOT funded infrastructure projects beginning with the RIDER 37 project to widen and repave roads in Parcel 1 with the contract awarded to Harper Brothers for \$9 million. The Seaport Connectivity Plan includes the rebuild of East 5th Street from 1495 to Terminal Street (\$3.8 million). The current concrete is 6-inch thick and will be replaced with 10-inch thick concrete pavement that will be more suitable for the heavy truck traffic. This project is on schedule to bid in March 2025 with an estimated completion by September 2026. Also under this plan is the Gate 4 Access (\$1 million) to widen the entrance from 1495 at Highway 36 to the fence line into the port. It's currently 2 lane asphalt and will be widened to four lanes (2 lanes in and 2 lanes out). Signage and rumble strips work/safety enhancements at this location will also be included under this project. The Maritime Infrastructure Program includes the Velasco Terminal Area 5 project which was awarded to Harper Brothers for \$18.5 million. Mr. Hull stated the existing limestone was put down knowing the thickness of the concrete and required pavement section, so the grades are all set. He explained that 16 inches of limestone will be removed and reused in Area 4 with the project done in phases. The south half will be done first with the removal of 16 inches of limestone followed by the installation of utilities, storm sewer water lines, electrical lines, high mass poles and concrete. Once that is done, traffic will shift while the north half is completed. The work is phased so there will always be a path from the cross-dock area into the new gate and into the container yard. He stated that all of the work has all of the Corps permits including Section 10, 404, 408 and real estate license. He noted the location of the levee between Areas 4 and 5 explaining that the elevation will be raised. Its currently at elevation plus 16 and will be raised another 18 inches or so, as it's graded to drain. Mr. Hull shared a map depicting where each of the projects mentioned are located. He noted the jug handle street in the map that is part of the RIDER 37 project that will allow the traveling public access to businesses north of the port and not have to go through downtown Freeport. He noted Berth 9 on the map adding that it also has all of the permitting as well as a lease with the GLO through 2048. Berth 6 does not have any permits as it's only a concept project at this time with no design. Ms. Saathoff pointed out that TxDOT has their legislative appropriation request in the \$900 million for port improvement projects and the Port Authority Advisory Committee through the Maritime Division of TxDOT has the Port Mission Plan prepared. Port Freeport's Area 6, Area 4 and Berth 9 were included in the Port Mission Plan. She explained that if the budget is approved and includes the \$900 million, ports will be asked to prioritize their projects which will be evaluated for recommendation by the Port Authority Advisory Committee to the Transportation Commission for approval, so there is potential for additional funds to offset some of the planned capital expansion.

Drainage Update

Mr. Hull stated that staff is proposing that Parcel 1 drainage impacts will be mitigated in Parcel 17 adding the port should have an approval from the Velasco Drainage District (VDD) by the end of this year. He noted the budget does not include the \$3.5 million project, but staff is ready to put the bid package out and complete the work. He explained the reason staff is doing this instead of putting detention ponds in Parcel 1 is to provide an additional drainage benefit to the community as well as open up potential project opportunities on Parcel 1 that otherwise would have been used for detention. Once the new detention is completed on Parcel 17, the existing detention pond that was built to mitigate for the cross-dock facility on Parcel 1 can be backfilled for a prospective tenant. The proposed Parcel 17 pond will mitigate for a fully developed Parcel 1, including the 5 ac-ft pond that was built with the cross-dock facility on Parcel 1. This pond was estimated to be seven feet deep. The proposed pond on Parcel 17 is estimated to be 100 ac-ft in volume. The spoils can be deposited onto Parcel 19. It was also noted the potential to continue the detention onto Parcel 16 if it was needed in the future. Additionally, the detention pond next to the Administration Building could also be backfilled to accommodate possible future development. Surveying of the pond area will need to be done in order to move this project forward. Completing the pond on Parcel 17 in its entirety, to mitigate for developing in Parcel 1 today, will 'grandfather' the current drainage criteria.

Considerations for Future Planning

As previously stated, Berth 9 is permitted while Berth 6 does not have any permits and has no real concept at this time. Berths 1 and 2 has an existing 3-foot high flood wall that runs down them. Starting with Berth 9, Mr. Hull shared a conceptual drawing of a 600 foot long x 135 foot wide berth that matches up next to the existing container wharf (Berth 8). The elevation for the ramp would also match the existing container wharf because it has to at about 17 and would slope backward to drain at 16 ½, laying down nicely at about 13+ feet for a good slope for rolling stock. Mr. Hull estimated this project at \$85 million but noted considerations with regard to possible tariffs that could be applied. Ms. Saathoff noted that once this goes into construction, there will be a challenge to berth a ship because of the ongoing construction of the rest of the dock. Mr. Hull then shared a drawing of a concept for Berth 6 which would be a RORO concept with very little dredging. He noted the ship would lay along seven existing monopiles or breasting dolphins with the platform down at plus 14 and have a flat area that slopes up to about elevation 16. The then shared a second conceptual drawing that may be cheaper but has more dredging associated with it. The concept would extend a sheet pile wall with the concrete pavement behind at the apron that would include proper fendering along the entire length and proper bollards for tying up the ship. It was noted that with the first concept, a docked ship could impinge on the turning basin while with the second concept, the ship is set back, staying out of the turning basin. Mr. Hull estimated approximately \$4 million for the permitting which would take about 2 years. For the last slide Mr. Hull showed an opening in the 3 foot high flood wall on Berth 3 explaining when ship is docked there, it's in the middle of the entire wharf and very little else can be done when unloading. Staff looked at building/permitting two additional openings in the flood wall. Mr. Hull noted this design was in progress with plans submitted to the Velasco Drainage District and the Corps of Engineers in June of 2020. Progress was halted because the Corps and VDD started looking at Sabine to Galveston project which would raise the line of protection in some areas which still has no clear answer on the proper height. Mr. Hull estimated \$3 million at that time which would replace the flood wall with removable steel and aluminum sections that would be open most of the time and in advance of a hurricane,

would be closed up, bolted in and buttoned down. Mr. Hull then moved on to fender discussion stating the port currently has arch fenders in the Inner Harbor however there is a better fendering system. He explained that when Dock 8 was built and fenders were installed, new fenders were also added to Dock 7 so there would be a continuous straight berthing line. Mr. Hull shared a picture of the current fendering system (arch fenders) on Berths 1-3, proposing that a more appropriate fendering system be added all the way down the wharf. New fenders for Berths 1-3 are estimated to be \$5 million. Discussion then began with regard to plans for the bulk loader and issues the Pilots may have. Staff currently has no plans to modify the loader. Mr. Hibbetts explained there is a combined beam restriction of two vessels (when a vessel is at Berth 3), whether it be barge and vessel or two vessels. Anything greater than 180 feet combined, there has to be open communication with Phillips 66 to stop operations if they're in a loading process of bloating a barge. If there's anything greater than 200 combined beam, there is no passing of vessels. Staff included the other option to still talk about it because it depends on whether the port is looking for a short term solution or whether it builds out to provide relief for the growing business or if a longer term solution is needed. Capt. Kelly with the Brazos Pilots also explained the safety margins and why the 200 foot combined beam restriction cannot be relaxed.

WOTUS (Waters of the U.S.) Update - Mitigation

Mr. Hull stated that it was anticipated at the beginning of 2023 new rules would be adopted by the EPA and the Corps. He explained that prior to the new rules being adopted, the state of Texas along with other states and the District of Columbia sued the EPA. The judge put an injunction on the new rules that were to take effect and reverted back to the previous rules (Sackett), which are the Rapanos. He further explained that after the injunction was put on the new rules for the states that sued, the Supreme Court ruled in the SWANCC decision that the Corps and the EPA could no longer use the significant nexus test, leaving the other remaining states that did not join in on the lawsuit with the relatively permanent rule. He further explained that if something is relatively permanent (standing water) and has a surface connection to the Gulf of Mexico or navigable water (the Brazos River), then it's waters of the U.S. Mr. Hull shared a map of depicting the operative definition of waters of the U.S. The pink states on the map indicate the states that joined the EPA lawsuit and that are currently under the pre-2015 regulatory regime consistent with Sackett (more restrictive) while the green states on the map follow the current rules (less restrictive). He further noted the United States is following two separate rules for waters of the U.S. with regulators, engineers and scientists trying their best to navigate what is waters of the U.S. He stated this goes back to parcels in the port and a question he gets often, how fast can we mitigate. Ms. Saathoff commented that there are some properties that if Texas were under the new rules, it would be less restrictive in the ability to permit and what we'd have to mitigate. Mr. Hull stated there is also the Chevron deference decision where Congress writes the law. He explained where there are gaps in the law, ambiguity or uncertainty, the agencies have filled in the gaps and interpreted it. The Supreme Court has said it's not the EPA or the Corps' authority to interpret the law, its courts job to decide the intent of Congress. Mr. Hull then shared a Tidal Waters Exhibit that depicts the rules Texas is currently under. He showed where the mean high tide line is and where the vegetation changes on the exhibit. He explained that if you're on a beach, you have an area where there's nothing but sand, and an area where green plants, grasses and vines are growing in the dunes, that's above you mean high tide line and is the boundary where Section 10 applies. Section 10 permitting would include a pier, whether it's a fishing pier, container wharf or RORO wharf. If it's something a boat could float into, a piling in the channel or near the channel, it would need a Section 10 permit. Section 404 is

relatively permanent water with a continuous surface water connection water of the U.S. (cattails & spartina alterniflora). Mr. Hull ended his presentation by stating that it's difficult to even know what property the port has that is impacted because it depends on what definition might or might not be considered.

Update from Pilot Commission and the Brazos Pilots

Capt. Kelly began his presentation and update from the pilots with a graph depicting the vessel traffic in the Freeport Harbor Channel noting the Brazos Harbor is the highest at 29%, BASF 1%, Vopak 24%, Seaway Enterprise crude oil 8%, Phillips 22% and LNG at 16%. Vessel count by dock is up about 1% overall for the year. BASF stayed about the same while Brazos Harbor has obviously increased. LNG has struggled to go an entire fiscal year without any type of delay or malfunction but hopeful for 2025. Crude oil has been down on the export side while the import side has stayed steady with crude oil coming in for the Phillips 66 Refinery in Sweeny. The pilots average about 7-8 crude oil imports a month while exports vary averaging out to about 1-2 loaders a month. Vessel count by dock chart shows representation of growth month to month. Capt. Kelly then presented a slide depicting the types of vessels/characteristics the pilots handle including container ships, RORO, breakbulk, which consists of the steel and rice, LNG, tankers and LPG tankers. With regard to communication and dispatch, dispatch is still operating 24/7 with 4 full time dispatchers and a dispatch manager. The operations have shifted to Lake Jackson as its less susceptible to major weather events such as hurricanes. They have the capability to grab a go bag and work anywhere in the world there's Wi-Fi and still be able to dispatch a vessel and communicate with them while out in the anchorage. He also noted the importance and value of the communications dispatch operation as growth continues and its aid in allowing the pilots to be more efficient and effective in utilizing their time in the channel. Capt. Kelly discussed the port and pilot infrastructure noting that as the port continues to grow, the pilot organization needs to grow with it. On the port side, new infrastructure includes the Freeport Channel deepening and widening, new dock facilities and fendering, road and access improvements, inshore logistic enhancements and the arrival of two new container gantry cranes. He stated that to aid with the growth at the port, the pilots are dredging to make a bigger boat slip and are about 75% complete with the new pilot sleeping quarters. The new boathouse for the boat captains, deckhands, port captain and assistant port captain will have offices and will give them a place to rest sleep between vessels. Additionally, it will also give the pilots a place to store parts, especially the temperature sensitive parts. They will also have air-conditioned storage for the two brand new Caterpillar C18 engines that will be available for the Brazos Pilot when the others die. Fuel storage capacity has been increased to about 4000 gallons (previous capacity was 1000 gallons), a new pilot boat was ordered August 12 and most recently the pilots have also requested applications for taking a new deputy pilot. Capt. Kelly stated that in regard to the increased pilotage area of operation, it's important to understand the transit isn't getting any longer, just the pilot on board time. The new sea buoy location will be approximately 4 nautical miles further offshore. The pilots have completed several meetings with the Coast Guard and the ATONS (Aids to Navigation). The ATONS department at Sector Houston Galveston have agreed to four additional aids which will put the sea buoy in approximately 63-64 feet of water. This will allow the pilots ample time to get the vessel properly set up to get in the channel and stay in the middle of the channel especially in the wintertime or with hurricanes as they deal with strong offshore currents. Additionally, with the increased area of operation, the pilots will be running multiple pilot boats and crews. The new pilot boat contract is with Breaux Bay Craft in Louisiana and will be an 80 foot boat for about \$7.7 million with delivery expected in May

2026. He noted this vessel is significantly larger and faster which will help the pilots going further out to safely board and disembarked vessels as well as help cut down on the transit time for pilots getting to/from the vessels which will be an additional four miles offshore. Ms. Saathoff noted the limitation from when the completed channel project goes into use versus when the pilot boat is delivered making sure everyone understands the risk scenario, as the pilots will have one vessel that is designed to make the added distance offshore. Capt. Kelly stated the pilots have been working with staff for additional lighting on Brazos Harbor 2 as well as lights on the Dow side. Mr. Hull stated the replacement batteries for the existing lights on the Dow thumb arrive today. On the green side of the channel, the lights will be new fiberglass solar light poles which will be bid. This project is in the budget and expected to be around \$25,000. Lastly, Capt. Kelly stated the pilots found out in the latest meeting with the Coast Guard Aids to Navigation Group there will be some changes going forward with the Aids to Navigation, one of them being the range lights. He stated the pilots range lights are fantastic and some of the best in the country; however, they also have day boards which are orange and white for daylight where you can signal it to show the middle of the channel. He explained the new Coast Guard rule going forward is if you have daytime running range lights and the next time a storm takes them out there, they're not replacing them. One thing item Capt. Kelly noted was that with the channel deepening and widening project nearing completion, there's a lot of government entities that have to all agree on it before the pilots get a chart adding that even though its completed, the pilots can't go where it's not charted, they have to wait until there's an actual charge for that. Additionally, he stated that no captain of any vessel anywhere in the world is going to let you take his vessel into an uncharted area. He noted it will take some time for the information to make its way through the proper channels for the charts to be generated and pushed out under what's called Notice to Mariners. He also touched on the bigger vessels noting with the bigger vessels also comes an increase in windage. There will be additional limiting factors as far as the weather criteria when the bigger vessels start showing up, which is a few years away, but when they start rolling out there definitely will be different wind and environment criteria for piloting those vessels. Lastly, with regard to the LNG powered ROROs, Capt. Kelly stated the newer vessels are also being built with the ability to run on ammonia and something the port may see in the future.

9. RECONVENE 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):
 1. Consultation with attorney under Government Code Section 551.071(1) (to seek or receive attorney's advice on pending or contemplated litigation).
 2. Consultation with attorney under Government Code Section 551.071 (2) (to seek or receive attorney's advice on legal matters that are not related to litigation).
 - B. Under authority of Section 551.087 (Economic Development Negotiations or Incentives):
 1. To discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay or expand in or near the territory of the governmental body

and with which the governmental body is conducting economic development negotiations.

C. Under authority of Section 551.072 (Deliberation of Real Property) for discussion regarding:

1. The potential 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, 6, 7 and 8.
2. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 1 and 19.
3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 7, 8, 9, 10, 34, 37 and 38.
4. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 14, 15, 16, 17, 26, 27, 31 and 35.

D. Under authority of Section 551.074 (Deliberation of Personnel Matters) for discussion regarding:

1. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Director/CEO.

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

11. Continue Workshop for Port Freeport regarding the following:

- A. Market Study & Website Redesign Update.
- B. Environmental, Social, Governance and Sustainability Update including but not limited to EPA Grants, Accessibility Plans and Community Engagement.
- C. Policy Matters including but not limited to Restricted Technology, Matters Unrelated to Port, Whistleblower Policy, Ethics Policy and Conflict of Interest Policy.
- D. Update of Sale of Individual Port-Owned Lots in Freeport.

Market Study & Website Redesign Update

This item was deferred to the December 19, 2024 Port Commission Meeting.

Environmental, Social, Governance and Sustainability including but not limited to EPA Grants, Accessibility Plans and Community Engagement.

This item was deferred to the December 19, 2024 Port Commission Meeting.

Policy Matters including but not limited to Restricted Technology, Matters Unrelated to Port, Whistleblower Policy, Ethics Policy and Conflict of Interest Policy

This item was deferred to the December 19, 2024 Port Commission Meeting.

Update of Sale of Individual Port-Owned Lots in Freeport.

This item was deferred to the December 19, 2024 Port Commission Meeting.

12. Approval of Policy 9.11 – Restricted Technology

Mr. Lowe stated that this new policy is based on Governor Abbott's ban on TikTok from state agency owned devices dated December 7, 2022 which was followed up with Senate Bill 1893 and signed by the Governor June 14, 2023. This bill requires governmental entities to adopt a policy prohibiting covered applications or services on devices owned or leased by the entities. It also requires the Texas Department of Information Resources (DIR) and DPS to jointly create a policy model for use by state agencies and government entities which had a 60-day window in which to adopt a policy based on the model and goes into effect no later than November 20, 2024. The bill also required TX DIR and DPS to publish an annual listing of prohibited applications or services that pose a risk to the state. Mr. Lowe consulted with IT and developed a policy based on the model using only portions that would be applicable to the Port. In addition, staff will utilize the DIR website to not only ban TikTok, but other prohibited applications now published in addition to hardware technology. He further stated the IT department will have an annual process whereby they check Port-owned devices (phones, tablets, laptops, etc.) ensuring nothing on the ban list is on the devices. The policy complies with the new Senate bill and staff recommends approval of Policy 9.11 – Restricted Technology. Commissioner Singhania confirmed the Port-owned devices include laptops the Commissioners and staff may have and clarified phones, asking if personal phones, which some may get reimbursement for, are also included. Mr. Lowe stated the policy guidance states that it is optional; there is no mandate requiring these applications be banned to personal-owned devices used in the workplace. He added that in working with IT, they do not feel the infrastructure set up for staff accessing the port systems externally with personal devices introduces an additional layer of risk to the port; therefore, they are only recommending complying with the mandated portion of the policy for port-owned devices. With regard to those who have both a personal device and port-owned device, the port-owned device will only be audited.

A motion was made by Commissioner Santos to approve Policy 9.11 – Restricted Technology as presented. The motion was seconded by Commissioner Fratila with all Commissioners present voting in favor of the motion.

13. Set Date & Time for Continuation of Workshop.

The Port Commission agreed the workshop continuation will begin at 8:30 a.m. on December 19, 2024.

14. Adjourn.

With no further business before the Commission, the meeting adjourned at 3:40 PM.