

Minutes of Port Commission Regular Meeting
October 24, 2024
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held October 24, 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

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, 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
Ms. Amy O'Brien, Controller
Ms. Amanda Veliz, Public Affairs Manager
Ms. Christine Lewis, Safety Coordinator
Mr. Cecil Booth, Project Engineer
Mr. Chas Gryseels, Engineering Specialist
Mr. Clinton Woodson, Sales Manager
Ms. Tricia Gibson, Accounting Specialist
Ms. Bailee Anderson, Accounting Analyst
Ms. Tricia Vela, Public Affairs Assistant

Mr. Mary Campus, Controller
Ms. Ruby Dunn, Receptionist

Also, present:

Mr. Roy Fiala, P66
Mr. Mike Hayes, Texas Port Ministry
Ms. Emily Hanson, The Facts
Ms. Anne Marie Suire, Freeport LNG
Mr. Lance Goodwin, Freeport LNG
Mr. David Winder, Freeport LNG
Ms. Melanie Oldham

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Mike Hayes – Texas Port Ministry
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Singhanian noted that all Commissioners were present in the board room.
5. Safety Briefing – Ms. Christine Lewis provided tips for hearing protection.
6. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.

There were no conflicts noted by Commissioners.

7. Public Comment – There were no public comments.
8. Public Testimony – Ms. Melanie Oldham addressed the Port Commission regarding the Freeport LNG modification to tax abatement on the agenda for consideration.
9. Approval of minutes from the Regular Meeting held September 26, 2024.

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

10. 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 began by introducing Amanda Veliz, who recently joined the port team as public affairs manager. Ms. Veliz thanked the port for the opportunity and shared a little about her family and professional career. Ms. Saathoff congratulated Mr. Miura and his team on a successful event at the Breakbulk Conference. She reported on fiscal year end results for the port which included 16.5 million tons moving through the port, an increase of 45% from the prior year. The port saw 526 vessel arrivals, up 31% and port wide there

were 1164 vessels. Freeport LNG moved 13.5 million tons, up 53% while 951 thousand tons of steel was moved, an increase of 19%. The port saw 58 thousand containers with 555 thousand tons of fruit (up 39%) and 449 thousand tons of general cargo (up 19%). The RoRo business saw 151 vessel arrivals with 162 thousand vehicle units moving through the port, an increase of 71% from prior year. Rice saw an increase of 18% and over 7.2 thousand rail cars were moved. Staff is anticipating revenues to be slightly over \$50 million for the fiscal year. In the coming 2025 fiscal year, the Port will celebrate its centennial, the channel project will near completion, the new cranes will arrive and grant funded projects will be complete or in construction. The state also has a legislative appropriation request of \$900 million for port projects that will be considered in the next biennium budget. Ms. Saathoff also reported that Texas ports (collectively) are generating \$714 billion annually to the state economy, 28% of the state's GDP, supporting 2.5 million jobs and represents 25% of the nation's tonnage. Additionally, the American Association of Port Authorities (AAPA) economic impact study reports that U.S. ports support 21.8 million jobs, nearly \$2.9 trillion in annual economic activity and ports account for over 40% U.S. goods value. She also reported the Port Authority Advisory Committee (PAAC) approved the bi-annual Port Mission Plan that will be provided to the Governor and state legislature. The report captures Texas ports' importance to the state and the combined economic impact. It also presents the capital requirements at Texas ports, water side, inland connectivity, inside the gate infrastructure. This report supports the Texas Department of Transportation legislative appropriation request for the Port Improvement Plan and additional funding for the ship channel improvement revolving loan fund. At the federal level, a continuing resolution was passed extending the budget at the same spending levels through December 15. Included in the president's budget was \$8 million for maintenance dredging of the Freeport Harbor Channel with the port seeking an additional \$3 million from the U.S. Army Corps of Engineers Work Plan. Houston Galveston Area Council has made a call for additional projects for funds that have not been committed. TxDOT has encouraged the port to submit the non-TWIC yard project for consideration of engineering and design funds. The strategic workshop will be held November 14 with the regular meeting held November 21. Ms. Veliz reported on the Port's upcoming golf tournament benefitting Texas Port Ministry to be held November 4, stating that approximately \$88,900 in sponsorships has been secured with 35 teams reserved.

B. Director of Engineering

Mr. Hull noted a modification to his written report stating the Corps has extended the completion time for Great Lakes Dredging from December 2025 to February 2026, but clarified this does not mean completion of the project will extend into 2026. He also shared photos of progress at the new gate entrance and storm sewer work in Parcel 1.

C. Director of Operations

Mr. Hibbetts reported that September was an exceptional month with the port handling 55 vessels, exceeding the budget by 31 vessels. Mr. Hibbetts noted a tweak made to the total tonnage slide making the graph for project cargo easier to read. Additionally, he noted that tonnage was up across the board breaking the million ton mark with containers. As previously mentioned, over 7000 rail cars have been handled this fiscal year with 25,000 automobiles moved out by rail. Mr. Hibbetts gave a recap of import/export activity for the month which saw 55 vessels and 100 vessels port wide. He also reviewed the fiscal year statistics noting the port handled 526 vessels this fiscal year compared to 402 last year. Total port wide vessels year to date was 1,164, vehicles – 162,239, containers - 58,440 and railcars – 7,232. Mr. Hibbetts also reported that ZPMC

is on site to begin work on the panel replacement project for the cranes. Additionally, Mr. Judell Davis joined the operations team in maintenance.

D. Director of Business & Economic Development

Mr. Miura reported on the Breakbulk Americas Conference as well as the Port's Customer Appreciation Reception held in Houston. He thanked all the staff who assisted as well as the Commissioners who attended. He gave an update on the progress for the market study and the website redevelopment with the market study slated for delivery the week of February 17. The website's anticipated roll out is first quarter 2025. Mr. Miura also discussed business development's plan to update the Port's current mission statement with assistance from Hot Dog Marketing. Staff has requested an additional proposal in the amount of \$5,000 and will proceed with the work if there is no objection from the Commission. Mr. Miura noted the Commission did approve up to \$150,000 as part of the website redevelopment. Commissioner Singhanian requested this be added to the November 14 workshop agenda. Mr. Miura will discuss with Hot Dog to see if they can deliver in time for the workshop. After a brief discussion regarding the purpose of a mission statement, its use and value, staff will add the item to the workshop agenda for further discussion.

E. Chief Financial Officer

Mr. Lowe stated that staff is still working to close out year-end financials but expects to present to the Commission at the November meeting. Mr. Lowe also recognized the Port's new receptionist, Ms. Ruby Dunn. Ms. Dunn thanked the port for the opportunity and shared a little about her family and professional career.

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

Commissioner Santos reported participating virtually for the Executive Governance Meeting with the Corps and attending the Transportation & Infrastructure Summit.

Commissioner Fratila also attended the Transportation & Infrastructure Summit as well as the Friends of the River Breakfast.

Commissioner Giesecke reported attending Freeport City Council Meeting, Lake Jackson Business Association, West Columbia Chamber Gala, Freeport LNG Reception (Gastech), JA Business Hall of Fame Banquet, Indo American Chamber Gala, Pearland Chamber Elected Officials Event as well as the Transportation & Infrastructure Summit.

Commissioner Kincannon reported attending the CAP Meeting, Special Board Meeting, National Waterways Conference and the Transportation & Infrastructure Summit.

Commissioner Croft reported attending the Alliance Board Meeting, CAP Meeting, Texas GulfLink Public Meeting, Sweeny Rotary Meeting and the Transportation & Infrastructure Summit.

Commissioner Singhanian reported attending the CAP Meeting, Executive Governance Meeting, Brazoria Chamber Event, JA Business Hall of Fame Banquet, National Waterways Conference and the Transportation & Infrastructure Summit.

12. Approval of Freeport LNG Development, LP and FLNG Liquefaction 4, LLC request for modification to tax abatement agreement.

Mr. Lowe stated that Freeport LNG Development, LP and FLNG Liquefaction 4, LLC submitted a request for a second modification to their tax abatement agreement for Train 4. Freeport LNG estimated construction for Train 4 was to begin in 2024; however, due to commercialization issues, construction is now anticipated to begin in 2029. The agreement will be modified to reflect a 2030 start versus the current 2025 start date. Mr. Lowe noted that Brazoria County approved this modification July 22, 2024. He also noted the original application included \$2.4 billion investment of which \$1.9 billion would come onto the tax roll at completion of the 10 year abatement, creating 45 permanent jobs and at peak 1200 construction jobs. Staff met with the Finance Committee and recommends approval of the second modification. Lance Goodwin with Freeport LNG addressed the commission explaining the challenges they have faced in the market with the supply of electrical equipment. Mr. Lowe further noted this agreement follows suit with the guidelines under which it was approved.

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

13. Presentation of the Government Finance Officers Association Award of Financial Reporting Achievement for the FY 2023 Annual Comprehensive Financial Report.

Ms. Saathoff stated the Annual Comprehensive Financial Report is compiled each year and submitted for independent review to the GFOA. She recognized the accounting/finance team for their effort in meeting the strict standards of the program and achievement in receiving this award for financial reporting for the 35th consecutive year.

14. Approval of Certified Tax Report 502C for the 2024 Tax Roll in compliance with Texas Property Tax Code 26.09(e).

Mr. Lowe stated this process began last year in an effort to remain compliant with property tax code 26.09(e). The Commission is required to approve the Port's tax roll as provided by the Brazoria County Tax Assessor-Collector. Staff received the certified tax roll October 3, 2024. Mr. Lowe verified the roll tied back to the certified roll dated July 25, 2024 and recommends approval of the roll in the amount of \$23,568,875,871.

A motion was made by Commissioner Croft to approve the Certified Tax Report 502C for the 2024 Tax Roll in compliance with Texas Property Tax Code 26.09(e). The motion was seconded by Commissioner Kincannon with all Commissioners voting in favor of the motion.

15. Approval to pay legal bills submitted for the month of September 2024.

Mr. Lowe stated that legal bills are traditionally included with the financial package each month however since the financials are delayed a month, staff is requesting approval to pay the legal bills as a stand-alone item. The total amount due is \$14,888.60.

A motion was made by Commissioner Kincannon to pay the September 2024 legal bills in the amount of \$14,888.60, or for the total amount of the bills included in the agenda packet.

The motion was seconded by Commissioner Croft with all Commissioners voting in favor of the motion.

After further review, Ms. Saathoff stated the total amount due for payment is \$15,426,50.

A motion was made by Commissioner Giesecke to amend the total amount to be paid to \$15,426.50. The motion was seconded by Commissioner Croft with all Commissioners voting in favor of the motion.

16. Approval of a Construction Contract with Harper Brothers Construction, LLC for the Velasco Terminal Backland, Area 5 (MP 88) project, for an amount not to exceed \$18,508,603.35.

Mr. Hull stated that staff opened three submitted bids for this project October 7th, noting the project is partially funded through TxDOT (MIP 88). In addition to meeting all the requirements Harper Brothers Construction submitted the lowest bid in the amount of \$18,508,603.35. Staff recommends approval.

A motion was made by Commissioner Santos to approve the construction contract with Harper Brothers Construction, LLC for the Velasco Terminal Backland, Area 5 (MP 88) project, for an amount not to exceed \$18,508,603.35. The motion was seconded by Commissioner Kincannon with all Commissioners voting in favor of the motion.

17. Approval of a Construction Contract with Rosehill Roofing and Restoration for the Hurricane Beryl Repairs project, for an amount not to exceed \$2,979,591.29.

Mr. Hull stated this contract is for the Hurricane Beryl repairs and will be partially refunded by FEMA. A base bid was submitted with an alternate #1 bid for replacing translucent panels with metal siding which Mr. Hull recommends accepting. An alternate #2 bid was also submitted for replacing roof on Transit Shed 3 and repairing gutter. Mr. Hull also recommends accepting alternate #2 for a grand total of \$2,979,591.29. Mr. Lowe confirmed staff will pursue FEMA reimbursement however the amount was below the port's \$6.5 million insurance deductible.

A motion was made by Commissioner Kincannon to award the contract to Rosehill Roofing and Restoration in the amount of \$2,979,591.29 for the Hurricane Beryl building repairs as stated. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

18. Approval of an Inter-Agency Cooperation Contract between Port Freeport and Texas A&M University-Corpus Christi for maintenance of the NOAA PORTS sensors in the Freeport Ship Channel.

Mr. Hull stated this is an annual maintenance contract to maintain the NOAA PORTS sensors in the ship channel. The Port has an agreement with NOAA stating it will annually renew the maintenance contract with Texas A&M University-Corpus Christi. There have been no changes to the contract, this is just a renewal. The amount of the contract is \$57,589.00.

A motion was made by Commissioner Santos to approve the Inter-Agency Cooperation Contract between Port Freeport and Texas A&M University-Corpus Christi for maintenance

of the NOAA PORTS sensors for the \$57,589.00. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

19. Approval of an Amendment to the Security Services Agreement between Port Freeport and Sunstates Security, LLC.

Mr. Hogan stated changes were made to contract security during budget discussions which requires an amendment to the existing agreement. Changes were made to patrol and the communications center. The salary pay scale for Patrol is being increased by 11% in order to be more competitive in an effort to keep current officers and hire new officers. The communications center officers are seeing additional challenges with an increase in skill set such as answering emergency calls, prioritizing multiple units being dispatched and operating a CAD system very similar to police agencies. Mr. Hogan explained that with the added skill set, it replaces the communications officer, which was more of security officer who watched cameras and answered phones with a dispatcher. The change will increase the salary by 15%. Mr. Hogan also stated the amendment includes training through TEEEX (Texas A&M Extension Service) which will be required for a dispatcher position. The training also includes a 6-hour enhanced dispatching which covers high volume calls, multiple agency response, active shooter and riots. There is also an increase in on-the-job training from 20 hours to 40 hours. The amendment also includes the addition of duties for the dispatcher. The original contract defines the duties for each level of officer. This amendment adds the dispatcher. Mr. Hogan stated there is no need to make a change to the current budget since the bill rates from Sunstates was \$59.28 less than the forecasted budget. Staff recommends approval of the amendment.

A motion was made by Commissioner Santos to approve the amendment to the Security Services Agreement between Port Freeport and Sunstates Security, LLC. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

20. Approval to purchase new boom cables for gantry cranes 1 & 2, for an amount not to exceed \$77,640.00.

This item was tabled.

21. Approval of a sponsorship level for the 2025 JOC TPM Conference being held in Long Beach, CA.

Mr. Miura stated the JOC TPM Conference will be held March 2-5, 2025 in Long Beach, which is a global conference bringing together cargo owners, shippers, beneficial cargo owners (BCOs) with international logistics service providers including ocean carriers, ocean and air forwarders, third-party logistics, marine terminals, ports, truckers, railroads, banks and others. Mr. Miura noted 2025 will mark the 25th anniversary for TPM with record attendance expected. Sponsorship opportunities are available which will allow Port Freeport's logo displayed on conference material, monitors, website, etc. to gain additional exposure. The sponsorship levels for consideration include the following:

Bronze Sponsorship

\$37,485 which includes:

(1) Full conference pass + (4) discounted tickets @ \$1,715 each = \$6,860 additional
\$44,345 = 5 attendees, not including travel and accommodation expenses.

The next level of sponsorship available is Gold

Gold Sponsorship (includes booth)

\$76,710 which includes:

(3) Full conference passes + up to (6) discount tickets @ \$1,715 each = \$10,290 additional cost (if used)

\$87,000 = up to 9 attendees + 10' x 10' booth

Mr. Miura stated that staff recommends considering the bronze sponsorship for the event. The Port did not sponsor the event this past year.

A motion was made by Commissioner Kincannon to approve the bronze sponsorship in the amount of \$37,485. The motion was seconded by Commissioner Giesecke with all Commissioners voting in favor of the motion.

At this time, Commissioner Croft made a motion to recess the open session and go into executive session at 2:56 pm. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

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.

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

24. Approval of a Second Amendment to the Lease Agreement between Port Freeport and NCWPCS MPL 25 – Year Sites Tower Holdings LLC, by CCATT, LLC.

Mr. Lowe stated that Crown Castle is interested in extending their lease with the port which expires December 19, 2024. Crown Castle leases approximately 2000 square feet of land that houses a building and a cell phone tower. The proposed amendment includes a five year term with three additional five year options. Port Freeport would obtain the right to utilize tower space if needed for cameras or other IT equipment. Staff recommends approval.

A motion was made by Commissioner Kincannon to approve the Second Amendment to the Lease Agreement between Port Freeport and NCWPCS MPL 25 – Year Sites Tower Holdings LLC, by CCATT, LLC. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

25. Approval of a Second Amendment to the Terminal Use Agreement between Port Freeport and Cemex, Inc.

This item was tabled.

26. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:21 PM.