

Minutes of Port Commission Special Meeting  
September 12, 2024  
In Person & Videoconference

A Special Meeting of the Port Commission of Port Freeport was held September 12, 2024, beginning at 1:02 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

**This meeting agenda with the agenda packet is posted online at [www.portfreeport.com](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/83437302549?pwd=PzMTEM9owRzlYYyghzkdSZ63vH8xkY.1>

Meeting ID: 834 3730 2549

Passcode: 385187

Dial by your location

• +1 346 248 7799 US (Houston)

Meeting ID: 834 3730 2549

Find your local number: <https://us02web.zoom.us/u/kj15qarxL>

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, Legal 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. Rico Arbolante, Help Desk Technician  
Ms. Missy Bevers, Executive Assistant  
Mr. Jesse Hibbetts, Director of Operations  
Ms. Amy O'Brien, Controller  
Mr. Cecil Booth, Project Engineer  
Mr. Jason Caywood, System Administrator  
Ms. Tricia Vela, Public Affairs Assistant

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:

2. Roll Call – Commissioner Singhania stated that all Commissioners were present in the board room.
3. 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.

4. Public Comment – Ms. Melania Oldham addressed the Commissioner regarding the Texas GulfLink Project.
5. Public Testimony – Ms. Melanie Oldham addressed the Commission regarding Agenda Item #6 – Budget Workshop.
6. Conduct workshop regarding Fiscal Year 2024/2025 Budget for Port Freeport.

Mr. Lowe noted that staff previously met with all the respective committees to discuss revenue, capital plan, salary, wages and personnel costs, operations and security budgets, and met with the full Port Commission August 22 for the first budget workshop. Mr. Lowe stated that while there was no financial change to the budget from August 22, there was a comment regarding a specific line item under community events that was eliminated and moved to other general category and the schedule regarding Commissioners' travel was updated to the new schedule. Mr. Lowe also noted the request from Commissioner Giesecke to add additional information to the bond slide has been included and did not change the overall numbers to the budget. Mr. Lowe began the workshop by stating the overall summary 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 operating margin of 44%. This results in an increase in net assets of \$44.9 million. Planned capital expenditures is \$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. Harbor and other operating revenues represent \$38,148,234 million (wharfage, dockage, equipment facility use fees, security fees) while lease revenues represent \$14,717,907. Other category is made up of investment income of \$4,525,000 and grant revenue of \$28,942,035. Total operating revenues is \$52.9 million with a \$5.1 million 10.5 % increase in harbor revenues from 2024 forecasted. Tonnage is 18.8 million and 592 ship calls. Volumes are up 13% over 2024 forecasted based on full operations of existing customers and the addition of two new customers. Lease revenues of \$14.7 million is an increase over the 2024 forecast of \$811,000 or 5.8%. Mr. Lowe stated that depreciation, salary and wages and the contract security within professional services comprise about \$21.5 million of the budget, which is 73% of the budget adding that it increases to 83% when you include business insurance. He also noted that the vast majority of the 83% is brought to the Commission on an individual basis and/or reviewed in committee. Port salaries, wages and benefits includes a budget of \$6,891,334 which is an 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 which will be utilized in a hybrid approach where a flat 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. There is a \$40,000 budgeted for market adjustments as well as a 12.5% increase forecasted in group health versus the prior year budget, and 0% increase in dental and vision premiums. The percent of group health to total

wages and benefits is 15.5% and assumes full participation in the retirement plan. The percent benefits to salaries and wages is at 37%. Professional Services is budgeted at \$3.4 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. This category also includes surveying, environmental consulting, federal and state government liaisons, port planning services, granted related assistance, building code review services, records management permanent archives and election services. Mr. Lowe noted the additions/increase to the security contract have been requested to align with the additional hours needed at the gates and communications center to accommodate the increased activity across the port which was discussed in the OSS Committee. Training, Travel, and Promotional is budgeted at \$794 thousand which is a decrease from 2024 of \$7000 thousand or 1%. Commercial events has an increased participation in conferences to promote containerized cargo and maintain roll on roll off and breakbulk conferences. 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% and includes an increase for water rates and electricity contract. 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 drastic increase is that some of the cybersecurity subscriptions were previously covered under grants. Maintenance and repair budget is \$1 million which is a decrease of \$407 thousand 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 timing of closing out capital projects. Regarding debt interest and fees on the bond schedule, total principal and interest is \$19,680,185. Staff previously added a column for call dates and has also added columns for interest cost and timing of retiring bonds. It was noted the bonds for the cranes are not callable. The Port's Capital Expansion Plan totals \$81 million. Mr. Lowe stated that projects under Container Handling include Area 5 Backland Development, 5th Street Reconstruction, Rider 37 Velasco Terminal Access Project and the North Gate. In Warehousing and OEM, projects include improvement of efficiency in the inner harbor as well as commercial projects that will add asphalt in the Expansion Area. Port Infrastructure includes Cathodic Protection, Expansion Area Green Belt w/ tribute, Gate 4 Access Road Widening as well as miscellaneous purchases for vehicles, gators, 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.

#### 7. Adoption of the FY2024/2025 Budget for Port Freeport.

With no additional discussion or questions, staff recommends adoption of the budget as presented. Commissioner Croft complimented the staff on a job well done. Commissioner Giesecke echoed Commissioner Croft's comments. Commissioner Fratila commented that she appreciated the effort that staff put into the budget. Mr. Lowe thanked Ms. O'Brien for her efforts put into her first budget and all staff for their contributions. Commissioner Santos also thanked Ms. Campus for her efforts and tenure over the years.

A motion was made by Commissioner Croft to adopt the FY2024/2025 Budget. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

8. Adoption of a Resolution setting the 2024 Tax Rate for Port Freeport.

Mr. Lowe stated that on August 15, 2024 the Port Commission passed a resolution to encumber \$5,612,950 toward the FY25 General Obligation Bond debt service payments. The action designated funds to cover the full fiscal year 2025 GO service payments. On August 22, 2024 the Port Commission passed a resolution proposing a 2024 tax rate of zero. After following the state statute process for proposing a tax rate, staff recommends adopting a proposed 2024 tax rate of zero.

A motion was made by Commissioner Giesecke to adopt resolution to order a tax rate of zero (\$0.000000) on each \$100 valuation for the purpose of maintenance and operations, and a tax rate of zero (\$0.000000) on each \$100 valuation for the payment of principal and interest on debts of the Port, for a total tax rate of zero on each \$100 valuation to be applied to the total taxable value of all taxable property located within Port Freeport, subject to taxation and is hereby levied or adopted as the tax rate of Port Freeport for the year 2024. The motion was seconded by Commissioner Kincannon with all Commissioners present voting in favor of the motion with a roll call vote of 6-0.

Commissioner Giesecke thanked staff for implementing the plan and getting the revenue that enables the Port to do this. He also thanked current and past Commissioners for making this happen.

Commissioner Singhania commented that this has a very historic significance with the port enacted in December 1925 and next year marking 100 years. At that time the taxable role of the district was \$29.6 million. Fast forward at 3% and 100 years, it will become like \$600 million tax roll, but today the tax roll is close to \$25 billion. He believes the trust that the people put in allowing the port to set the tax rate, the port has given plenty of the growth and helped the district to grow. This is a significance that all the efforts put in with the vision from the past port commissioners and the employees to get to this stage, so we all should be very proud of it. He clarified that the M&O taxes were put to zero last year and cannot be revived without voter approval. The I&S tax for the bonds that were issued after voter approval in 2018, the Commission has to approve every year until all the bonds are retired adding that they should relish this moment today.

Commissioner Santos commented that he's proud of everyone, including past Commissioners but most proud of staff. Without staff, Port Freeport wouldn't be here today. He stated that even as a child growing up, he didn't know much about Port Freeport but look at it now, the world is watching. He thanked staff for the past and current budgets, noting this is a great organization and will continue to be going forward, offering thanks to everyone.

Commissioner Croft commented that he is very appreciative of the entire community that had the forethought to recognize that a port would be beneficial to the area adding there's so many other cities up and down the coast of Texas that wish their communities had taken the position that the citizens of this district did 100 years ago. He noted that he's very honored to have been

one of the stewards along the way of those public funds and their assets and taken those assets to the point of generating the income necessary to be totally self-sustained. He thanked current staff and their predecessors.

In addition to his previous comments, Commissioner Giesecke stated that the taxpayers of southern Brazoria County voted a tax upon themselves nearly 100 years ago adding that he appreciates them for setting this up and putting in motion to where the Port could get to this day. His message to the taxpayers is, thank you for 100 years of support, but we'll take it from here.

Commissioners Fratila stated that staff (and predecessors) has been phenomenal and are very appreciated. She stated that it's staff that gets the work done, not the Commissioners. She also thanked the taxpayers for playing and doing their part all these years but now that the Port has the revenue, they'll take it from here.

Commissioner Kincannon commented that when you think back 100 years ago, the people that lived in the area and in the county supporting the creation of Port Freeport had the vision to realize what an impact the port could have on the lifestyle in the county with imported goods and services, an increase in revenue coming through and that everyone was likely to prosper with a new port. The relationship continued with increases in bonds and support from the public. He added that it's a good feeling to show the constituents the port appreciates what they've done for 100 years adding that he is really proud to be a part of the zero tax commitment and the staff that made it possible.

Ms. Saathoff commented that it's very humbling for the port to be where it is today and how bold it was to carry out a vision and asking taxpayers to support the first \$1,000,000 bond issue, to issue it and immediately implement a \$0.35 tax rate when the value was only \$29 million. The port set the county up to grow and create economic prosperity for everyone that has supported generations. Ms. Saathoff stated that her initial engagement with Port Freeport was in 1988 when she started auditing the port in the middle of the deepening to 46 feet which was supported by the taxpayers on a pay as you go basis by raising the tax rate. She added that when she made the decision to take the position of Director of Finance and Administration in 1992, the tax rate was \$9.9 cents per \$100 evaluation, but it had a deeper channel. The port wouldn't have everything that's here or grown to the level of employment and economic prosperity without the channel. She is grateful the community supported the port again for the 2018 bond issue which is delivering the channel that's going to continue to support economic activity for generations to come. The port has come a long way because of great teamwork with the employees and the Port Commission setting visions and strategies and sticking with it. She went on to say how excited she is about this moment and what it means to the community and how it's a reminder of the tremendous legacy inherited that will continue to carry forward and someday in the future, people will look back and say what a transformative moment today was and how it impacted their community and families.

9. Adjourn.

With no further business before the Commission, the meeting adjourned at 1:57 PM.