

Minutes of Port Commission Regular Meeting  
September 26, 2024  
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held September 26, 2024, beginning at 1:01 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

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

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

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Commissioners present in person:

Mr. Ravi Singhania, Chairman  
Mr. Rob Giesecke, Vice Chairman  
Ms. Barbara Fratila, Secretary  
Mr. Kim Kincannon, Asst. Secretary  
Mr. 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. Christine Lewis, Safety Coordinator  
Mr. Cecil Booth, Project Engineer  
Mr. Chas Gryseels, Engineering Specialist  
Mr. Clinton Woodson, Sales Manager  
Ms. Emily Henderson, Sales & Marketing Specialist  
Ms. Tricia Vela, Public Affairs Assistant  
Mr. Mary Campus, Controller

Also, present:

Mr. Mike Hayes, Texas Port Ministry  
Mr. Santos Aluiso, ILA Local 30  
Mr. James Nash, WGMA

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 Singhania noted that all Commissioners were present in the board room.
5. Safety Briefing – Ms. Christine Lewis noted that port staff reached 2085 days with no time loss incidents; however, that number started over due to a recent injury. She also provided tips for keeping safe while enjoying the outdoors.
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 – There was no public testimony.
9. Public Hearing to discuss the proposed Port Freeport Tax Abatement Guidelines and Criteria pursuant to Section 312.002 of the Texas Property Tax Code, to be effective September 26, 2024 – September 25, 2026.

Mr. Lowe explained that process for tax abatement guidelines noting the state statute allows for guidelines to cover a 2-year period. The Port's guidelines expired September 7, 2024; however, any application that would have been submitted prior to that date would have fallen under that set of guidelines. He also explained the Port's guidelines generally align with the County, with a few exceptions that may not be practical to the Port. With regard to the Port Commission adopting a zero tax rate, Mr. Lowe visited with the chairman of the Finance Committee who was in alignment that the Port keep the guidelines in place knowing there is an annual process involved for the encumbrance of funds to set the rate at zero every year. The Port Commission has the option to no longer adopt the guidelines in the future if they feel they are no longer needed. Likewise, they can re-adopt if something changes. Mr. Lowe then went over the following significant changes to the guidelines that were reviewed with the Finance Committee.

*Section 2(h)(5) - Added a \$200 fee to cover the cost of the required newspaper ad should the creation of reinvestment zone be requested.* Mr. Lowe noted the Port is not capable of creating a reinvestment zone and currently, can only be done by the County or a city. The County included this fee in their guidelines and Mr. Lowe's intent for the inclusion was to show the applicant that there's going to be a pass through, it would most likely be to the

County. There is a \$1000 limit on the fee that can be charged to an applicant for the tax abatement application and the County is confident the additional \$200 fee for the creation of a reinvestment zone is proper. He also noted that a legislative change would have to take place in order for the Port to be able to create an investment zone.

*Section 2(h)(6) – Updated language to require the owner of the abatement application to give Brazoria County vendors and service providers priority.* Mr. Lowe had no comments for this update.

*Section 2(h)(6) – Updated the language to require the owner applicant to utilize E-Verify and provided further definition of E-Verify.* Mr. Lowe noted that Commissioner Giesecke suggested additional language be added from the government code to give a clear definition of E-Verify. Additionally, the existing guidelines stated, “or other appropriate method” and the committee decided to just say “must use E-Verify.” If a change is made to a federal program, the guidelines will be amended to fall in line with what the language is at that time. Commissioner Giesecke clarified that Texas state law requires in the transportation code that all contractors and subcontractors for state highway projects use E-Verify and is defined in the government code.

*Section 2(h)(7) – Added this section requiring owner applicant to file an economic impact plan with increased requirements for utilization of Brazoria County vendors and service providers, as well as local colleges, charitable organizations and associations with economic impact from the project.* Mr. Lowe stated the committee agreed this addition was appropriate and strengthens the language surrounding the economic impact of utilizing a priority to Brazoria County vendors.

Mr. Lowe explained that the primary difference between the Port and County guidelines is the County utilizes a graduated scale which is present in their package. The port’s guideline language allows the Port Commission to grant an abatement on what percent it chooses. Two years ago, when the County adopted their guidelines, they put the table in. The Port did not adopt the table and is not adopting it now. The County will always be the lead, and the Port will always follow. However, if the County led with less than 100%, the Port would have the option to consider the same or something different. He added that each entity can grant what they want based on their own guidelines. The Port’s guidelines allow for either.

At this time, Mr. Lowe had no further updates or additions to the guidelines and recommends approval.

10. Discuss and consider the adoption, amendment, repeal or reauthorization of the Port Freeport Tax Abatement Guidelines and Criteria, to be effective September 26, 2024 - September 25, 2026.

A motion was made by Commissioner Giesecke to adopt the amendments to the tax abatement guidelines as presented. The motion was seconded by Commissioner Croft with all Commissioners voting in favor of the motion.

11. Approval of minutes from the following meetings....

August 15, 2024 Special Meeting  
August 22, 2024 Regular Meeting  
September 12, 2024 Special Meeting

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

12. Receive reports from Executive Staff on activities and matters related administrative affairs, financial results, facility engineering matters, operations and vessel activity, port safety matters, port security matters, Port tenant updates, USCOE, and other related port affairs.

A. Executive Director/CEO

Ms. Saathoff reported the cargo operations results have been on a really good trend this fiscal year and will finish strong. Additionally, revenues were higher than anticipated this month and will contribute to finishing the fiscal year with record operating revenues. She noted this is very positive as the Port moves into the new budget year where staff anticipates exceeding 50 million in revenues and taking on the debt service payment for the general obligation bonds, in addition to the revenue bond payments. The Port also continues to see records with the number of RoRo ships and the number of automobiles handled. Staff estimates finishing out the fiscal year around 160,000 vehicle units handled, which was attributable to the startup of Volkswagen, who is preparing to officially have their grand opening October 2. With Del Monte on board, the Port is also surpassing prior year numbers with the number of containers handled and the amount of green fruit handled, noting that approximately 40 million bananas are moving through Port Freeport on a weekly basis. Steel continues to be moving and will also closeout strong with Tenaris moving 860,000 tons of steel which is another record as they continue to beat their prior year records. Ms. Saathoff shared some other things in the news including the expiring shipping alliance contracts which has caused some reshuffling, extensions, new alliances formed and MSC making the decision to go largely independent which will go into effect next year. Staff continues to watch and is hopeful it will present more opportunities for Port Freeport. With regard to the USMX master contract and the impacts of the strike by the International Longshoreman Association (ILA), Ms. Saathoff noted Port Freeport is not a USMX port and contracts are on a separate, more local basis and do not expire September 30. Business is expected to be normal at the port. Staff will continue to monitor the situation. Staff attended a quarterly executive governance meeting in Galveston September 4 and had the opportunity to meet the new commander for the Southwestern Division, Colonel Walter. Finally, Ms. Saathoff noted the new public affairs manager will begin September 28.

B. Director of Engineering

Mr. Hull reported that bids were not opened for Velasco Terminal Area 5 project. Staff issued an addendum which postponed the bid opening to October 7. He also reported the shoal has been cleared in the ship channel and the draft restriction was removed September 3. Mr. Hull shared current picture of the Expansion Area where a water line is being relocated for the Rider 37 Velasco Terminal Access project. He also reported on the National Waterways Conference noting a suggestion that was made to the committees and panels regarding possible reimbursement from the Corps for shoaling emergency maintenance because it is the obligation of the Corps to maintain these projects; however, the Corps was not receptive this. This could be a future suggestion for a WRDA law change where Congress would instruct the Corps to allow this maintenance and reimbursement. Mr. Hull reported the drainage study is in progress and on schedule with nothing new to report. Hurricane Beryl repairs are out for bid with staff receiving a number of inquiries.

C. Director of Operations

Mr. Hibbetts reported that August was a very good month as the third highest vessel calls of the year at 46, and 96 port wide. Tonnage is up for both steel and containers, while RoRo is up 45% year to date from this time last year. Rail car counts show over 20,000 cars have been exported by rail year to date and is driven primarily on the Port's new OEM customer. A recap of the month of what's been handled; 19 LNG vessels, 11 RoRo, 1 steel, 13 container vessels and 717 rail cars. Looking at the year to date, the Port is at 172 LNG vessels, 27 steel vessels, 134 RoRo vessels and 104 container vessels. He stated that September is already looking good and expects a good close out to the end of the year. Mr. Hibbetts shared pictures of recent project cargo vessel (BBC Manila) that imported two cold boxes. He also shared a picture of an old steam engine tractor that arrived by truck and will go out by vessel.

D. Director of Business & Economic Development

Mr. Miura reported attending the Automotive Logistics Global Conference in Detroit which was represented with OEM's, carriers and Tier 1 suppliers. He also introduced Clinton Woodson, who recently joined the Business Development team as sales manager. Mr. Woodson thanked the Commission and staff for the opportunity and shared some of his family history and ties to the community.

E. Chief Financial Officer

Mr. Lowe gave a presentation regarding the financial results for the month of August.

13. Approval of financial report presented for the period ending August 31, 2024.

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

14. Receive report from Commissioners on matters related to:

A. September 12 Finance Committee Meeting – Commissioner Giesecke reported the committee reviewed proposed changes to the tax abatement guidelines, discussed adding EBITDA to the financial report, proposed changes to the tariff and Freeport LNG tax abatement modification.

B. 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.

15. Approval of payment to Comcast for relocation of communications line in the Expansion Area, for an amount not to exceed \$69,555.70.

Mr. Hull stated he is requesting payment in the amount of \$69,555.70 for Comcast to relocate their fiber and coax communications infrastructure outside of the Expansion Area. Mr. Hull shared a map indicating where the existing line is and where it will be relocated. Staff recommends approval.

A motion was made by Commissioner Giesecke to approve the relocation and payment as recommended by staff. The motion was seconded by Commissioner Fratila with all Commissioners voting in favor of the motion.

16. Approval and award of contract to Covenant K9 Detection for security K9 contract services.

Mr. Hogan stated the current K9 contract expires at the end of September. Staff sought bids for a 3-year contract to continue narcotics, weapons, explosive and currency detection at the port and would run from October 2024 - September 2027. He explained the contract is based off an average of 5 visits per month, 6 hour days, for a total of 360 hours for the year. Staff used an evaluated weighted measure on the proposals that were submitted, noting there were 7 interested parties with only two submitting bids, Covenant K9 Detection and Focus Service Group. He stated that Covenant scored a 72 while Focus scored a 70. While Focus did have a lower bid, they did not meet the 3-year requirement with only having two years of experience at a Maritime Transportation Security Act or U.S. Coast Guard regulated facility. Their work was also limited to gate only and did not have experience inside an operational area and no experience with ship, vessel, ship crew, etc. Focus also did not have the depth in their dogs (number of dogs), where if one gets sick and is out for a while, service can continue. They only had 4 in total with two narcotics, 1 explosive weapons and one currency. In comparison, Covenant has 14 dogs, 5 narcotics, 6 weapons/explosive dogs and 3 currency. Mr. Hogan noted that even though Covenant's bid was higher, it is still \$17,250 below what staff budgeted. With all factors in mind, staff requests approval of a contract with Covenant K9 totaling \$297,000 for a three-year period and granting the Executive Director/CEO authorization to sign the contract. This was discussed with the OSS Committee at length prior to the extension however the committee has not seen the bid numbers. Commissioner Santos concurred adding that the Port needs to continue with the service as they are needed at the gates as well as inside the Port.

A motion was made by Commissioner Santos to award contract to Covenant K9 in the amount of \$297,000 for three years as recommended by staff. The motion was seconded by Commissioner Fratila with all Commissioners voting in favor of the motion.

17. Approval of proposed adjustments to Port Freeport Tariff No. 005.

Mr. Miura stated that staff is recommending a 5% general rate adjustment to Port Freeport Tariff No 5. Staff discussed the rate adjustment with the Finance Committee and presented comments received from port partners, tenants and users and made some additional changes that we were recommended. Staff recommends approval of the proposed changes presented. Commissioner Giesecke asked Mr. Miura to describe the reaction among the port user community. Mr. Miura stated that the overall response was positive with everyone understanding with the exception of specific comments from one user which were addressed and discussed in committee. The adjustments will take effect October 1, 2024.

A motion was made by Commissioner Giesecke to approve the 2024 adjustments to Tariff No. 5. The motion was seconded by Commissioner Kincannon with all Commissioners voting in favor of the motion.

18. Adoption of a Resolution approving the acceptance of the Port's portion of proceeds received from high bidders on delinquent tax property held in trust by Brazoria County, Texas and authorizing the Chairman to join in conveyance to high bidders.

Mr. Lowe stated the four properties listed have no significance to the Port with three lying in the protected zone. Staff recommends approval.

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

19. Discuss and consider the authorization of credit card issuance and credit limits for Port staff.

Mr. Lowe stated that in accordance with Port Policy 8.8, staff is seeking authorization to issue a credit card in amount of \$5,000 for Clinton Woodson, sales manager.

A motion was made by Commissioner Croft to approve the credit card issuance. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

20. 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.

21. RECONVENE OPEN SESSION:

22. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:33 PM.