

Minutes of Port Commission Regular Meeting
February 27, 2025
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held February 27, 2025, beginning at 1:10 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:

Ms. Heather Cook, 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. Don Mullett, Crane Maintenance Manager
Mr. Cecil Booth, Engineering Manager
Mr. Chas Gryseels, Project Engineer
Ms. Vicki Smith, Accounting Manager
Ms. Danielle Simonds, Accounting Specialist

Ms. Mary Campus, Controller (virtual)
Ms. Bailee Anderson, Accounting Analyst (virtual)
Ms. Hannah Thorton, Operations Specialist (virtual)
Ms. Tricia Vela, Public Affairs Assistant (virtual)
Ms. Ruby Dunn, Receptionist (virtual)

Also, present:

Mr. Mike Hayes, Texas Port Ministry
Mr. Stephan Whalley, Gallagher
Mr. Keven Cadenhead, KM&L
Mr. Mark Michna, Prism Energy Solutions

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. Mr. Hayes also announced that the annual banquet for Texas Port Ministry will be held March 20 at the Dow Academic Center.
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 safety tips spring activities.
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.

7. Public Comment – There were no public comments.
8. Public Testimony – There was no public testimony.
9. Approval of minutes from the regular meeting held January 30, 2025.

A motion was made by Commissioner Croft 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 to 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 attending Brazoria County Day thanking everyone who traveled to help represent Brazoria County. The Port was recognized in the House and the Senate for the Port's 100th year of being in existence. She noted that since there was a limitation on the floor of only five people, Commissioners Fratila and Kincannon represented the Port

with the Brazoria County delegation for Brazoria County Day while she and Commissioners Singhanian, Santos, Croft and Giesecke represented the Port in the House and Senate with the Port's recognition of the Centennial celebration. Ms. Saathoff also noted that in addition to Brazoria County Day, it was also Texas Ports Day and Texas Chemical Council Days. While in Austin, staff also participated in a number of agency meetings including the Governor's Office of Economic Development and Tourism, Texas General Land Office, Texas Parks and Wildlife Department, Texas Department of Transportation, Texas Division Emergency Management and Public Utility Commission. Ms. Saathoff thanked Debbie Pennington with the Alliance for coordinating all the agency visits for everyone as well as the overall event. She also acknowledged the time and engagement given to Port Freeport by Senator Huffman, Senator Middleton, Representative Vasut, and Representative Barry. Regarding the two local bills the Port has filed, Ms. Saathoff stated that the bills have not been referred to committee. One of the local bills addresses term limits for port commissioners and the other one is adding authority for Brazoria County to not only initiate reinvestment zones for tax abatement purposes but also initiate a tax abatement agreement. Staff has been meeting with Brazoria County and City of Freeport officials to apprise them of the tax abatement bill. At the federal level, Ms. Saathoff noted it has been equally active with all the actions of the new DOGE committee, announcement of tariffs and most recently, the potential of fees on Chinese built or Chinese owned and operated vessels calling U.S. ports. Staff is monitoring tariffs for the potential impacts to port customers including the import to steel and automobiles. Ms. Saathoff also noted staff received a communication from Bill Christian, who is the deputy chief of staff for Congressman Weber. He is moving to work with Representative Luna in Florida. On the port side, Mr. Miura, Mr. Woodson, and Ms. Saathoff will be traveling Long Beach for the Trans-Pacific Maritime Conference next week along with Commissioners Singhanian, Croft and Giesecke. The Port continues to be ahead of budget in revenues and under budget with expenses for a very strong net operating income this fiscal year. Tonnages and vessel calls continue to be good with a record 60 vessels last month. Ms. Veliz reported the Take-a-Child Fishing Tournament has 350 drawings submitted for the logo contest with staff narrowing it down to 15. She asked everyone to stop by and vote for their favorite drawing which is taking place in the lobby. She also gave a social media update noting that staff made some changes to increase the number of posts and type of posts which has increased the audience size by 6%, published posts has increased 80% with interactions increasing by 177% and clicks increased by 14,550 noting more people clicking to the Port's website to get information. Shares have increased by 492% and impressions have increased by 250 which means more people are seeing stuff coming through on their news feeds on social media, on Facebook and on LinkedIn.

B. Director of Engineering

In addition to his written report, Mr. Hull shared current photos of work going on in the Port with the new gate into Velasco Terminal noting that all the concrete has been poured at both the gate access and Terminal Street. The next picture is the truck queuing parking which is completed and poured out.

C. Director of Operations

Mr. Hibbetts reported on statistics for the month of January stating the Port handled 48 vessels for the month while tonnage sees container volumes up significantly from this time last year which is due to the new green fruit carrier that came online last June. LNG is getting back on pace where they belongs with steel slightly down but expected to make

projections by year end while the RORO sector is significantly up from this time last year. Total year-to-date tonnage is up 3% from this time last year. Mr. Hibbetts noted that American OEM car manufacturers do their retooling in August and Europeans, like the Port's newest OEM do their retooling and manufacturing in January; therefore, vessel and rail was a little down. He also reported there were 18 vessels for the month for LNG and 14 RORO vessels with 63,000 vehicles handled for the year. Mr. Hibbetts announced that March 4, the Hoegh Aurora will make its maiden voyage to the Port. It is the largest RORO carrier built to date, and was manufactured in 2024 can carry 9100 vehicle units. Representatives from Hoegh and Tadano Crane will be here for the vessel's call to Port Freeport. Commissioner Singhania also noted that Juan Sosa will be attending along with the new Council General of Panama. Mr. Hibbetts also reported that staff hosted a quarterly safety walkabout, while Mr. Hogan conducted a U.S. Coast Guard directed crane exercise, and Mr. Mullett has been working diligently on the new crane spare parts list which will be presented later in the agenda.

D. Director of Business & Economic Development

Mr. Miura stated the Hoegh Aurora will make its inaugural call to Port Freeport with staff making a plaque presentation to the master. The vessel is a 9100 car equivalent PCTC (pure car truck carrier) and is a multi-fuel vessel. This class of vessel is the only class of vessel to be denoted by DNV - Det Norske Veritas which is a classification society and the only vessels to have a notation of ammonia ready and methanol ready. He stated there are 12 vessels ordered with the first eight dual fuel which is capable of low sulfur fuel oil (required) and LNG adding that later they can be converted to ammonia vessels and be a net zero (carbon footprint). The last four vessels are multi-fuel and constructed by China Merchant Heavy Industries. Mr. Miura also reported on activities and travel for the department with the month starting off with a business mixer that was well attended. This was followed up with a trip to Florida for customer visits followed by the RILA Conference and the TPM Conference next week. Mr. Miura also reported that staff is nearing the end of the market outreach portion of the market study project with KPMG adding that he anticipates KPMG will submit their final report in April. Website redesign is progressing and looking to roll out closer to the end of May.

At this time, Mr. Miura noted upcoming travel that would coincide with the workshop scheduled for April 10. Business Development will be attending the Finished Vehicle Logistics Conference in Huntington Beach April 8-10. After some discussion, the Commission and staff agreed to move the workshop to April 11 with a start time of 10:30 a.m.

E. Chief Financial Officer

Mr. Lowe presented financials for the month of January. He also introduced Ms. Danielle Simonds, the new accounting clerk for the finance department.

11. Approval of financial reports presented for the period ending January 31, 2025.

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

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

February 11 Capital Planning Committee Meeting – Commissioner Kincannon reported the committee discussed obtaining jurisdiction determinations for certain Port parcels, permitting of Berth 6, TxDOT Resolution for turning lane at Volkswagen, fenders update for Berths 1,2 & 3 and replacement of wooden utility poles.

February 20 Finance Committee Meeting – Commissioner Giesecke reported the committee discussed property insurance renewal, bids received for retail electrical providers and the Annual Comprehensive Financial Report, all of which were approved earlier in the meeting.

February 20 OSS Committee Meeting – Commissioner Santos reported the committee discussed the purchase of crane parts and surplus of pallets, both of which are on the agenda for approval. The committee also discussed security matters.

February 27 Business Development Committee Meeting – Commissioner Singhania first noted that with all the business development focus on the container side, staff felt this committee needed to go from an Ad Hoc status to full committee. The committee met and discussed the cold storage assessment opportunity on the agenda for consideration.

Commissioner Croft reported attending the Economic Development Alliance Executive Committee meeting, Lincoln-Reagan Dinner, Jones Creek Pie Contest, CAP meeting, Brazoria County Day, and Stephen F. Austin Elementary Committee.

Commissioner Kincannon reported attending the Dow Open House, Highway 36A Coalition meeting, TxDOT Traffic Coordination meeting, West Columbia Chamber Breakfast, CAP meeting, BCCA meeting and Brazoria County Day.

Commissioner Giesecke reported attending the Freeport City Council meeting, Mayor/Councilman Briefings, Hispanic Chamber Gala, Angleton Chamber Gala, Brazosport Chamber Luncheon, Pearland Chamber Awards, West Columbia Chamber Breakfast, BCCA meeting and Brazoria County Day.

Commissioner Fratila reported attending the Friends of the River (FOR) Breakfast, Port/NOAA meeting, CAP meeting and Brazoria County Day.

Commissioner Santos report attending the Dow Open House, Hispanic Chamber Gala, Port/NOAA meeting, Angleton Chamber Gala, Washington Delegation w/ NAM (National Assoc. of Manufacturers) and Brazoria County Day.

Commissioner Singhania reported attending various chamber events, the CAP meeting, BCCA meeting and Brazoria County Day.

13. Approval of the FY 2024 Annual Comprehensive Financial Report.

Mr. Lowe began by thanking Ms. O'Brien, Ms. Campus and staff for their contributions in pulling together another annual comprehensive financial report. He also thanked Kevin Cadenhead with KM&L for his contributions and feedback throughout the process. Mr. Lowe presented the financial report noting the State of the Port on Page 7 followed by the transmittal letter on Page 12 and the auditor's report beginning on Page 17. Mr. Lowe stated the management discussion and analysis, or MD&A is on Page 20, Port statistics on Page 67 and encouraged reading of all these sections as they provide a tremendous amount of data. As

a reminder, Mr. Lowe stated the operating revenues for the year were \$54.1 million, expenses at \$28.1 million and an operating income of \$26 million. There was a non-operating income of -\$2.4 million that is based on the outflow of capital. The Port has \$1 million in grant revenue and a total overall change in net position of \$24.4 million. Mr. Lowe then introduced Kevin Cadenhead with KM&L to give a report from the audit side. Mr. Cadenhead stated that from the auditor's standpoint, there were no audit adjustments as well as no audit findings. He explained there are three letters in the financial report from the firm. The first letter is the auditor's report that precedes the financial statements and is a clean report of what's called an unmodified opinion. This letter tells the reader the financial statements are accurate. There are two more letters in the back of the financial report. The firm was required through the Single Audit Act, with one either a federal or state program being \$750,000 or greater in receipts, to do compliance auditing on the program with this year being a state program, the TxDOT Grant. Compliance testing was done on the grant, and everything was in compliance. With regard to the two letters in the back, one references compliance with the grant requirements and the other states whether there are any financial reporting deficiencies, and this letter says there are none. Mr. Cadenhead pointed out that the Port continues to have a deficit in equity which stems from issuing debt and sending money to an outside entity. In this case, it's for the deepening and widening of the channel. He further stated there was a significant reduction in deficit (or an increase in equity) this year because the Port didn't have to pay during the fiscal year adding the balance sheet significantly improved what was already a good financial position which is also favorable to the Port as well. Commissioner Croft commented that the report presented to the Finance Committee was excellent and very well done, adding the Port's interface with KM&L is highly commendable and appreciates all the efforts. Mr. Lowe stated that staff recommends approval of the fiscal year 2024 Annual Comprehensive Financial Report.

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

14. Approval and award of contract for Property, Boiler, Machinery, and Terrorism insurance coverage for a one-year term beginning March 1, 2025, as obtained by Arthur J. Gallagher & Co.

Mr. Lowe stated that staff had an extended conversation with the Finance Committee on insurance presenting two different options provided by Gallagher and the underwriters. To maintain the Port's current 1.5% percent deductible, the total program cost would be \$2.5 million which is a flat rate year over year. Gallagher worked with the underwriters to accept the Port's current exposure rates and did not increase the value of what was being insured so the rate was a flat \$0.51 per \$100. Mr. Lowe explained a section of the summary where it shows the impacts of the industry as a whole based on whether there was a loss or not and if it was non-catastrophic vs. catastrophic. He explained that -10% to 0% was the industry standard adding the Port was flat year over year or zero; however, because of the business interruption claim two years ago, the Port's continuity credit was paused for three years. Gallagher worked with the underwriters to allow the continuity credit to be reinstated a year early which would bring it down to a net decrease year over year of 9.31% versus the expiring policy. Mr. Lowe stated the second option is very similar however it would cap the named storm deductible at \$5 million vs. the 1.5%. He stated the 1.5% is just under \$6.6 million with a \$1.6 million delta between the deductibles and the two scenarios adding the premium would result in a net savings year over year of \$28,671. Commissioner Giesecke

commented that the option taken last time was the higher deductible because it ended up being a 12.5% premium cost versus the insured risk noting it wasn't really a factor last year and didn't hit the deductible even with an almost direct hit from Hurricane Beryl, albeit a category one. Mr. Lowe stated that staff recommends the Port maintain the 1.5% for an approximate \$200,000 savings adding there are no guarantees on the frequency of storms or their potential impacts and no guarantees of reimbursement through the FEMA program. Staff is comfortable where the insurance is based on prior conversations. Mr. Lowe also thanked Stephen Whalley with Gallagher and his team for continuing to solicit options for the Port. Commissioner Giesecke commented that his preference is to stay with the 1.5% but the committee itself did not make a recommendation adding that it was discussed a lot last year and has served the Port well. Mr. Lowe also noted the total insured value is \$465 million but the Port's maximum payout is \$50 million which is common. Mr. Lowe shared a slide showing this is common with other ports as well noting that Port Freeport sits very well in regard to other ports in the region with most of them having higher total insured values than they do total payout which is driven from the underwriters. He also noted there is an abundance of the Port's evaluation in the concrete with the berths and wharves themselves, so the likelihood of going above \$50 million would have to be a pretty significant event to the region.

A motion was made by Commissioner Giesecke to renew the policy as recommended by staff with the 1.5% deductible. The motion was seconded by Commissioner Croft with all Commissioners voting in favor of the motion.

15. Discuss and consider authorizing the Executive Director/CEO to enter into contract with Retail Electrical Provider.

Mr. Lowe stated that staff along with the Port's energy broker, Prism Energy Solutions, solicited bids from retail electrical providers (REP) for an electricity supply service agreement to begin April 1, 2025. Staff and Prism met with the Finance Committee to discuss the process, market conditions and preliminary bids received with 11 retail electrical providers participating in the process. Staff recommends the Port Commission authorize the Executive Director/CEO to enter into a service agreement for a term of 33 to 60 months at a price not to exceed \$0.065/kWh. Mr. Lowe introduced Mark Michna with Prism, who is available to answer any questions. Mr. Lowe went on to explain that Port's current contract expires March 31 with the next Port Commission meeting March 27, and with electrical rates updating every 15 minutes and not being able to lock in a rate until it's live, Prism recommends based on current RFPs received, that the Commission authorize Ms. Saathoff to enter into a service agreement pending receiving a favorable rate between now and the next Port Commission meeting. He noted that if the rate exceeds what the motion states, staff will come back and offer it again at that current date. Staff feels the Port is in a better position having the entire month to leverage the time with 11 retail electrical providers submitting their bids. Staff will have legal review of the contracts provided by Prism so they will be ready to execute should the Commission authorize staff to do so. Commissioner Fratila asked if the contracts vary significantly from provider to provider. Mr. Michna stated they are very standardized noting that they'll be looking into the product description of the energy the Port is buying and the commercial terms, which is where Prism's expertise comes in. Mr. Lowe also noted the RFP included certain requirements so everyone starts from the same point, but the nuances of each individual REP and how they write their contracts will be different, adding the broker and legal counsel will utilize their expertise to make sure there isn't an unforeseen moment. Staff anticipates a 33 to 60 month contract not to exceed \$0.065/kWh.

A motion was made by Commissioner Kincannon to authorize the Executive Director/CEO to enter into contract with Retail Electrical Provider for a duration of 33 to 60 months at a rate not to exceed \$0.065/kWh. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

16. Approval of a Construction Contract with Harper Brothers Construction, LLC for the East 5th Street Replacement project, for an amount not to exceed \$2,179,046.31.

Mr. Hull stated that this contract is to replace 6-inch concrete with 10-inch thick concrete on 5th Street. Seven contractors submitted bids with Harper Brothers Construction submitting the lowest bid. Harper Brothers also currently has the RIDER 37 project as well as the Velasco Terminal Area 5 project for the Port. Staff recommends awarding a contract to Harper Brothers Construction in an amount not to exceed \$2,179,046.31.

A motion was made by Commissioner Santos to approve the contract with Harper Brothers Construction, LLC for the East 5th Street Replacement project, for an amount not to exceed \$2,179,046.31. The motion was seconded by Commissioner Kincannon with all Commissioners voting in favor of the motion.

17. Approval of Payment to Comcast for Fiber and Coax Relocation, for an amount not to exceed \$28,899.33.

Mr. Hull explained that this payment to Comcast is for them to make modifications to the fiber optics system so the communication system to neighborhood residences ensures uninterrupted service. Staff recommends approval.

A motion was made by Commissioner Kincannon to approve the payment to Comcast for Fiber and Coax Relocation, for an amount not to exceed \$28,899.33. The motion was seconded by Commissioner Croft with all Commissioners voting in favor of the motion.

18. Approval of Purchase and Installation of 5 Solar Lights, Poles, Panels and Batteries for the Bend Easing Section of Freeport Harbor Channel, for an amount not to exceed \$33,733.00.

Mr. Hull shared a map indicating where the five solar lights will be installed in the bend easing section of the channel which will aid the pilots to see the land, helping them to navigate the turn at night. The solar lights will replace the streetlights that were in place prior to dredging of the area. Staff obtained competitive quotes with Integrity Services Group submitting the lowest quote for \$33,733.00. Staff recommends approval.

A motion was made by Commissioner Croft to approve the purchase and installation of 5 solar lights, poles, panels, and batteries for the bend easing section of Freeport Ship Channel for the amount not to exceed \$33,733. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

19. Approval of Purchase Solar Light Replacement Parts for 7 Solar Lights along the Dow Thumb, for an amount not to exceed \$29,918.00.

Mr. Hull shared a map of the Dow Thumb which is on the opposite side of the ship channel from the bend easing area. The pictured includes one of seven lights that were installed about 3-4 years ago on the sheet pile stabilization wall in order to light up the water and land to aid

the pilots in navigating the channel. Mr. Hull clarified the Port is only replacing the solar panel and the battery pack on the lights, not the poles or the lights. The purchase of the batteries and the solar panels is \$29,918.00. Staff obtained multiple proposals with the lowest bid submitted by the manufacturer. Staff recommends the lowest bid from the manufacturer of \$29,918.00. He further clarified this price is just for replacement parts and no installation. Mr. Hull also added that per the Port's agreement with Dow, the Port must use Dow approved vendors for installation because the lights are on Dow property. The Port obtained competitive bids with the low bid coming in at \$7,500. The Port will give the new equipment to the contractor who will swap it out and bring the old equipment back to the Port.

A motion was made by Commissioner Santos to approve the purchase of replacement part for 7 solar lights along the Dow Thumb for an amount not to exceed \$29,918.00. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

20. Approval to purchase Crane Spare Parts for new STS Cranes, in an amount not to exceed \$800,000.00.

Mr. Hibbetts stated that Don Mullett, Port Freeport's crane manager compiled a list of spare parts needed to move forward in procuring to meet long lead times and help reduce shipping cost of the original equipment manufacturer (OEM) parts. The OEM parts to purchase will be ZPMC, ABB, Bubenzer, Johannes Hubner and JR Merritt spares for Port Freeport's new ship-to-shore gantry cranes. He stated that some parts will arrive with the cranes, while others will be delivered in time of the new cranes' arrival. Staff met with the OSS Committee to discuss a plan to move forward in purchasing spare parts included on the summary sheet provided in an amount not to exceed \$800,000. Mr. Hibbetts stated the capital budget has money allocated for new crane spare parts in 2025 and 2026 noting additional spare parts will need to be purchased at a later date. Commissioner Santos stated the committee had an extensive discussion in committee on the parts included on the list presented adding there's unit pricing for individual parts that equal the total amount of what's shown on the list. Mr. Hibbetts stated the quotes for the parts identified is current pricing and were not a part of the bids for the cranes. Ms. Saathoff clarified the Port did not get parts bid as a part of the price and purchase of the cranes. Staff agreed to create an inventory of critical components to have on hand and purchase, but it was not an item that was bid with the crane. When it comes to the expected life of the original crane parts, it's based on hours and usage and is hard to gauge how long it will take parts to come in when they are needed but some have very long lead times. Commissioner Santos noted that this is exactly why staff is capitalizing on this opportunity as many of the items can actually be put on the same vessel as the cranes when they are shipped saving on transportation. He noted that hopefully the spare parts will not be needed within the next 3-5 years, but they will be on the shelf, ready to go. He added that staff has a good program in place with the motors themselves. If one fails, they have another ready to go and also has the opportunity to take it to a vendor for a possible rebuild. Commissioner Croft inquired if the parts being acquired will be grandfathered and not subject to the tariff. Mr. Hibbetts responded stating that any purchased from ZPMC in China will be subject to the tariff; however, some of the vendors the Port is buying directly from will not be.

A motion was made by Commissioner Santos to acquire these spare parts for the STS cranes, for a total of not to exceed \$800,000. The motion was seconded by Commissioner Fratila with all Commissioners present voting in favor of the motion.

21. Approval of a Resolution declaring items surplus and ordered sold separately for cash, after notice of sale and receipt of bids to the highest bidder; destroyed or otherwise disposed of if no bids are received; or offered as trade-in for new property of the same general type.

Mr. Hibbetts stated that staff discussed this item with the OSS Committee as well explaining that Riviana has changed processes on their end and are no longer in need of all of the Port pallets they use. Approximately 10,000 pallets are on hand, and Riviana only wants to keep 3000 which leaves approximately 7000 pallets. The Port does not have the space, nor does it want the issues caused by having the pallets laying around the Port. He explained the pallets are a 5-foot wide by 4-foot deep heavy duty hardwood pallet used to store Riviana's ton and a half super sacks. Rivianna is now going to a standard grocery style palette. Commissioner Santos commented that the committee learned this as well in the meeting in addition to learning that the Port owns the pallets and gets revenue off Riviana through tariffs because of the use of them. Mr. Hibbetts stated that if the pallets were purchased today, they would cost about \$70-75 per pallet since they are made of hardwood noting that staff has been making repairs to these pallets for years about 20-25 years or longer. Staff has reached out to a couple of pallet manufacturers the Port has purchased from before and they didn't seem interested in buying them back but have connections to sawmills and lumber yards that could be interested and will continue to check on other possible interest.

A motion was made by Commissioner Santos to adopt the resolution declaring items surplus and ordered sold separately for cash, after notice of sale and receipt of bids to the highest bidder; destroyed or otherwise disposed of if no bids are received; or offered as trade-in for new property of the same general type. The motion was seconded by Commissioner Fratila with all Commissioners present voting in favor of the motion.

22. Discuss and consider a proposal from the Goodman Corporation to prepare Port Freeport's grant application for the 2025 Port Infrastructure Development Program for the Velasco Terminal Sustainable Expansion Project, Phase 2.

Mr. Miura stated that notice of funding opportunity was released from the USDOT Maritime Administration for the 2025 Port Infrastructure Development Program with applications due April 30th. The Port is eligible to submit an application for the Velasco Terminal Sustainable Expansion Project, Phase 2. He explained the project consists of the improvement and paving, associated drainage and utilities in Area 4 noting the area is adjacent to the future Berth 9 and is about 10 acres. To get the Port in a position to submit an application for a \$25 million project, staff recommends the Goodman Corporation to assist in that effort. Goodman has assisted the Port in the past in preparing a Consolidated Rail Infrastructure Project for Parcel, prepared the PIDP 2021, 2022 and 2023 applications which were successful and also prepared the EPA Clean Ports Program grant application for climate and air quality planning. Mr. Miura stated that Goodman has submitted a proposal in the amount of \$49,500 to prepare the application and have it ready by April 15th, which is approximately 2 weeks before the deadline. Staff recommends approval to move forward with the proposal and engage Goodman Corporation to prepare Port Freeport's 2025 Port Infrastructure Development Program grant in the amount of \$49,500.

A motion was made by Commissioner Santos to approve staff's recommendation to approved Goodman Corporation's proposal in the amount of \$49,500 which will help to improve safety of the transportation system, improve the efficiency of the movement of goods, and improves

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

23. Approval of an extension to the Government Liaison Services Agreement between Port Freeport and Van Scoyoc Associates.

Ms. Saathoff stated the Commission previously approved a one year agreement with Van Scoyoc Associates for federal consulting services that included an option for two one-year renewals. The contract expires at the end of the month, so staff recommends extending the contract for one additional year and revisiting the final extension next year. Ms. Saathoff stated the services provided by Van Scoyoc are especially needed right now with the very dynamic situation happening in Washington, with more work to come with changes in retirements and agencies as well as the changes in the Port's delegation offices, Van Scoyoc is well poised to assist through all it. The monthly retainer of \$8,500 and up to \$2,000 annual reimbursement of expenses noting the fee is very competitive with what other ports are paying for similar services. Staff recommends the Port Commission approve an extension to the government liaison service agreement between Port Freeport and Van Scoyoc Associates.

A motion was made by Commissioner Croft to approve an extension to the Government Liaison Services Agreement between Port Freeport and Van Scoyoc Associates. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

24. Discuss and consider Resolution of Support for the Texas Ports Association Omnibus Bill in the current legislative session.

Ms. Saathoff put together some talking points to assist in moving through the eight different areas covered in the TPA Omnibus Bill which has not been filed yet but will be soon. The first section addresses routine purchases and contracts. Currently, purchasing contracts can be made without bidding up to \$50,000. This proposed legislation will increase the amount to \$100,000. Additionally, an adjustment was included whereby a port commission has the ability to delegate authority for making routine purchases to a higher amount. This is currently at \$100,000 and is being requested to increase to \$500,000, without bidding. She noted that this body has set its own limits, adding that you can't go above the law, but can set policy or practices below. The Texas Ports Association has voted to pursue these changes to the routine purchases and contracts language. Commissioner Singhania clarified the Port's value will remain at the same \$50,000 for bidding and approval unless the Commission changes it later. Ms. Saathoff stated that Section 2 addresses the publishing of a bid and providing notice. She explained there are some areas and ports concerned that they're not going to have a paper of general circulation, and this gives an option to publish in the nearest adjacent county where there is a general paper circulation, or they can post it on their internet website. She noted this is not an issue for Port Freeport. Section 3 addresses Emergency Management information discussed in executive session. Currently, language states there has to be a tape recording of a closed meeting to deliberate this confidential information. A request has been made to remove the recording requirement due to the sensitivities regarding security items. The requirement doesn't mean governmental bodies have to comply but gives the option to record for those that feel that they don't need to. This would not change Port Freeport's practice of recording. Commissioner Singhania voiced his difficulty in supporting this action for the Omnibus bill questioning why you wouldn't record what you discuss in executive session if it has to be released by a judge's order. Commissioner Fratila commented that notes would be taken as

there still has to be a record of it, whether it's a tape recording or written notes. Commissioner Croft clarified that this is specific to Emergency Management, not all executive session discussion. Commissioner Giesecke inquired if this proposal is to address a problem that happened in the past, a difficulty with making a recording. Ms. Saathoff stated that this is an item the attorneys have collectively looked at, is a clean-up item that was included with the thought that you couldn't always comply with it. Ms. Saathoff will give the Port's feedback. With regard to Section 4, Ms. Saathoff stated that last time they wanted the opportunity to discuss terms of contracts in executive session. The Port did not support the way the language was written and wanted it to follow the way counties have the authority. The language is now written that way. If the commission wanted to discuss the terms of a contract in executive session, it would have to vote to take it into executive session and it has to be a unanimous vote.

Regarding Section 5, Ms. Saathoff recalled that when they were working on the lease agreement with Volkswagen, a bill was passed requiring certain language be put in the lease agreement regarding performance and payment bonds before the lease was executed. Section 5 would exempt ports from that language requirement. Ms. Saathoff noted that she doesn't think the language was intended for port authorities or for our types of leasing arrangements as it comes into play when someone is going to build infrastructure on your land, and it be a part of a lease. She further noted that the port requires everyone to have their performance and payment bonds for anything that's constructed on port property and feels it can be managed outside of the lease agreement, not having to have that language and is in support of this language change. Section 6 relates to records retention with some ports wanted to set different retention periods than what is provided for by the state. The Port follows the state's rules on records retention. Section 7 is related to the new amounts that were discussed in Section 1 in the delegation of authority. She explained that in making routine purchases and contracts, the commission delegates certain authorities to the CEO and this language raises those amounts. She further explained that it has to be consistent in the sections of the code to where you don't have different rules in Section 60 of the Water Code and a different set of numbers in the Transportation Code. Whatever position the commission takes on Section 1, the same position will be taken on Section 7. Section 8 relates to Section 25.07 of the tax code regarding related leasehold interest and the definition of navigation related commerce, noting that its really addressing Port of Galveston issues that have been put in the Omnibus bill and will include language for cruise terminal operations. Ms. Saathoff stated that she would like to know what direction the commission would like or how to modify the resolution or if Port Freeport will remain silent on these matters. She again noted the bill has not been filed but members have notified that TPA would be submitting an omnibus bill adding that the only item the port has supported with TPA is the legislative appropriations request by TxDOT for maritime infrastructure. Ms. Saathoff clarified that she would like to have the authority to support Section 4 and Section 5, noting that she does think raising the competitive bidding amount to \$100,000 for the port is appropriate, given price inflation. She has no objections to Section 2 which addresses situations where you have options to publish notices in a paper of circulation in an adjacent county with local isn't available. After a few comments, Ms. Saathoff then went through each Section for clarification on what the commission supports. Section 1 – the Commission does not support the increasing to 500,000 without bidding. Section 2 is fine. (newspaper circulation option) Section 3 is no. (no tape recording of the closed meeting). Section 4 – the Commission supports as long as it's consistent with what counties have to do for taking contracts into closed meeting for discussion.

Section 5 – the Commission supports exempting ports from the requirement of performance and payment bonds language in leases.

Section 6 is no. (relates to records retention being different than state record retention periods)

Section 7 – the Commission supports only up to \$100,000, but applies just to Galveston, but the commission wants it to be consistent.

Section 8 the Commission supports because it only addresses Galveston, giving the same authority to do things that other navigation districts have.

Commissioner Singhania then asked someone to make what the Port will support and what it will not support into the form of a motion. Commissioner Fratila stated the following for a motion. The Port makes the following comments to the sections of the Texas Port Associations 2025 proposed legislation in their Omnibus Bill...

In Section 1, the Port would not be in favor of increasing the amount that the Executive Director or other designated officer can purchase up to \$500,000 without bidding. The current maximum is \$100,000 and we want to limit it all to \$100,000, not increase it to \$500,000.

Section 2 – the Port agrees with changes to the Water Code relating to notice of competitive bidding, especially in areas where there is no newspaper of general circulation. This amends Section 60.404 of the Water Code related to providing notice for competitive bids, by amending Subsection B, C and D.

Section 3 amends Section 418.183 of the Government Code relating to Emergency Management and disclosure of certain confidential information by amending Subsection F to remove the requirement to make a tape recording of a closed meeting to deliberate the confidential information. The Port is in favor of keeping the requirement of tape recording of the closed meeting.

Section 4 amends, Subchapter D, Chapter 551 of the Government Code relating to the deliberation of a contract being negotiated in a closed meeting by adding Section 551.0901 giving navigation districts, port authorities and board of trustees under Chapter 54 of the Transportation Code, the authority to conduct a closed meeting to deliberate business and financial issues related to the contract being negotiated if it would have a detrimental effect on the position of the board. The board must vote unanimously to conduct a closed meeting for that contract discussion and the Port attorney trust issue a written determination that deliberation in an open meeting would have a detrimental effect. This language is consistent with the authority given to counties, and the Port would be in favor of that being consistent with what counties can do.

Section 5 amends Section 2252.909 of the Government Code relating to required lease terms regarding performance and payment bonds. The changes remove ports from the definition of a government entity in that section, thereby exempting ports from that requirement. The Port is in favor of that section.

Section 6 amends Section 203.042 of the local government code relating to records retention, Subsection B. They're requesting Subsection B to be modified to give ports the authority to establish records retention periods on their own. The Port is not in favor of this and would like it to match local government code.

Section 7 amends Section 54.054 of the Transportation Code relating to competitive bidding by amending Subsection A to exclude routine purchases and contracts and adding Subsection C to set the amount for making routine purchases or contracts without bidding not to exceed \$100,000 and to give Port Commission's the ability to delegate authority for making routine purchases or contracts to authorize designated officers of the Port Commission or the CEO or other designated officer up to \$500,000 without bidding. This section will give the Port of Galveston the same routine purchasing authority as provided in Section 1 for other ports. To be consistent, the Port is not in favor of increasing the amount from \$100,000 to \$500,000.

Section 8 amends Section 25.07 of the Tax Code relating to leasehold interest and the

definition of navigation related commerce to include a leasehold interest managed by a board of trustees under Chapter 54 of the Transportation Code, operating a cruise ship terminal facility or an activity described in Section 54.003 or 54.053 of the Transportation Code. This is related to the Port of Galveston, is specific to that port and the Port supports this.

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

25. Approval of the following Port Policies...

5.1 – Hours of Work

5.3 – Vacation Leave

5.6 – Bereavement Leave

2.5 – Press Releases

2.x – Whistleblower Policy

Mr. Lowe provided the following policy updates for Section 5 and Section 2, all of which were reviewed with their respective committees.

5.1 Hours of Work – language was updated for staff assigned to work during inclement weather or other disasters to be in line with the language used in Policy 4.1. Employment Categories and the hurricane plan.

5.2 Holiday – no changes recommended.

5.3 Vacation Leave – updated to include authorization for Executive Director/CEO to grant exceptions on new hire offers.

5.4 Sick Leave – no changes recommended.

5.5 Jury Duty – no changes recommended.

5.6 Bereavement – updated to eliminate reference to Policy 5.4 and expand listing of immediate family.

2.5 Press Releases – updated to expand policy title to include Statements of Official Viewpoint and to add language regarding the port not adopting positions on political or social issues not directly related to the governance and operations of the port.

2.x Whistleblower Policy – recommend a new policy to allow for whistleblower processes, should they be needed.

Mr. Lowe stated again that the policies were reviewed by the Personnel and ESGS Committees and recommends approval. Commissioner Fratila commented that the ESGS committee reviewed the whistleblower policy which is a brand new policy noting that staff got the language for the policy from the Brazosport College Foundation. Mr. Lowe stated the whistleblower policy is one the Brazosport College Foundation board adopted which was a great template to start from to make it applicable to the Port Commission and port staff so the language would fit. He noted there were a few changes but 90% of it is what the college adopted. He also stated that with regard to the press releases policy where staff added a statement of official viewpoint, this was taken from a policy the University of Texas adopted.

Mr. Lowe pulled a section added to their overall policy that is specific to the university not taking a position on matters that are not pertinent to the university itself. Mr. Lowe pulled this one section out and added it to the port's press releases policy.

A motion was made by Commissioner Santos to approve the policies recommended by staff. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

26. 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 Report including potential offers of financial or other incentives to the business prospect.
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 Parcel 1.
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, 3, 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.

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

28. Discuss and consider approval of a contract with The Chemical Security Group LLC to update the Facility Security Assessment (FSA).

Mr. Hogan stated that staff would like to update the current facility security assessment with an increased focus to reduce the probability of a TWIC violation. The Chemical Security Group is a firm out of Houston that has performed the Port's previous FSAs, one in 2017 and a review and update in 2024. Due to their unique skill set and experience, along with their knowledge of Port Freeport security operations, staff seeks approval in an amount not to exceed \$7,500 for the Chemical Security Group to do an update to the Port Facility Security Assessment.

A motion was made by Commissioner Santos to accept staff's recommendation for Chemical Security Group to update the Facility Security Assessment at a cost not to exceed \$7,500. The motion was seconded by Commissioner Fratila with all Commissioners present voting in favor of the motion.

29. Discuss and consider a proposal from Sterling Solutions for a Cold Storage Facility Assessment in the amount of \$49,000.00.

Mr. Miura stated that staff was directed to seek a qualified firm to assist in an assessment of the market and a design of a future temperature controlled storage facility at Port Freeport. Staff is recommending Sterling Solutions to assist in the effort. He stated that Sterling Solutions is a supply chain management consulting firm that really focuses on the cold chain and came recommended through staff inquiries with various brokers associated with cold storage as well as a highly recommended engineering firm. He went on to say that Sterling Solutions is a partnership consisting of David Sterling and Nick Pacetti with about 55 years of experience in the cold chain logistics and recently worked on 150,000 square foot facility just outside the Port of Gulfport. Sterling has submitted a proposal to perform a market assessment in the amount of \$49,500 which should take about 6 to 8 weeks to complete. Staff met with the Business Development Committee and received support to move forward with this proposal. Mr. Miura clarified the amount of the proposal is \$49,900 and apologized for his oversight. The proposal includes \$48,000 for the initial Phase 1 of consulting, including the deliverables. Phase one includes the market analysis to determine the market demand, a site assessment to determine suitability of the site based on the market demand, a warehouse operator assessment that will also include market lease rates for the facility at Freeport and then finally, the deliverables which is the summary report of their findings. Phase 1 totals \$48,000 with an additional \$1,900 for travel expenses for a total of \$49,900. Mr. Miura added that this will complement KPMG noting that while it's not affiliated with KPMG, it's going to take a deeper dive into the cold chain segment whereas KPMG is a little bit broader with some areas of focus, but this is specific to refrigerated products.

A motion was made by Commissioner Giesecke to approve a contract with Sterling Solutions in an amount not to exceed \$49,900 for the cold storage facility assessment. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

30. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:57 PM.