

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

A Special Meeting of the Port Commission of Port Freeport was held February 27, 2025, beginning at 12:05 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

Mr. Cecil Booth, Engineering Manager

Ms. Mary Campus, Controller (virtual)

Also, present:

Mr. Blair Garcia, WSP

Mr. Chris Dorang, WSP

Mr. Hardik Gajjar, WSP

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 Singhanian noted that all Commissioners were present in the board room.
3. Public Comment – There were no public comments.
4. Public Testimony – There was no public testimony.
5. Receive update from WSP regarding Velasco Terminal Access.

Mr. Blair Garcia with WSP explained that his team will be discussing the Velasco Container Terminal (VCT) expansion, more specifically the roadside access into the facility as it grows, the gate and configuration of the gate. The presentation will focus on the improvement elements of the VCT facility not just with the wharf but everything in between as well as forecasting on the size of the gate and roadside access. The team looked at various different markets and scenarios including vessel sizes and storage operations and came up with three different scenarios. The first is a multi-use terminal, as the Port is today, and if it grew to maximize the Port's capacity at PCT. The second is if the Port focused primarily on refrigerated containers/refrigerated products and what it would look like as far as a gate access. The last scenario is if the Port were to get an anchor container tenant that would develop and operate the facility. Mr. Garcia then recognized team member Chris Dorang, Senior Technical Director for WSP Ports and Maritime Group and introduced Hardik Gajjar, Senior Maritime Planner with WSP who covered the details of the analysis. Mr. Gajjar explained the team first looked at the improvement elements which were divided into six different categories ranging from waterfront facilities, landside, gate and other facilities, rail, utilities and other miscellaneous items. The slide shown highlighted the improvement elements and listed the scenario planning which Mr. Gajjar briefly noted. Next, the team performed a planning exercise looking at the market parameters and came up with three different market parameters. The first looked at the current existing market, Market scenario 1 (M1). Market scenario 2 (M2) is a reefer heavy market or refrigerated container or cargo followed by the third scenario (M3) which is an anchor tenant market with a long term concession. The team used the market scenarios (M1, M2 and M3) to look at different options. A table in the presentation showed how the Port's throughput mixes will be affected based each market scenario. The team also focused on what kind of vessels the Port will be getting and how it impacts the overall cargo that comes into the facilities. As they looked at different vessel data from the existing market, they also looked at the small ship market and looked at two future vessel scenarios, reefer heavy ships for scenario 2 and cellular ships for scenario 3. He explained that based on what size of vessels that can get in, whether it's a 2,000 or 5,000 TEU vessel, the model in the presentation represents what the mix would look like, the percent share of those vessels coming and how much would be loaded/offloaded from the vessels as well. Continuing on the vessel discussion, Mr. Gajjar explained the parameters were based on the vessel maneuvering for Panamax vessels which is about 965 feet long x 106 feet wide which can pass through the old Panama Canal locks and also comfortably move through the turning notch and bend easing while coming into the facility. Additionally, the parameters noted the Pilots analyze which vessels can come in into the facility on a case by case basis and assume longer stevedoring work hours to avoid any excessive crane fleet requirement. The next element in the analysis is dwell time - how long a container or cargo sits in the facility before it moves out to the subsequent customer. Mr. Gajjar stated that because the team didn't have detailed data available at the time, they assumed an industry standard dwell time for the Gulf Coast ports typically seen based on their experience,

noting an import container (loaded) will sit about 3 days, while an export container will sit about 5 days. Mr. Gajjar then explained what the team did with the market conditions and how they used it in the scenarios. For Scenario 1 (multi-use facility), it starts with a market one scenario at 100% and then slowly evolves into a mixture of market one and market two (reefer terminal) condition for future use. Scenario 2 goes from the existing market one into a reefer heavy market two and finally, for Scenario 3 (anchor tenant), it goes from the existing market one to an anchor tenant concession market three as discussed in previous slides, noting these are the three major markets/scenarios the team developed for the analysis. He went on to then explain each scenario. For Scenario 1, the table in the presentation shows how they divided the scenarios into different phases as they saw how the projects would be implemented or potentially implemented based on the six improvement elements. For Scenario 1, the initial phase shows waterfront looking at the Berth 8 extension with Phase 1 landside looking at the Berth 8 Backlands Area 4. The same was done for Phase 3 looking at Berth 6, the adjacent properties and future VCT gate. The table shows all the improvements by phase with the numbers in the phase column representing the capacity or volume of the facility the Port will be able to handle. Ms. Saathoff commented that this table is not trying to indicate a sequence of certain berths being constructed, it gives an example to understand that if it's done and increases your capacity, raising TEUs from 299 per year to 792, this is what would be needed to support and drive the roadside access developments into place. Mr. Garcia also commented that the first scenario is multi-purpose and includes container, RORO and any other use in VCT, similar to what the Port is doing now, all the way through to phase three, which is the full build out. He stated the capacity shown in the table is just container capacity adding there's other capacity for other cargo to be handled; however, the team had to take this approach because at the time the Port was not engaged with a market analysis and cargo forecast. He noted this does include RORO, but it phases out in later years noting that with the Port's facility, a lot of the RORO needs a first point of rest but then moves on to other parts of the Port, so it doesn't use VCT for a long period of time. Ms. Saathoff added the Port will always be multi-purpose but will be more concentrated in containers at Velasco Container Terminal which staff has always been upfront about adding the Port can't do containers in other areas, and RORO will be more focused on Berth 6, 3, 2 and 1. She further added the Port needed a plan to have the appropriate infrastructure in building the container terminal to support the increased volumes. Mr. Garcia added the Port can continue the plan with any one of the scenarios understanding that storage for containers should be as close to the wharf as possible. For RORO, it's not necessarily the need as you can still use any wharf and drive the autos to the first point of rest or long term storage of rail staging areas. He also noted that you can still run RORO through VCT and still get the 792,000 TEUs per year in Phase 2, adding that it's more of accommodating the RORO and the initial first point of rest area or vice versa. Most of the auto storage is not at VCT and as the Port continues to expand VCT containers, it'll still be able to do both. Commissioner Giesecke commented that he was thinking in terms of just berth utilization and dwell time on the dock where you hit that limit. Mr. Garcia responded stating there are two primary capacities in a terminal, one is the wharf and one's the storage yard. At the wharf, the capacity is just a container capacity, it's not the RORO station. Mr. Gajjar then moved on to the table in Scenario 2, which is the reefer market that has six different phases. As you move through the phases, the terminal capacity increases to about 1.7 million TEUs. The phases in the table also show what can be done at the berth as well as in the yard for getting the 1.7 million TEUs capacity and mentions all the elements that also need to occur in order to handle the capacity. Scenario 3 is not that different from Scenario 2 given its dry containers with a lower amount of reefers and shows a small change of about 1.77 million TEUs with most of the improvement elements remaining the same as Scenario 2. The next slide shows a depiction of the gate complex and Parcel 1 area which Mr. Gajjar walked through for orientation. He indicated the cold storage area and the adjacent properties the Port has and showing what the gate complex would look like at full build out. He walked through the drawing indicating where the trucks would come in and various check points

such as security and OCR (optical character recognition) portal. The optical character recognition portal, which will take pictures. All information from security and OCR will be combined together before the trucker goes to a kiosk where a ticket is generated with information indicating where a container needs to be dropped off or picked up. By the time the truck arrives to the next location, all information has been shared into the system so the trucker will know where to go in the facility. The process is the same going out. The trucker will go to the OCR system, then the outbound kiosk where they will be checked for correct container pick up and then scanned by the RPM scanner, which is a requirement from CBP that all inbound import containers are to be scanned. Once scanned, it goes through security again and then moves out. The team provided access for the Second Street area with a jug handle that differentiates the public traffic and the port traffic. There is also additional areas available for development as well. The team also depicted an area on the drawing where a potential rail yard could be placed, if needed. With this concept, Mr. Garcia stated the team knew the facility requirements for VCT would be heavily truck oriented, so they identified the best location in Parcel 1 for the truck facility to have access directly to/from FM 1495. Furthermore, as the gate develops and grows, additional truck lanes will be added as volumes increase. The location of the warehouse was well thought out in advance so as not to interact with the future potential gate area. Mr. Garcia noted the intermodal rail facility shown on the drawing is just a depiction of what could fit in the area if the Port were to put one in however, the team does not recommend it as it's a very short working track and not very efficient. The team's recommendation is to look at another area for an intermodal rail facility. Mr. Garcia noted the two areas temporarily designated as potential OEM locations, so for the railroad cargo to be located in that area as close to VCT on any build out would be a potential opportunity. Additional warehousing, cold storage or any other cargo related, or port related use could go into the area. It would be uses not directly related to loading or unloading ships, all of which you want in the terminal close to the wharf. The new Gate 12 is depicted in the drawing however the schematics were done some time ago and represents full build out once Velasco Terminal is completely built out. Ms. Saathoff stated that she wanted the board to see this because they've talked about what needed to be reserved for the flow of a future larger gate interchange complex and this is what was determined to be the most efficient and the best way out without breaking up the parcel into too many different areas that you don't get the most benefit out of. Ms. Saathoff suggested when the workshop is held in April, that WSP participate as they have done some other work associated with the berths, etc. that will fit into the discussion as far as the order of priority for building out the berths.

6. 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 551.072 (Deliberation of 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, 6, 7 and 8.

7. RECONVENE OPEN SESSION:

8. Adjourn.

With no further business before the Commission, the meeting adjourned at 1:01 PM.