

AGENDA

**Port Freeport
Finance Advisory Committee
Special Meeting
Wednesday, October 28, 2020, 3:00 pm - 5:00 pm
Via Teleconference - Administration Building - 1100 Cherry Street - Freeport**



Notice is hereby given that in accordance with the order the Office of the Governor issued March 16, 2020, and due to imminent threat to public health and safety and urgent public necessity, the Port Freeport Finance Advisory Committee will conduct a Special Meeting on Wednesday, October 28, 2020 at 3:00 p.m. by teleconference initiated from the Administration Building, 1100 Cherry Street, Freeport, Texas. In order to meet CDC guidelines for social distancing and slow the spread of the Coronavirus (COVID-19), the public can join the teleconference meeting by following the instructions below. When the spread of COVID-19 is no longer an imminent threat to our community, in-person meetings will resume.

The meeting will not be open for the public to physically attend the meeting, but the Port welcomes the public to attend virtually. Public comment will be available at the beginning of the meeting on the agenda item indicated below. Following public comment, the public will not be permitted to communicate with the Port Commission.

This meeting agenda and agenda packet is posted online at www.portfreeport.com

Please join the meeting from a computer, tablet or smartphone.

<https://global.gotomeeting.com/join/976943093>

You can also dial in using your phone.

United States (Toll Free): [1 877 309 2073](tel:18773092073)

Access Code: 976-943-093

All participants will be muted until the meeting begins.

New to GoToMeeting? Get the app now and be ready when your first meeting starts: <https://global.gotomeeting.com/install/976943093>

A link for GoToMeeting Instructions is available at <http://www.portfreeport.com/meeting-agenda>

1. Committee Members: Singhania (Chairman), Santos, Croft
2. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
3. Roll Call.
4. Public Comment. (Public comment will be limited to 5 minutes per participant and must be completed virtually via the toll free number)
5. Discussion regarding request from Freeport LNG to terminate Second Modification to the Freeport LNG Development, LP et al. No. 6 Tax Abatement Agreement.
6. Discussion regarding a Modification to the Tax Abatement between Port Freeport and Chevron Phillips Chemical Company LP for property located in Chevron Phillips Chemical Company LP Reinvestment Zone No. 2.
7. Discussion regarding utilization of Reserve for Capital Improvements.
8. Discussion regarding competitive vs. negotiated bond sale.
9. 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 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 and 7.
 2. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 14 and 19.
10. RECONVENE OPEN SESSION:
11. Adjourn.

The Committee does not anticipate going into a closed session under Chapter 551 of the Texas Government Code at this meeting for any other items on the agenda, however, if necessary, the Committee may go into a closed session as permitted by law regarding any item on the agenda



Phyllis Saathoff, Executive Director/CEO
PORT FREEPORT

In compliance with the Americans with Disabilities Act, the District will provide for reasonable accommodations for persons attending its functions. Requests should be received at least 24 hours in advance.



1100 CHERRY ST. • FREEPORT, TX 77541
(979) 233-2667 • 1 (800) 362-5743 • FAX: (979) 373-0023
WWW.PORTFREEPORT.COM

TO: Finance Advisory Committee
Executive Director/CEO

FROM: Rob Lowe

DATE: October 22, 2020

SUBJECT: Review of the request for Termination of the *SECOND MODIFIED TAX ABATEMENT AGREEMENT FREEPORT LNG DEVELOPMENT LP, ET AL No.6* (the “Agreement”)

Due to the delay in commencement of construction on Train #4, Freeport LNG Development LP, et al (“FLNG”) requests terminating the tax abatement agreement with the Port (i.e. *TAX ABATEMENT AGREEMENT FOR PROPERTY LOCATED IN FREEPORT LNG DEVELOPMENT, LP REINVESTMENT ZONE Nos 2A & 3* dated November 12, 2016 and as modified November 8, 2018 and as modified a second time December 12, 2019):

Considerations:

- Termination is permitted under section 13.01 of the Agreement.
- FLNG has complied fully with its obligations to date
- FLNG is not liable to the Port for outstanding taxes or other obligations
- Brazoria County Commissioners’ Court is scheduled to review on October 27, 2020

PORT COMMISSION

SHANE PIRTLE, CHAIRMAN; PAUL KRESTA, VICE CHAIRMAN; RUDY SANTOS, SECRETARY; JOHN HOSS, ASST. SECRETARY;
RAVI K. SINGHANIA, COMMISSIONER; DAN CROFT, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO



1100 CHERRY ST. • FREEPORT, TX 77541
(979) 233-2667 • 1 (800) 362-5743 • FAX: (979) 373-0023
WWW.PORTFREEPORT.COM

TO: Finance Advisory Committee
Executive Director/CEO

FROM: Rob Lowe

DATE: October 22, 2020

SUBJECT: Review modification request of *TAX ABATEMENT AGREEMENT with CHEVRON PHILLIPS CHEMICAL COMPANY LP* (the "Agreement")

As a result of COVID-19 and other economic conditions, Chevron Phillips Chemical Company LP requests modifying the term of the abatement under the operative tax abatement agreement with the Port (i.e. *TAX ABATEMENT AGREEMENT FOR PROPERTY LOCATED IN CHEVRON PHILLIPS CHEMICAL COMPANY LP REINVESTMENT ZONE No. 2* dated November 14, 2019):

- Modifying effective date to January 1, 2023 from January 1, 2021 and making 2023 the first year of the seven year abatement period

Considerations:

- Such assignment is permitted under the Agreement and in the Port's *Guidelines and Criteria For Granting Tax Abatements*
- Chevron Phillips Chemical Company LP has complied fully with its obligations to date
- Chevron Phillips Chemical Company LP is not liable to the Port for outstanding taxes or other obligations
- Brazoria County Commissioners' Court is scheduled to review on October 27, 2020

[PORT COMMISSION](#)

SHANE PIRTLE, CHAIRMAN; PAUL KRESTA, VICE CHAIRMAN; RUDY SANTOS, SECRETARY; JOHN HOSS, ASST. SECRETARY;
RAVI K. SINGHANIA, COMMISSIONER; DAN CROFT, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO



1100 CHERRY ST. • FREEPORT, TX 77541
(979) 233-2667 • 1 (800) 362-5743 • FAX: (979) 373-0023
WWW.PORTFREEPORT.COM

TO: Finance Advisory Committee
Executive Director/CEO

FROM: Rob Lowe

DATE: October 23, 2020

SUBJECT: Utilization of Reserve for Capital Improvements

A resolution creating a reserve for capital improvements was adopted by the Port Commission on October 13, 2016. Since that time, the Port Commission has passed a resolution each year transferring funds to the reserve where the balance is \$20,021,866.95 as of 10/23/2020. To effectively manage cash flow and to minimize future debt issuance, staff is requesting consideration for the utilization of the reserve for capital improvements toward the Velasco Terminal Berth 8 project or other approved 2021 capital projects.

PORT COMMISSION

SHANE PIRTLE, CHAIRMAN; PAUL KRESTA, VICE CHAIRMAN; RUDY SANTOS, SECRETARY; JOHN HOSS, ASST. SECRETARY;
RAVI K. SINGHANIA, COMMISSIONER; DAN CROFT, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO



1100 CHERRY ST. • FREEPORT, TX 77541
(979) 233-2667 • 1 (800) 362-5743 • FAX: (979) 373-0023
WWW.PORTFREEPORT.COM

TO: Finance Advisory Committee
Executive Director/CEO

FROM: Rob Lowe

DATE: October 23, 2020

SUBJECT: Review options related to 2021 GO Bond Offering

As discussed in our May 2020 workshop and subsequently in FY2021 budget planning, we are planning on making our second issuance from the \$130M voter approved bonds. This offering is estimated to be approximately \$39M with current plans to execute the sale in February. Through consultation with our Financial Advisors, Masterson Advisors LLC, I am recommending consideration for a Competitive sale for this GO Bond sale versus a Negotiated sale.

A competitive sale offers the bonds in whole to the lowest bidder.
A negotiated sale pre-selects the underwriting team who negotiates the rates and terms with the issuer and their financial advisors.

PORT COMMISSION

SHANE PIRTLE, CHAIRMAN; PAUL KRESTA, VICE CHAIRMAN; RUDY SANTOS, SECRETARY; JOHN HOSS, ASST. SECRETARY;
RAVI K. SINGHANIA, COMMISSIONER; DAN CROFT, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO