

AGENDA

**Port Freeport
Port Commission
Regular Meeting
Thursday, March 10, 2022, 10:00 am - 12:00 pm
In Person & Videoconference - Administration Building - 1100 Cherry Street - Freeport**

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.

Public comment will be available at the beginning of the meeting during the agenda item devoted to public comment. Public comment may be communicated in person or by videoconference, but in either event public comment will be limited to 5 minutes per participant and must be communicated verbally. Following public comment, the public will not be permitted to communicate with the Port Commission.

The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoomus/j/87386571323?pwd=bHp2NzJuQzZlZXY5WmJw dTk5cEhKQT09>

Meeting ID: 873 8657 1323

Passcode: 925633

Dial by your location

1 346 248 7799 US (Houston)

1 301 715 8592 US (Washington DC)

Meeting ID: 873 8657 1323

Find your local number: <https://us02web.zoomus/u/kctilb0Ub6>

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation.
3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call.
5. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.
6. Public Comment. (Public comment will be limited to 5 minutes per participant and can be completed in person or by videoconference)
7. Approval of minutes from the Special Meeting held February 17, 2022 and Regular Meeting held February 24, 2022.
8. Receive report from Executive Director/CEO and/or Port staff on activities and matters related to COVID-19 health safety matters, 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.
9. Approval of a Professional Services Agreement with Freese & Nichols, Inc. for the Parcel 14 Rail Expansion Project, for an amount not to exceed \$399,662.00, and approve acceptance of the C.R.I.S.I. Grant.
10. Approval of a Professional Services Agreement with Montrose Environmental Solutions, Inc. for the 2022 Environmental Regulatory Compliance Services, for an amount not to exceed \$13,620.00.

11. Update and discussion regarding the search for General Counsel and the Request for Proposals.
12. 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):
 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 551.072 (Deliberation of Real Property Matters) for discussion regarding:
 1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by or adjacent to the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
 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 and 7.
 3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcel 14, 19, 27, 34 and property on Quintana Island.
13. RECONVENE OPEN SESSION:
14. Adjourn.

The Port Commission 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 Port Commission may go into a closed session as permitted by law regarding any item on the agenda.

With this posted notice, Port Commissioners have been provided certain background information on the above listed agenda items. Copies of this information can be obtained by the public at the Port Administrative offices at 1100 Cherry Street, Freeport, TX.



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.

Minutes of Port Commission Special Meeting

February 17, 2022

In Person & Videoconference

A Special Meeting of the Port Commission of Port Freeport was held February 17, 2022, beginning at 9:36 AM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioner Hoss noted the following information that was included on the posted agenda.

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.

Public comment will be available at the beginning of the meeting during the agenda item devoted to public comment. Public comment may be communicated in person or by videoconference, but in either event public comment will be limited to 5 minutes per participant and must be communicated verbally. 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

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Join Zoom Meeting

<https://us02web.zoom.us/j/87287242797?pwd=TXFOY250Z1FYM0FCbjFIUnZudXJTdz09>

Meeting ID: 872 8724 2797

Passcode: 608561

Dial by your location

+1 346 248 7799 US (Houston)

+1 301 715 8592 US (Washington DC)

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[Find your local number: https://us02web.zoom.us/j/87287242797?pwd=TXFOY250Z1FYM0FCbjFIUnZudXJTdz09](https://us02web.zoom.us/j/87287242797?pwd=TXFOY250Z1FYM0FCbjFIUnZudXJTdz09)

Commissioners present in person:

Mr. John Hoss, Chairman
Mr. Rudy Santos, Vice Chairman
Mr. Dan Croft, Secretary
Mr. Rob Giesecke, Asst. Secretary
Mr. Ravi Singhania, Commissioner
Mr. Shane Pirtle, Commissioner

Staff Members Present:

Mr. Peter Nemeth, Interim Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Director of Administration/CFO
Mr. Al Durel, Director of Operations
Mr. Jason Hull, Director of Engineering
Mr. Mike Wilson, Director of Economic Development
Mr. Jason Miura, Director of Business & Economic Development

Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Jesse Hibbetts, Operations Manager

Also, present:

Mr. Chris Moore, Texas Port Ministry
Mr. Gary Basinger
Ms. Barbara Fratila

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Chris Moore, Texas Port Ministry.

At this time, the pledge of allegiance to the U.S. Flag and Texas Flag was conducted.

3. Roll Call - Commissioner Hoss noted that all Commissioners were present in the board room.
4. Public Comment – There were no public comments.
5. Discussion and consideration of Port Commission Meeting frequency and form of agenda posting.

Mr. Nemeth began by stating that he recently became aware that in addition to sending the agenda to the County to post, staff is also sending the entire agenda packet and believes this may be the one of the reasons for delays by the County. Under the government code, Port Freeport is required to post a notice specifying the date, hour, place and the subject matter to be discussed but instead, is also providing the County sometimes hundreds of pages to be posted. The notice posted at the Administration Building is just the agenda, without the packet. The agenda packet is placed on the port's website for any interested parties to access. The agenda packet is not something that is required for posting by the government code in terms of posting of notices. Mr. Nemeth and staff has discussed whether or not to continue sending the agenda packet to the County for its posting with the agenda. Ms. Saathoff noted that the practice of including agenda packet started when the Governor issued the exemption to the Open Meetings Act allowing under the pandemic to conduct all government meetings virtually. This was a requirement of that exemption. Ms. Saathoff stated that moving forward, staff can make it clear on the agenda that all meeting materials are available at the Port's website and provide a link. Mr. Nemeth reiterated that the packet is not a requirement of the government code, but it is being provided on the Port's website. Commissioner Pirtle then inquired about the format of the agenda and what is recited at every meeting. Mr. Nemeth stated that the introduction is not necessary however, when adjourning into executive session, the Chairman does need to announce staff is adjourning into executive session and state the specific statute under which the executive session will be held. Ms. Saathoff then began the discussion regarding the frequency of meetings and whether or not the board continues with two meetings per month or move to one meeting per month. Commission and staff agreed to try to have less meetings and evaluate whether or not a meeting is needed the second Thursday of the month. A request was also made to have agenda materials available to commissioners sooner, if possible.

6. Update and discussion regarding the search for General Counsel and the Request for Proposals.

Commissioner Hoss stated that a draft of qualifications in the form of a Request for Proposals has been received, staff is reviewing and is very close to send out. A list of attorneys/firms has been compiled and the RFP will be sent to these referrals. The draft and current list will be sent to the Commission for one final review.

7. Conduct a Planning Workshop for Port Freeport regarding the following:
 - A. Global Economic and Trade Outlook.
 - B. Vessel Arrivals, Tonnage and Forecasts.
 - C. Port Freeport Strategic Initiatives and Capital Plan Update.
 - D. Financing Strategies, Cash Flow Forecast, Debt Capacity, Tax Valuation and Rate Forecast.

Ms. Saathoff stated that staff will begin the workshop from a global perspective and then move into what's happening locally, inside the Freeport Harbor Channel overall and with the public docks. Staff will then show where the Port is with the capital initiatives and how they relate to the strategic initiatives, the Port's financial position and financing strategies moving forward.

Global Economic and Trade Outlook

Mr. Wilson gave a presentation on global economic and trade overview covering container trade from percentage of merchandise traded, current recession and annual energy outlook. He shared graphs depicting global liquid fuel consumption and projections. He noted the U.S. continues to be a globally significant producer of crude oil and refined liquids. U.S. crude oil production in the lower 48 states show that west Texas and New Mexico account for a tremendous amount of production. Moving along to petroleum and other liquids, Mr. Wilson showed what the U.S. is producing and consuming and how it matches up to green energy. Natural gas production and consumption shows an upward trend through 2050 in the reference case and high oil and gas supply. Energy outlook and projections depict electricity generating capacity increases 52% to 84% across Annual Energy Outlook (AEO) cases with additions mostly from solar, wind and natural gas. Energy and electric power drive most of the increases in U.S. energy consumption in the reference case. Automotive and Ro/Ro show annual worldwide car sales in 2021 were better than 2020 but lower than any other year since 2013. The global chip market will continue to be impacted with IHS estimating the shortage of chips could exceed 10.5 million. Chip production capacity will increase as existing production stabilizes and new capacity begins to come online however, chip demand will increase resulting in continued restraint throughout 2022. Mr. Wilson also looked at the state of production and how alternative vehicles (ICE=Internal Combustion Engine, Hybrid, BEV=Battery Energy Vehicles) will fit in. Global Container Trade TEU for 2021 was 158 million TEU. North America became the second largest trading partner globally (this year) with Intra Asia beating out the U.S. by only 2 million TEU a year. Mr. Wilson briefly discussed the carrier alliances and the supply chain disruption and then shared carrier revenue growth over the last two years with average revenue of 96%, operating profit at 498%, operating margin of 15.8% in 2020 and 48.3% in 2021 and total net profit increase

average of 1235%. In 2020, Port Freeport became the 11th largest port in the nation in total foreign waterborne tonnage and in foreign & domestic total tonnage, 16th. Mr. Wilson then shared a snapshot of Port Freeport's growth by tonnage and how it ranked in imports and by value as of September 2021. Port Freeport continues to grow in both size and importance.

Vessel Arrivals, Tonnage and Forecasts

Mr. Durel gave a presentation regarding port-wide vessel arrivals which included vessel and barge movement activity for 2021 as well as future projections through 2024. Future projections indicate a 55% increase in vessel activity (from 2017) by 2024. Tug and barge moves remain flat. The Port inner harbor alone has seen a 26% increase since 2017 and is expected to increase to 56% by 2024 with an added weekly container service anticipated. Mr. Miura presented an overview of total tonnage for Port Freeport's public facilities for FY 2017-2021. Import volumes fell short due to the pandemic while export volumes increased significantly. Per the U.S. Census Bureau data, the port-wide total foreign waterborne tonnage was \$38.3 million tons in 2021 (27% increase). Mr. Miura shared charts covering total tonnage in various cargo groups handled by the public facilities. This includes bananas, pineapples, melons and plantains. Dry bulk commodities include limestone by ship and rail with 2020 and 2021 including 30,787 tons and 163,679 tons by rail. Liquid bulk tons include LNG, CO2 and reverse lightering. Total tons for general cargo include containerized dry cargo and non-steel breakbulk cargo which saw an increase in 2019 and 2020 but slowed in 2021 due to the pandemic. With regard to project cargo, 2017 and 2018 were better years for project cargo with many large-scale projects in the area were winding down import of their project pieces for their plant construction and expansion in 2019. 2020 picked back up with fabrication activity taking place on the Port property for liquefaction facility in Louisiana. Port Freeport has received 176,029 tons of steel by ship, barge and rail the first 3 months of FY 2022. Mr. Miura noted that should this pace continue, 2022 will be a record year for steel. Ro/Ro cargo includes new and used vehicles, high and heavy equipment and breakbulk cargo. When looking at Ro/Ro by vehicle units, FY2021 was a milestone year handling over \$106,000 units. OEM imports began exceeding OEM exports in FY2020. Overall, an upward trend continues in both OEM exports and imports. Container units has a good balance of imports and exports seeing 2019 and 2020 very positive with resin export slowing in 2021 due to pandemic and supply chain crisis however an upward trend is taking place.

Port Freeport Strategic Initiatives and Capital Plan Update

Ms. Saathoff stated that staff has been working under the Port's strategic initiatives, making investments in the Port that continue to support and grow the business with the Freeport Harbor Channel deepening and partial widening project, buildout of the Port's Container Handling Facilities, development of Parcel 14 for rail-served warehousing, processing and distribution facilities as well as support development of efficient transportation corridor to regional markets and beyond. She also discussed the FY 2022 capital budget for these projects which total \$86,833,600 and shared a breakdown of funds for the various capital projects.

Mr. Hull began his presentation on the Freeport Harbor Channel Improvement Project by stating the purpose of the project is to deepen the channel from current depth of 46 feet to a combination of 26, 51 and 56 feet to be the deepest port in Texas. He shared the various Reaches and their anticipated costs and completion dates noting Reach 3 was completed last year with Reach 2 widening and GRR portion scheduled to be complete by the end of this

year. Mr. Hull also discussed additional opportunities for funding for the project. Thus far, the Port was awarded \$19 million in 2020 and \$24.9 million in 2021 with four more opportunities to fund to completion. Ms. Saathoff noted that the Corps is working on a second Spend Plan associated with the unallocated IJA funds. Release date is expected next month. Mr. Hull stated that the Berth 8 Construction project continues with the last pile driven in September 2022, topping slab completed in December 2022 with crane power and crane rail completed early next year. Regarding the Parcel 14 Phase II Rail/CRISI (Consolidated Rail Infrastructure and Safety Improvements) Grant, Mr. Hull shared a drawing that shows the grant includes four tracks which is expected to begin soon. He noted that the Port has been awarded the grant and must accept it. Mr. Hull then discussed the numerous TxDOT Projects, bid and construction dates as well as a timeline showing how projects may overlap depending on when permits are obtained.

Financing Strategies, Cash Flow Forecast and Debt Capacity

Mr. Lowe reminded the Board where the Port stands in outstanding debt with both revenue and general obligation bonds as well as the capital lease for the gantry cranes. As of September 30, 2021, the total combined outstanding balance was \$258 million. He also shared the purposes for each of the current outstanding revenue debt issuances. Mr. Lowe anticipates issuing an additional \$25 million in revenue bonds to complete the Berth 8 activities (Nov-Dec 2022) and \$55.80 million in GO Bonds. Mr. Lowe stated that Standard & Poors issued a debt rating of A+/Stable for outstanding revenue bonds and further explained how that rating is based. The revenue bond 2021 modeling includes a future \$25 million issuance to complete Berth 8 Ro/Ro project, would maintain an A+ rating. Guidance suggests maintaining a 1.80 debt service coverage and with current projections, this would allow an additional \$75-\$100 million in borrowing capacity. The current debt service coverage is 2.47, and the debt service covenant requires a 1.25 debt service coverage. Mr. Lowe shared a view of the 5-year capital plan which shows completion of Berth 8 in 2022 and 2023 and continuing with the FHCIP. Areas 5 & 6 and potential cranes encompass 2024 and 2025. Mr. Lowe shared a total revenue projection through 2026 which includes a new customer for Berth 8 as well as current customer mix. Debt coverage projections chart shows where the Port would land with the revenue of a new service at Berth 8, 2.53-2.63 over the next five years. Mr. Lowe also shared the same scenario without a weekly service at Berth 8, which lowers the debt service coverage to 2.39. The Projected Project Cash Flow (FY22-FY23) table shows the Port's balances as of January 25, 2022, with over \$63 million available cash for the projects which include liquid cash, liquid investment and some of the revenue bond funds. Staff anticipates just under \$20 million for additional operating cash flow, anticipates under \$35 million going out into payments for Berth 8. \$8.4 million in debt payments will be due as well as \$4.1 crane payoff with an ending cash balance of \$35.7 million. Looking ahead to 2023, Mr. Lowe noted that if the revenue bond issuance of \$25 million was not included, the year-end balance would be \$8 million instead of \$33.1 million. Moving into 2024 with \$33.1 million, with the approved capital for next two years and the modeled cash flow, FY25 would end at \$10 million. This includes 2 gantry cranes, Velasco Terminal Areas 5 & 6 combined for \$55 million. Mr. Lowe showed a breakdown of the Berth 8 financing, using funds from bonds and capital reserve. Total project (Ro/Ro, engineering and design) is at \$145.9 million with \$33.4 million financed with Port Operating Income. Mr. Lowe also shared a graph depicting projected net revenue vs debt service and then discussed the tax rate projections through 2026 and how it will factor into the payments on the GO side. Lastly, he reviewed the FHCIP cash flow balance as of 1/31/2022.

8. 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):
 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 551.072 (Deliberation of Real Property) for discussion regarding:
 1. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcel 14.
 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 and 7.
 3. Discussion regarding the potential exchange, lease or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by or adjacent to the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
 4. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 9, 19, 27, 31, 34, 35 and 38.
 5. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 7, 8, 10, 26 and 37.
 - C. Under authority of Section 551.076 (Deliberation of Security Matters) for discussion regarding:
 1. Issues related to the deployment or specific occasions for implementation of security personnel or devices or security audit and services.
9. RECONVENE OPEN SESSION:
10. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:03 PM.

John Hoss, Chairman

Rudy Santos, Vice Chairman

Dan Croft, Secretary

Rob Giesecke, Asst. Secretary

Ravi K. Singhanian, Commissioner

Shane Pirtle, Commissioner

Minutes of Port Commission Regular Meeting
February 24, 2022
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held February 24, 2022, beginning at 8:33 AM 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.

Public comment will be available at the beginning of the meeting during the agenda item devoted to public comment. Public comment may be communicated in person or by videoconference, but in either event public comment will be limited to 5 minutes per participant and must be communicated verbally. Following public comment, the public will not be permitted to communicate with the Port Commission.

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Meeting ID: 821 8771 6728

Passcode: 708857

Dial by your location

1 346 248 7799 US (Houston)

1 301 715 8592 US (Washington DC)

Meeting ID: 821 8771 6728

Find your local number: <https://us02web.zoom.us/u/keyx5klWYj>

Commissioners present in person:

Mr. John Hoss, Chairman
Mr. Rudy Santos, Vice Chairman
Mr. Dan Croft, Secretary
Mr. Rob Giesecke, Asst. Secretary
Mr. Ravi Singhania, Commissioner
Mr. Shane Pirtle, Commissioner

Staff Members Present:

Mr. Peter Nemeth, Interim Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Director of Administration/CFO
Mr. Al Durel, Director of Operations
Mr. Mike Wilson, Director of Economic Development & Freight Mobility
Mr. Jason Hull, Director of Engineering
Mr. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development
Mr. Brandon Robertson, Network Systems Manager
Ms. Missy Bevers, Executive Assistant

Ms. Mary Campus, Controller
Ms. Tricia Vela, Public Affairs Assistant
Mr. Nick Malambri, Engineering Specialist
Mr. Jesse Hibbetts, Operations Manager

Also, present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Chris Moore, Texas Port Ministry
Mr. Kevin Cadenhead, KM&L
Mr. David Garcia, Gallagher
Mr. Stephen Whalley, Gallagher
Ms. Patti Worfe, The Alliance
Ms. Barbara Fratila

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Bobby Fuller, Texas Port Ministry
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Hoss noted all Commissioners were present in the board room.
5. 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 from Commissioners.

6. Public Comment – There were no public comments.
7. Approval of minutes from the Regular Meeting held January 27.

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

8. Approval of the FY 2021 Annual Comprehensive Financial Report.

Ms. Campus presented the Annual Comprehensive Financial Report for FY 2021 and introduced Kevin Cadenhead with KM&L to address the Board regarding the letters included in the report. Mr. Cadenhead stated the firm has no audit findings or issues to report to the Board. The letters that accompany the financial statements are required by auditing standards to communicate to the government body if there are any issues. These are clean letters. Mr. Cadenhead noted he did meet with management for an exit conference to discuss details of the audit and changes that are coming in the future with accounting standards (primarily related with leases). He also noted there is one significant disclosure amongst others within the report where the prior year equity was restated. Mr. Cadenhead reminded the Commission that the increased equity from the prior year's financial statements was due to a project that was performed that no one knew who the owner was and ultimately was

determined the Port would own it, so it was added to the Port's assets. Mr. Cadenhead added that the report about to be presented is excellent and complete with a lot of content and information. Ms. Campus reported on the financials of the report and encouraged reading of MD&A on page 19 and noted that financials begin on page 30. The total current assets for the year are \$163.4 million which is an increase from \$153.5 million. Total assets are up \$76 million to \$541.6 million. The liability section of the report shows liabilities went up to \$72 million to \$296.6 million, which was due to the revenue and G.O. bond issuance last year. The Port's total net position is up from the previous year to \$245 million and unrestricted assets are at \$51.5 million. Regarding Statement of Revenues, Expenses and Change in Net Position, operating revenues were \$39.6 million with operating expenses at \$19.4 million. Operating income is \$20.2 million and non-operating revenues and (expenses), which include ad valorem tax collection, investment income, debt interest and fees and contributed capital is (\$16.9) million. The change in net position of \$3.3 million compared to \$8.3 million in 2020, a decrease due to the Freeport Harbor contribution.

A motion was made by Commissioner Pirtle to approve the report as presented by staff. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

9. Receive reports from Executive Staff on activities and matters related to COVID-19 health safety matters, 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 gave an update virtually in order to attend the USACE Galveston District Stakeholder Winter Forum. Ms. Saathoff noted that she will meet with Robyn Colosimo from the ASA's office to brief her on the FHCIP. Ms. Saathoff referenced an email sent out earlier in the week announcing that Stacey Brown, Chief of Programs and Integration at Headquarters will be moving to the ASA's office to replace Vance Stewart who will retire soon. Ms. Saathoff noted this will be a positive move, and staff is working to set up a virtual meeting with Ms. Brown to give an update on the FHCIP. The transitioning of new colonel for the Galveston District is moving forward. Col. Rhett Blackman, who is from the Mississippi Valley Division, will replace Col. Vail who is retiring in June. Ms. Saathoff reminded staff that the next CAP (Community Advisory Panel) meeting will be held March 8th. Voting is currently taking place for the logo drawing contest for the Take-A-Child Fishing Tournament. Voting will continue until 10:00 am February 25. Ms. Saathoff noted an item on the agenda to discuss professional services related to grant preparation adding that it is a timely matter with the U.S. DOT and President Biden recently announcing one of the largest port infrastructure development programs. Staff is still hearing there will be a mid-March release of a FY 2023 Spend Plan for the remaining funds from the IJA (Infrastructure Investment Jobs Act) related to port or Corps projects. In addition, an appropriations package is expected to be coming in the near future. With this, the Corps will have 60 days to put together the FY 2022 Work Plan. Ms. Saathoff then requested discussion to set times for the March 10 Pilot Commission and Port Commission meetings. Commissioner Hoss noted the Pilot Commission will need to meet to appoint Capt. Noah Niday as Branch Pilot and approve changes to the Basic Operating Procedures. Commissioner Hoss suggested a morning meeting since the Pilots want to hold a luncheon as well. After discussing the time, all agreed to set the Pilot

Commission meeting for 9:30 a.m., and if staff has items to discuss, a short meeting of the Port Commission will follow.

B. Chief Financial Officer

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

C. Director of Engineering

In addition to his written report, Mr. Hull reported the Orion dredge Emil Kurtz has arrived and will begin dredging Friday or Saturday. Estimated time for completion is 60 days.

D. Director of Operations

Mr. Durel reported that January was a good busy month. The general cargo, breakbulk and automobile side was a little less than other months, but LNG did experience 19 vessels. February should be similar to January but there will be an additional vessel for Riviana which is loading rice and a Vulcan vessel discharging limestone.

E. Director of Business & Economic Development

Mr. Miura submitted a written report to the Port Commission and had nothing further to report.

10. Receive report from Commissioners on matters related to:

A. February 16 Finance Advisory Committee – Commissioner Croft noted this meeting was reported on at the previous and had nothing new to add.

B. Port Commission related meetings or conferences, Port presentations and other Port related matters.

Commissioner Pirtle reported attending the West Columbia Vision 2022, Civic Center Dedication recognizing Mayor Doris Williams, Velasco Drainage District discussion regarding Sabine to Galveston, Lincoln-Reagan Dinner, Brazosport Chamber Luncheon and the TxDOT Quarterly meeting.

At this time, Commissioner Hoss noted that if the commission meeting is still in session, he asks that Commissioner Santos join the Zoom call with Mr. Hull and Ms. Saathoff with the Corps.

Commissioner Croft reported attending the P66/CP Chem CAP meeting and Friends of River (FOR) meeting.

Commissioner Singhania reported attending the Brazosport Chamber Luncheon, ACIT/ABC Luncheon, Hispanic Chamber Gala and Lincoln-Reagan Dinner.

Commissioner Giesecke reported attending the Lincoln-Reagan Dinner.

Commissioner Hoss announced that 455 youths entered artwork for the Take-A-Child Fishing tournament which is significantly up from previous year. The top 15 drawings are on display in the lobby for viewing and voting online. He also reminded staff that early voting ends this week and election day is March 1.

11. Approval of financial reports presented for the period ending January 31, 2022.

A motion was made by Commissioner Croft to approve the financial reports as presented. The motion was seconded by Commissioner Singhania with all Commissioners present voting in favor of the motion.

12. Approval and award of contract for Property, Boiler and Machinery, and Terrorism insurance coverage for a one-year term beginning March 1, 2022, as obtained by broker Arthur J. Gallagher & Co.

Mr. Lowe noted that representatives from Gallagher, David Garcia and Stephen Whalley, were available online for questions. Mr. Lowe stated that staff budgeted a 15% increase however when discussions began with Gallagher, they advised a 10-15% increase. The average was 9.1% in Q1, but the Port's increase came in at 6.68%. There are multiple options in the package however Mr. Lowe is speaking to Option 1 which is a renewable option of the current coverages. Key items to note is the 1.5% catastrophic deductible with a \$4 million max. The 6.68% would be an \$82,000 increase in premium. Mr. Lowe noted that multiple increasing deductible options were requested and briefly reviewed them but ultimately, staff recommends approval of Option 1 for a total premium package of \$1,314,513 which includes property, boiler and machinery and stand-alone terrorism. This also maintains the \$4 million max deductible.

A motion was made by Commissioner Santos to accept the Option 1 proposal as recommended. The motion was seconded by Commissioner Singhania with all Commissioners present voting in favor of the motion.

13. Approval of a Professional Services Agreement with The Goodman Corporation for the preparation of Port Freeport's 2022 PIDP Grant Application, in the amount of \$23,000.

Mr. Miura stated that staff will take the Port's 2021 PIDP grant application and repackage it for a 2022 opportunity, modifying it based on feedback received from the U.S. Dept. of Transportation Maritime Administration. Staff recommends approval of a PSA with The Goodman Corporation in an amount not to exceed \$23,500 as presented. Mr. Miura noted the PIDP opportunity is specific to ports therefore it would be specific to port infrastructure and port facilities. Total grant package is \$6.3 million.

A motion was made by Commissioner Singhania to approve agreement. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

14. Approval of a purchase with Waypoint for Virtual Infrastructure Refresh, for an amount not to exceed \$362,530.96.

Mr. Robertson stated that the update will refresh approximately 80% of what's in the data center which includes hardware and licensing. He noted that the Port operates in a virtual environment from the servers to the workstations, conference rooms and gates and the current hardware was purchased in 2015. The purchase will include new physical servers, network switches, NVIDIA graphic cards, VMWare license, Windows server 2022 datacenter license, new terminals as well as implementation, deployment and migration

assistance. This project is in the 2022 capital budget for \$372,000 and staff received a Texas DIR quote in the amount of \$362,530.96. Staff recommends approval.

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

15. Adoption 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.

Ms. Campus presented a list of items stating that majority of the items are obsolete or broken but there are three copiers on the list that will be used as trade-ins and one security vehicle that will also be used as trade-in at a later date.

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

16. Update and discussion regarding the search for General Counsel and the Request for Proposals.

Ms. Saathoff reported that staff has reviewed comments sent back from the Port's counsel for personnel matters, made further modifications to the RFP which are undergoing final review. Staff is also in discussion with the insurance brokers and consultants on what the minimum malpractice insurance coverage requirement should be. Ms. Saathoff noted that the range may be between \$1 million and \$5 million but is still waiting on guidance for this. A list of candidate firms has been compiled. Staff still plans to send out final RFP once it's in final form.

17. 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 551.072 (Deliberation Concerning Real Property Matters) for discussion regarding:

1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the are known as the East End of Freeport and bordered by or adjacent to the following streets: FM1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.

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 and 7.
 3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcel 14, 19, 27, 34 and property on Quintana Island.
- C. 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.
- D. Under authority of Section 551.076 (Deliberation of Security Matters) for discussion regarding:
1. Issues related to the deployment or specific occasions for implementation of security personnel or devices or security audit services.

18. RECONVENE OPEN SESSION:

19. Adjourn.

With no further business before the Commission, the meeting adjourned at 11:44 AM

John Hoss, Chairman

Rudy Santos, Vice Chairman

Dan Croft, Secretary

Rob Giesecke, Asst. Secretary

Ravi K. Singhanian, Commissioner


Shane Pirtle, Commissioner



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MEMORANDUM

TO: Commissioners
Directors
Legal Counsel

FROM: Jason Hull, P.E. 
Director of Engineering

DATE: March 1, 2022

SUBJECT: Parcel 14 Rail Expansion - Professional Services Agreement

Freese and Nichols was the Engineering Firm for the Parcel 14 – Phase 1 Rail project. As such, I am recommending Freese and Nichols Engineering as the most qualified Engineering Firm to prepare the bid package, provide construction phase quality control inspections, and materials testing services for this second phase of the Parcel 14 Rail Expansion.

I have reviewed the proposed fee of **Not to Exceed \$399,662.00** and I recommend approval.

PORT COMMISSION

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



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MEMORANDUM

TO: Commissioners
Directors
Legal Counsel

FROM: Jason Hull, P.E. *JH*
Director of Engineering

DATE: March 10, 2022

SUBJECT: 2022 Environmental Regulatory Compliance Services

Montrose Environmental Solutions, Inc. was selected to provide Port Freeport with environmental regulatory compliance services as required for the Port's Storm Water Pollution Prevention Plan (SWPPP) and Spill Prevention, Control, and Countermeasure Plan (SPCC).

Montrose Environmental was selected on the basis of their demonstrated competence and qualifications to perform these services.

We are recommending approval of a Professional Services Agreement with Montrose Environmental in the amount not to exceed \$13,620.00.

attachments

PORT COMMISSION

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



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MEMORANDUM

TO: Commissioners

FROM: Phyllis Saathoff
Executive Director/CEO

DATE: March 10, 2022

SUBJECT: Legal Services RFP

Port Freeport will be soliciting proposals from qualified law firms to provide general legal services to the Port in the capacity of its Legal Counsel.

Below is the timeline that has been established for requesting and receiving proposals.

March 10th – Request for Proposals (RFP) for Outside Legal Counsel to be sent to interested parties
2:00 p.m. CST, March 22nd - Deadline for prospective respondents to submit questions regarding the RFP
5:00 p.m. CST, Friday, March 25th - Deadline for proposal submission

The evaluation of proposals will be completed in the month of April and will likely include interviews/presentations from selected finalists to the Port Commission.

[PORT COMMISSION](#)

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