

Minutes of Port Commission Regular Meeting
November 12, 2020
Via Video/Teleconference

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 Port Commission will conduct a Regular Meeting on Thursday, November 12, 2020 at 1:00 p.m. by video/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 video/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

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Commissioners present:

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

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Director of Administration/CFO
Mr. Al Durel, Director of Operations
Mr. Jason Miura, Director of Business & Economic Development
Mr. Mike Wilson, Director of Economic Development & Freight Mobility
Mr. Brandon Robertson, Network Systems Manager
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Ms. Jessica Follett, Public Affairs Manager
Mr. Cecil Booth, Project Engineer

Ms. Tricia Vela, Receptionist
Ms. Darlene Winkler, Communications Specialist
Ms. Marilyn Miller, Public Affairs Assistant

Also, present via teleconference:

Mr. James Nash, Horizon Auto Logistics
Mr. Bobby Fuller, Texas Port Ministry
Mr. Clay Nichol, Moffatt & Nichol
Mr. William Wachel, WSP
Mr. Chaney Moore, CP Chem
Mr. Robert Balli, P66
Ms. Brandei Goolsby, Gulf Coast Employee Benefit Services
Mr. David Kaufman, Haskell
Mr. Drew Masterson, Masterson Advisors
Mr. Bob Arroyave, BGE Inc.

Commissioner Pirtle stated the following information...

Today is November 12, 2020, and the time is 1:00 p.m. This is the regular meeting of the Port Commission. I am Shane Pirtle, Chairman. We are conducting this meeting by video/telephone conference pursuant to Governor Abbott's order suspending certain provisions of the Texas Open Meetings Act in order to minimize the impact of the coronavirus outbreak. This meeting is being recorded as required by the Texas Open Meetings Act.

With the posting of today's meeting a toll-free call in number was indicated on the agenda, along with the agenda packet. Both may be found on the Port's website www.portfreeport.com. Additionally, the public may join the meeting from a computer, tablet or smartphone or by phone using the toll-free call in number.

This 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 as indicated on the agenda. Following public comment, the public will not be permitted to communicate with the Port Commission.

In the event any member of the public is having any technical difficulty during the meeting, please call (979) 233-2667, and someone will assist you.

Being considerate of all participants on this call today, we respectfully request everyone "mute" their phones unless you are speaking.

An Executive Session was noticed on the published agenda and will occur unless otherwise indicated during the meeting. It will be announced prior to this body going into Executive Session. During Executive Session the public will not be permitted to hear the meeting, as is the case under the Texas Open Meetings Act.

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. Roll Call – Commissioner Pirtle stated that Commissioner Santos, Commissioner Singhania and Commissioner Hoss were present online. Those present in the board room (at a safe

distance) included himself, Commissioners Kresta, Commissioner Croft, Phyllis Saathoff – CEO and Jason Cordoba – Legal Counsel. Ms. Saathoff noted additional staff in the room.

4. Recognition of Veterans – At this time, in honor of Veterans Day on Wednesday, November 11, Commissioner Pirtle recognized veterans employed at Port Freeport.

Port Freeport recognized the following employees for their service:

Cecil Booth, Port Freeport Engineering Manager – U.S. Army

Veterans employed under Sunstates Security (Port’s Protective Services vendor):

Stephan Chapa – U.S. Air Force

Steven O’Briant – U.S. Navy

Enrico Arbolante – U.S. Navy

Yeilee Navarrete – U.S. Marines

Joshua Thomas – U.S. Marines

An American Flag lapel pin was presented to our veterans as a humble gift of gratitude.

5. Presentation of check to Texas Port Ministry from proceeds of Port Freeport Golf Tournament.

Commissioner Pirtle stated that on October 19 Port Freeport hosted its annual golf tournament benefiting Texas Port Ministry at The Wilderness in Lake Jackson. Due to the current environment, a new format was implemented with scheduled tee-times at 10 to 14-minute increments. With a total of 41 teams and over 80 sponsors the net total for the 2020 Port Freeport Golf Tournament was \$67,600, which was just under last year’s total. Commissioner Pirtle thanked the Public Affairs Team, Texas Port Ministry staff and volunteers for their hard work coordinating the tournament and help in making it a success. A check was presented to Mr. Bobby Fuller with Texas Port Ministry. Mr. Fuller addressed members of the Board, Port employees and sponsors to thank them for their efforts and success of this tournament.

6. Public Comment – There were no public comments.
7. Approval of minutes from a Regular Meeting held October 22, 2020.

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

8. 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 reported that the new speaker of the House is Rep. Dade Phelan representing Jefferson County which includes Ports Beaumont, Orange, Port Arthur and the Sabine-Neches Waterway. This will be good to again have someone who understands the importance of Ports and what they bring to the economic output in Texas. Staff has engaged with federal consultants to discuss the lame duck session noting that it’s

expected that congress will still try to pass certain bills with the Port most interested in the FY 2021 appropriations bill. Staff will continue to monitor and still plans to reach out to the administration, ASA's office and the USACOE. BG Christopher Beck is scheduled to visit the Port December 3 on his tour of the Texas coastline. TPA recently met and discussed legislative agenda for next state session. Bills have been drafted and are under review. Ms. Saathoff also noted her participation in NWC held virtually earlier in the week. A 2021 proposed meeting calendar has been circulated for review. It will be included on the December agenda for approval. At this time, Commissioner Hoss asked for an update on the project to improve video conferencing. Brandon Robertson gave an update on the project giving a brief description of what the project would entail adding that one complete bid has been submitted, and other interested vendors want to come in from Houston to view the room before submitting a bid package.

B. Chief Financial Officer

Mr. Lowe stated that financials are still being finalized and staff will have them available for the December meeting. He presented a timeline for the general obligation bonds and tentative issuance in February. He also discussed a competitive bid sale vs. a negotiated bid sale with regard to the issuance and the difference between each offering. Mr. Drew Masterson with Masterson Advisors was available online to answer questions.

C. Director of Engineering

Mr. Hull reported that the operations and shop building improvement project was discussed in the Strategic Planning Advisory Committee. He also received word that the Corps has pushed their maintenance dredging to begin in January. Additionally, he shared pictures of the Berth 8 project and the petit lift boat doing the soil sampling in the channel for Reach 1 and 4.

D. Director of Operations

Mr. Durel reported on statistics for the month of October stating the Port handled 15 LNG vessels, 14 Ro/Ro vessels and 14 containers vessels. For the month of October, the Port anticipates 15 Ro/Ro, 17 LNG and 13 container vessels. Railcar activity totals include 285 Vulcan and 27 Cemex. The average vessel activity for last year (2020) was 34 vessels per month, the month of October was 45 vessels. November looks to be a carbon copy of October's activity.

E. Director of Business & Economic Development

In addition to his written report, Mr. Miura noted that Vulcan is arriving with another unit train today. He also noted that for the end of October, the Freeport Harbor Channel had 942 deep water vessel arrivals, which is a 13.1% increase over 2019 YTD numbers.

9. Receive report from Commissioners on matters related to:

- A. November 10 OSS Advisory Committee – Commissioner Hoss reported the committee received an update on recent safety issues and accidents. Other items were discussed under security item in executive session. Commissioner Pirtle inquired about the number of incidents involving truck drivers and how the Port is handling safety with them. Commissioner Hoss noted the committee did discuss this and staff continues to address the issues with all drivers. Commissioner Pirtle noted that while he understands staff's efforts to address the problem, he would like to see something proactive take place to show contact has been made to everyone regarding safety.

- B. November 12 Strategic Planning Advisory Committee – Commissioner Santos reported the committee reviewed the operations and shop building improvement project. Other items discussed in executive session included Vulcan and Trammel Crow.
- C. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Singhania reported participating in the OSS committee meeting as well as the Finance committee held October 28.

Commissioner Croft reported attending Exchange Club meeting November 4 which was hosted by First State Bank.

10. Approval to pay legal bills for the months of September and October.

A motion was made by Commissioner Singhania to approve payment of legal bills. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

11. Approval of a Modification to the Tax Abatement between Port Freeport Chevron Phillips Chemical Company LP for property located in Chevron Phillips Chemical Company LP Reinvestment Zone No. 2.

Mr. Lowe stated this modification will delay the effective date to January 1, 2023 and make 2023 the first year of the seven-year abatement period. Construction has not started on this project. Mr. Chaney Moore with Chevron Phillips was available online to answer any questions. Mr. Lowe noted this item was previously reviewed with Finance Committee and staff recommends approval.

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

12. Approval of support for Phillips 66 Foreign-Trade Zone 149C Boundary Modification.

At this time, Commissioner Kresta recused himself from the meeting and discussion regarding the next two items on the agenda related to Phillips 66.

Commissioner Pirtle suggested taking the next two items related to Phillips 66 Foreign-Trade Zone 149C boundary modification.

Ms. Campus stated that Phillips 66 is requesting a modification to their foreign-trade zone boundary for their Sweeny plant. The modification is to expand the existing footprint to include the addition of two new fractionators. The Foreign-Trade Zone Board requests a letter of concurrence or non-objection from taxing entities to be included with the application for modification. Staff recommends approval of the letter of support as well as the resolution authorizing filing of the Phillips 66 application to the Foreign-Trade Zone. Staff recommends approval.

A motion was made by Commissioner Santos to approve support letter for the boundary modification as presented. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion, and Commissioner Kresta abstaining.

13. Approval of a Resolution authorizing filing of Phillips 66 Foreign-Trade Zone 149C Boundary Modification.

A motion was made by Commissioner Santos to approve the resolution authorizing the filing of Phillips 66 Foreign-Trade Zone 149C boundary modification as presented. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion, and Commissioner Kresta abstaining.

At this time, Commissioner Kresta rejoined the meeting.

14. Approval of contract for Port Freeport Health, Dental and Vision Insurance.

Ms. Campus presented the renewal for the Port's health, dental and vision insurance for 2021 stating that Blue Cross Blue Shield (BCBS) has offered a renewal plan with slight modifications to co-pays with an increase of 2.1% in premium. Staff did review other options since there were modifications to this plan however it was a consensus to remain with BCBS and accept their bid. Ms. Campus noted that contract negotiations are currently still ongoing between Brazosport St. Luke's hospital and BCBS and discussed different options the Port has should those negotiations fail. Staff recommends renewing with Blue Cross Blue Shield plan as presented and maintain co-pays. Principal, the Port's existing carrier for dental and vision, proposed no rate change over the previous year. Staff recommends renewing with Principal and maintain same co-pays.

A motion was made by Commissioner Kresta to approve the contract with BCBS as presented by staff. The motion was seconded by Commissioners Croft with all Commissioners present voting in favor of the motion.

15. Approval of a renewal with Texas Association of Counties for Port Freeport Workers Compensation Policy.

Ms. Campus stated the Port's workers compensation policy is based on an estimated proposal for the calendar year. The Port's proposal for 2021 is \$34,798. The final premium is calculated at the end of the year and trued up based on actual payroll. Staff recommends approval.

A motion was made by Commissioner Kresta to approve the renewal in the amount of \$34,798 as presented by staff. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

16. Adoption of a Resolution authorizing a contribution to fund Port reserves for capital improvements.

Mr. Lowe presented a resolution to contribute to the port reserve for capital improvement an amount equal to the M&O portion of the total tax levy. This year's recommendation for the reserve is \$3,981,963.00.

A motion was made by Commissioner Hoss to authorize the contribution to the Port reserves for capital improvements as presented. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

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

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

18. 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 to discuss potential 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 and Surfside Lots.

C. Under authority of Section 551.076 (Deliberation of Security Matters) for discussion regarding:

1. Discussion regarding the issues related to the deployment, or specific occasions for implementation of security personnel or devices or security audit and services.

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

20. Approval of sale of Port Freeport Gottwald Mobile Harbor Crane, accessories and inventory.

Mr. Lowe stated that the Port solicited bids for the sale of the Gottwald crane and received one bid from Gulf Stevedoring Services in the amount of \$575,000. The bid included escalation language which was not requested in the bid advertisement. Consultation with counsel lead staff to believe the escalation language should not be considered for this bid. Counsel is comfortable accepting the bid of \$575,000 because there was only one bid. Another option would be to reject this bid and re-advertise with clarifying language with regard to escalations and/or any minimums desired.

A motion was made by Commissioner Hoss to reject the bid received, re-advertise sale to prohibit escalation clauses and seek a minimum bid of \$575,000. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion, and Commissioners Croft and Pirtle voting no.

21. Approval of a contract to Covenant K9 Detection Services for security K9 contract services.

Mr. Hogan stated that a scope of work for services was distributed to seven providers in the area. Four quotes were received with the lowest bid submitted by Covenant K9 for \$46,800. Staff recommends awarding contract to Covenant K9 Detection Services to provide K9 detection services through September 30, 2021 totaling \$46,800.

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

At this time, Commissioner Pirtle noted that items 22 and 23 will be taken together, item 24 will be taken independently and items 25 and 26 will be taken together.

22. Approval of Fourth Amendment to First Lease Agreement between Port Freeport and Horizon Terminal Services.

Mr. Miura stated that staff recommends approval for execution a fourth amendment to the first lease agreement between Port Freeport and Horizon Terminal Services which will remove 25,000 square feet in Transit Shed 1 from the lease premises. Additionally, staff recommends approval for execution the first amendment to the second lease agreement between Port Freeport and Horizon Terminal Services which updates the exhibit for the lease premises on Parcel 14.

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

23. Approval of First Amendment to Second Lease Agreement between Port Freeport and Horizon Terminal Services.

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

24. Approval of a Consent Agreement between Port Freeport, Horizon Terminal Services and APS East Coast.

Mr. Miura stated that staff recommends the approval for execution a consent agreement between Port Freeport, Horizon Terminal Services and APS East Coast wherein Port Freeport consents to the transaction previously discussed.

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

25. Approval of an Unlimited Continuing Guaranty between Port Freeport and Portus Infrastructure Partners LLC.

Mr. Miura stated that staff recommends the approval for execution an unlimited continuing guaranty between Port Freeport and Portus Infrastructure Partners. The guaranty will cover the commitments under Lease 1 and Lease 2 for Horizon Terminal Services. Additionally, staff also recommends the approval for execution the termination of guaranty between Port Freeport and Hoegh Autoliners which releases Hoegh from the guaranties for commitments under Lease 1 and Lease 2 for Horizon Terminal Services.

A motion was made by Commissioner Singhanian to approve the guaranty between Port Freeport and Portus. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

26. Approval of a Termination of Guaranty between Port Freeport and Hoegh Autoliners Management A/S.

A motion was made by Commissioner Singhanian to approve the termination once the guaranty with Portus has been approved and received. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

27. Adjourn.

With no further business before the Commission, the meeting adjourned at 6:31 PM.