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6 BOARD OF PILOT COMMISSIONERS OF BRAZORIA COUNTY PORTS
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11 **PUBLIC HEARING**
12 October 30, 2020
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19 PUBLIC HEARING before the Board of Pilot Commissioners
20 of Brazoria County Ports was taken on the 30th day of
21 October, 2020, from 8:32 a.m. to 1:50 p.m., before Stacey
22 Whitley, Certified Shorthand Reporter in and for the State of
23 Texas, reported by computerized stenotype machine at Port
24 Freeport, Administration Building, 1100 Cherry Street,
25 Freeport, Texas.

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2 **PILOT BOARD COMMISSIONERS:**

3 Chairman Shane Pirtle
4 Commissioner Paul Kresta
5 Commissioner Rudy Santos
6 Commissioner John Hoss
7 Commissioner Ravi Singhania (Via videoconference)
8 Commissioner Dan Croft
9 Phyllis Saathoff, CEO
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1 CHAIRMAN PIRTLE: All right. It is 8:32 and
2 we will reconvene from yesterday out of recess to discuss the
3 BPA request for funding for the Pilot Commission. And we
4 have Mr. Santos here, Mr. Kresta is here, Mr. Hoss is here,
5 Mr. Croft is here. And we have Mr. Singhania online.
6 COMMISSIONER HOSS: I see him.
7 CHAIRMAN PIRTLE: All right. Ravi, can you
8 hear us? Thumbs up?
9 MS. BEVERS: He gave the thumbs up while ago.
10 CHAIRMAN PIRTLE: All right. Good deal. We
11 have our CEO, Ms. Saathoff, and our attorney, Mr. Cordoba.
12 And Stacey is our court reporter. Anybody else? We have BPA
13 pilots here and Shareen is not.
14 MS. SAATHOFF: They're not going to be
15 present. Mr. Honeycutt will be here representing the
16 objecting parties today.
17 CHAIRMAN PIRTLE: Very good. I don't know
18 which way -- if that's a step up or a step down.
19 CAPTAIN BLANTON: He got a battlefield
20 promotion.
21 CHAIRMAN PIRTLE: Sir?
22 CAPTAIN BLANTON: Battlefield promotion.
23 CHAIRMAN PIRTLE: Yes. That's what I'm
24 saying, I'm not sure it's a step up or a step down.
25 UNIDENTIFIED SPEAKER: He's Navy. He can

1 refresher of the whole board on what the proposed minimum
2 units are and hear from the pilots and tell them what this
3 minimum draft proposed is 25 feet and proposed minimum,
4 refresh the board on this, please.
5 CAPTAIN BLANTON: All right. So, we propose
6 moving the minimum charge from 1123.94 and we propose
7 changing that to -- by putting it into the tariff box with
8 the other ships, setting minimum units of 520 with a 25-foot
9 draft, which would generate a charge of 1353.60. So -- and
10 then for reference on the number of vessels we're talking
11 about, in 2019, we did 2,109 movements. 225 of those
12 movements were below the 520-unit mark. So, it's about a
13 little less than 10 percent of the vessels that we move. So,
14 that's about how many ships currently would be impacted. And
15 that's movements. That includes shifts and everything. And
16 then the dollar amount from a fixed cost of 1123.94. So, I'm
17 not just putting a factor of units in draft that you don't
18 understand. What it equates to is an increase from the
19 minimum to \$1,353.60.
20 COMMISSIONER KRESTA: As the statement reads,
21 I just wanted for the record, that's not even -- I mean, it's
22 in the proposal but it's not in front of the commissioners as
23 far as this typing; is that correct?
24 MS. SAATHOFF: Correct.
25 COMMISSIONER KRESTA: Because what we're

1 handle it.
2 CHAIRMAN PIRTLE: All right. Very good.
3 Well --
4 COMMISSIONER KRESTA: Chairman, did we get him
5 sworn in yesterday?
6 CHAIRMAN PIRTLE: Yes, sir.
7 COMMISSIONER KRESTA: I didn't know for sure
8 is the reason I was asking.
9 CHAIRMAN PIRTLE: He stood in the back of the
10 room.
11 COMMISSIONER KRESTA: Thank you. Just
12 for today because I didn't know for sure.
13 CHAIRMAN PIRTLE: Sir?
14 COMMISSIONER KRESTA: I just didn't know for
15 sure.
16 CHAIRMAN PIRTLE: Mr. Honeycutt said
17 something.
18 So, the fifth item for consideration is
19 approve the request to institute a minimum charge based on
20 the actual vessel size rather than by a set fee. The minimum
21 draft proposed is 25 feet and the proposed minimum units is
22 520 units.
23 With that, Mr. Kresta, I'm going to open up
24 with you for discussion on that this morning.
25 COMMISSIONER KRESTA: I would like for a

1 voting on -- it says we're going to be voting on -- the
2 minimum draft proposed is 25 feet and proposed minimum units
3 is 520. What you're actually voting on is \$230 extra fees;
4 is that correct?
5 CAPTAIN BLANTON: If you plug in 520 and
6 25 feet into our tariff, the fee that that formula would
7 generate is 1353.60.
8 COMMISSIONER KRESTA: Okay. Thank you.
9 That's why I asked for you to go through that.
10 CAPTAIN BLANTON: I was trying to clarify
11 because I didn't want to throw 520 and 25 feet because it
12 doesn't mean anything to you.
13 COMMISSIONER KRESTA: I know. But what I'm
14 saying is the minimum goes up from 1120 to 1353?
15 CAPTAIN BLANTON: 1123.94 to 1353.60.
16 COMMISSIONER KRESTA: Yes, sir.
17 CAPTAIN BLANTON: But it's not a fixed fee of
18 1353.60. It is 520 at 25 feet. We're moving it out of a
19 fixed cost and into the tariff box.
20 COMMISSIONER KRESTA: It's two pieces to that
21 and it's really worth explanation is what I'm saying.
22 CAPTAIN BLANTON: I'm happy to explain it more
23 if there's any confusion.
24 COMMISSIONER KRESTA: That's what I'm trying
25 to make sure everybody sees here because your -- actually

1 when you vote on this, commissioners, and when we deliberate,
2 I mean, I'm just to the point where we are saying -- I want
3 everybody to understand. It's just not the units but the
4 actual 230 something dollars goes up when you vote a higher
5 unit on the --
6 MS. SAATHOFF: Yes. Correct. When you
7 calculate it and add it together, yes, the minimum total
8 dollars, yes.
9 COMMISSIONER KRESTA: Ms. Saathoff.
10 MS. SAATHOFF: Phyllis Saathoff. When you do
11 the calculation, the actual minimum dollars that will be
12 applied to a movement will be approximately \$230 more. It
13 will be --
14 COMMISSIONER KRESTA: Correct. That's what
15 I'm making sure that everybody understands here. I wanted
16 y'all to explain that.
17 CAPTAIN BLANTON: That's 10 percent of the
18 movements we do.
19 COMMISSIONER SINGHANIA: Do the pilots agree
20 with this?
21 THE REPORTER: I'm sorry. I can't hear him.
22 MS. SAATHOFF: Ravi, we need you to maybe turn
23 your volume up a little more. We're having a little trouble
24 hearing you. And we'll turn up our volume here.
25 COMMISSIONER SINGHANIA: I want to hear the

1 decrease. I'm looking for the --
2 CAPTAIN BLANTON: It doesn't say much. It
3 says institute a minimum charge at 520 units and institute a
4 minimum charge at 25 feet draft.
5 COMMISSIONER KRESTA: Is it that deep draft
6 chart; is that right? Is it deep draft charge?
7 CAPTAIN BLANTON: No, sir. There's not a lot
8 of literature in -- I'm sorry. All it literally says is
9 institute a minimum charge of 25 feet.
10 COMMISSIONER KRESTA: Minimum units?
11 CHAIRMAN PIRTLE: Yes, sir.
12 COMMISSIONER KRESTA: Minimum units says five
13 hundred -- this is Commissioner Kresta again. Minimum units
14 set at 520 in 2022. The reason for that is the Stauffer
15 Channel expansion, increase expenses for pilots, asset
16 utilization. Current minimum charge right now is \$1123.
17 Explain to me whenever you get on the minimum it's going to
18 520. Today you've got 400?
19 CAPTAIN BLANTON: No. It's a fixed one.
20 COMMISSIONER KRESTA: The fee.
21 CAPTAIN BLANTON: It's \$1100 currently, a
22 fixed amount.
23 COMMISSIONER KRESTA: How many units do you
24 have today?
25 CAPTAIN BLANTON: It's not based on units

1 rates for the -- just us talking about it, too. Thank you.
2 MS. SAATHOFF: Daniel did explain it, yes,
3 sir. I was just adding clarity to Mr. Kresta's comments.
4 COMMISSIONER SINGHANIA: Can y'all hear me
5 okay now?
6 MS. SAATHOFF: Yes, sir.
7 CHAIRMAN PIRTLE: Yes, much better. Any
8 further comments?
9 COMMISSIONER KRESTA: So, in essence, how does
10 this affect -- is there a chart in your original -- is there
11 a result into the current status -- no. I'm trying to find
12 it to make sure we are all on the same page. Increase units
13 in drafting.
14 CAPTAIN BLANTON: Institute a minimum charge
15 based on vessel size instead of a set fee. It's No. 5.
16 COMMISSIONER KRESTA: I know it's No. 5. I'm
17 talking about in this piece of paperwork I want to look at --
18 MS. SAATHOFF: In your presentation that you
19 have.
20 COMMISSIONER KRESTA: Presentation. I'm
21 sorry.
22 CAPTAIN BLANTON: Institute a minimum draft
23 fee, yes, sir.
24 COMMISSIONER KRESTA: That's what I asked. Is
25 it a minimum -- increase in draft fee? No. That's a

1 today.
2 CAPTAIN KROHN: There's no minimum units right
3 now.
4 COMMISSIONER KRESTA: No minimum units today?
5 CAPTAIN BLANTON: No, sir. We're going to a
6 different formula to formulate the minimum charge. So, it
7 was a fixed rate. It was a fixed fee that was applied.
8 COMMISSIONER KRESTA: Okay.
9 CAPTAIN BLANTON: So, you would bring your
10 ship in and you would say, okay, my units are -- say if it
11 was a minimum charge, my units are 230 and my draft was four
12 and then that would generate a fee. Say that fee for
13 argument sake is \$500. \$500 is less than 1123. So, you
14 would be actually charged 1123. So, if you entered the table
15 and you generated a fee that was lower than 1123, the minimum
16 you would be billed was 1123.
17 COMMISSIONER KRESTA: So, this is Commissioner
18 Kresta again. Right today the way you're capturing this, the
19 minimum draft proposed is 25 feet. You don't have that
20 today?
21 CAPTAIN BLANTON: No, sir.
22 COMMISSIONER KRESTA: And then propose a
23 minimum unit of 520. How does that -- how many ships does
24 that affect as minimum units of 520 that are smaller than
25 that but your fee went up to 1350?

1 CAPTAIN BLANTON: It's 225 vessels.
2 COMMISSIONER KRESTA: I understand.
3 CAPTAIN BLANTON: 225 moves.
4 COMMISSIONER KRESTA: Wait a minute. How many
5 vessels? I'll figure the moves.
6 CAPTAIN BLANTON: There's 2,109 movements and
7 of those movements, 225 of them were less than the 520. So,
8 roughly 10 percent, maybe 11. Probably closer to 11 or 12.
9 Sorry.
10 COMMISSIONER KRESTA: So, you're at movements
11 now. Okay.
12 CAPTAIN BLANTON: Because -- I did that
13 because I didn't want to confuse from their point, which is
14 shifting. So, shifting captures all movements. So, I
15 didn't -- that's the point we were trying to make is they say
16 we shift and I wanted to capture all movements.
17 COMMISSIONER KRESTA: How many movements does
18 it affect?
19 CAPTAIN BLANTON: 2,109 total movements in
20 2019. 225 of those were below the 520.
21 COMMISSIONER KRESTA: Totals movements for the
22 year?
23 CAPTAIN BLANTON: 2,109.
24 COMMISSIONER KRESTA: Compared to total
25 movements that -- you told me how much it's going to affect.

1 entire year.
2 COMMISSIONER KRESTA: Correct.
3 CAPTAIN BLANTON: Correct.
4 COMMISSIONER KRESTA: Okay. So, that's actual
5 raise on the minimum rate that the pilots get per movement?
6 CAPTAIN KROHN: Up to 520.
7 COMMISSIONER KRESTA: Yes, it is. \$250 per
8 movement on 10 percent is a raise to the pilots.
9 CAPTAIN BLANTON: Correct.
10 COMMISSIONER KRESTA: 50,000 is what you just
11 said.
12 CAPTAIN BLANTON: Correct. It will be \$50,000
13 more in revenue if you enacted this.
14 COMMISSIONER KRESTA: That's where -- I'm
15 drawing the whole picture out for everybody. Did I miss
16 something?
17 CAPTAIN BLANTON: No. I think you got it.
18 CAPTAIN KROHN: That's good.
19 COMMISSIONER KRESTA: Okay.
20 MR. MOORE: There are expenses. It's not a
21 raise to the pilots.
22 COMMISSIONER KRESTA: It's revenue.
23 MR. MOORE: It's increased revenue, which, of
24 course, the other end of revenue is --
25 COMMISSIONER KRESTA: What I'm voting on is --

1 CAPTAIN BLANTON: 225. It's roughly --
2 COMMISSIONER KRESTA: 225.
3 CAPTAIN BLANTON: -- 11 or 12 percent of the
4 movements.
5 COMMISSIONER KRESTA: So, 11 or 12 percent of
6 the shipping industry will be increased \$230 per movement?
7 CAPTAIN KROHN: Say that again.
8 MR. MOORE: Could you repeat that?
9 CAPTAIN BLANTON: Yes. Probably very close to
10 that figure.
11 COMMISSIONER KRESTA: Y'all got the math
12 pretty quick. I'm doing it pretty quick in my head. 220
13 movements --
14 CAPTAIN BLANTON: Twenty-five.
15 COMMISSIONER KRESTA: 225, that's 10 percent,
16 will be increased \$250 per movement, which equates to what?
17 How much money?
18 CAPTAIN BLANTON: \$50,000.
19 COMMISSIONER KRESTA: \$50,000?
20 CAPTAIN BLANTON: Yes, sir.
21 COMMISSIONER KRESTA: We'll go back to the
22 shippers. What I'm saying, that's what it's costing them per
23 movement on 10 percent of the fleet that comes here on
24 movements?
25 CAPTAIN BLANTON: That's all vessels for the

1 THE REPORTER: Hold on.
2 COMMISSIONER KRESTA: I'm sorry. This is
3 Commissioner Kresta. I'm sorry to interrupt you. Go ahead.
4 MR. MOORE: I'm finished. I made my point.
5 COMMISSIONER KRESTA: It's increased -- this
6 is Commissioner Kresta. This is increased revenue but -- and
7 to go with your statement, counselor, it don't show anything
8 about, you know, the expenses in this motion. All I wanted
9 to do is make sure we all understood the motion and what
10 you're actually voting on.
11 MR. MOORE: Thank you. As Mr. Singhanian would
12 say, I got it.
13 COMMISSIONER KRESTA: The next thing is I want
14 to ask when you pull 520 units up and you say that's a
15 minimum. You use that 520 units. All right. And if you
16 raise the units to 600, how many ships does it involve?
17 CAPTAIN BLANTON: The minimum to 600? Give
18 him a second. He can run it. A lot. You catch a lot of
19 ships.
20 CAPTAIN KROHN: A lot more.
21 COMMISSIONER KRESTA: We're going to talk it
22 all the way through because I might want to modify this,
23 might not want to, make a suggestion. But I'm asking the
24 question to work it through. And I'm going to get to a high
25 and I'm going to get to a low and then I'm going to get you

1 in the middle. I'm going to do something. I'm just asking
2 for information.
3 MR. MOORE: Give us just a second. We're
4 running them.
5 COMMISSIONER KRESTA: Sure.
6 CAPTAIN BLANTON: You catch a lot. That's a
7 big jump in units.
8 CAPTAIN KROHN: You catch another 210
9 movements.
10 COMMISSIONER KRESTA: Another 210.
11 CAPTAIN KROHN: You're up to 436.
12 CAPTAIN BLANTON: 25 percent more or less.
13 CAPTAIN KROHN: 436 movements of the 2109.
14 COMMISSIONER KRESTA: Yes, sir. Can you run
15 me a figure at 400 units?
16 CAPTAIN KROHN: Yes.
17 CAPTAIN BLANTON: 152 ships.
18 CAPTAIN KROHN: So, you went from 225 down to
19 152.
20 CAPTAIN BLANTON: You went from 225 to 152.
21 COMMISSIONER KRESTA: For clarification, you
22 said ships. Is that moves or shifts?
23 CAPTAIN BLANTON: Movements.
24 COMMISSIONER KRESTA: That's why I asked. So,
25 we will drop down 225 moves to a hundred and --

1 CAPTAIN BLANTON: As presented, the 225, if
2 we -- I'm not going to tell you a bad number. Let him do it.
3 COMMISSIONER CROFT: Good move.
4 CHAIRMAN PIRTLE: Let him tell us a bad number
5 or good number?
6 CAPTAIN BLANTON: So, my logic would be that
7 if it's 225 minimums and we said that approximately
8 13 percent of their vessels shifted, then you could
9 theoretically get a number of shifts but not all minimum
10 charges are chemical ships that come in. Like the tug and
11 barges that come in, they don't shift. And that's a large
12 portion of these minimum charges. So, I can't -- I don't
13 want to give you a higher number than it would be.
14 CAPTAIN KROHN: There were 54 shifts.
15 CAPTAIN BLANTON: How many are the minimum?
16 Does it say? Can you sort those below 520? I'm so glad
17 you're here.
18 MR. MOORE: That's why I take my son
19 everywhere.
20 CAPTAIN KROHN: Under 520 --
21 CAPTAIN BLANTON: Under 520.
22 CAPTAIN KROHN: -- was 23.
23 CAPTAIN BLANTON: Twenty-three ships shifted.
24 CAPTAIN KROHN: Twenty-two. Sorry.
25 CAPTAIN BLANTON: Twenty-two shifted at the

1 CAPTAIN BLANTON: Fifty-two.
2 COMMISSIONER KRESTA: Okay.
3 CAPTAIN BLANTON: Roughly 75 ships would be
4 cleared. Seventy-five movements would be cleared out of the
5 2,109 movements for the year.
6 COMMISSIONER KRESTA: Yes, sir.
7 COMMISSIONER CROFT: Mr. Chair, Commissioner
8 Croft. Can I make a statement?
9 CHAIRMAN PIRTLE: Please do.
10 COMMISSIONER CROFT: Daniel, of the movements,
11 how many of those movements were inside the port from dock to
12 dock?
13 CAPTAIN BLANTON: The shifts?
14 COMMISSIONER CROFT: Yes, sir. Not
15 necessarily specific --
16 CAPTAIN BLANTON: It's going to be hard for me
17 to break out what ships were minimum charges. Does that make
18 sense? Give him --
19 CAPTAIN KROHN: I can do it.
20 COMMISSIONER CROFT: The point I'm trying to
21 get to is of those 220 --
22 CAPTAIN BLANTON: Of the 150 -- are we talking
23 about at the 520 or the 400?
24 COMMISSIONER CROFT: The -- as presented, the
25 520.

1 520 minimum.
2 COMMISSIONER CROFT: Approximately 10 percent
3 of that 12 percent or roughly 1 percent of the total activity
4 in the port would have resulted in certain ships paying these
5 minimum fees twice?
6 CAPTAIN KROHN: That's true. That's true.
7 MR. MOORE: His math is correct.
8 CHAIRMAN PIRTLE: Mr. Kresta, anything else?
9 COMMISSIONER KRESTA: No. I'll come back if I
10 need to. Thank you.
11 CHAIRMAN PIRTLE: Mr. Santos.
12 COMMISSIONER SANTOS: I have nothing.
13 CHAIRMAN PIRTLE: Mr. Hoss.
14 COMMISSIONER HOSS: No, sir.
15 CHAIRMAN PIRTLE: Mr. Croft, anything else?
16 COMMISSIONER CROFT: No, sir.
17 CHAIRMAN PIRTLE: Mr. Singhanian, anything to
18 add to this or questions?
19 COMMISSIONER SINGHANIAN: No, sir. The pilots
20 explained it very well. Thank you.
21 CHAIRMAN PIRTLE: Very good. You've asked the
22 one question I wanted to know about was how many will be
23 involved if we went to the 400 units as was proposed
24 yesterday by some of the users.
25 The other one is I know that dredging will not

1 be completed before probably 2023. So, I'm curious why this
2 would need to be implemented on January, 2022 versus 2023.
3 2023 would be the earliest that we might get there. And even
4 if it did business in Stauffer Channel, if that's your basis,
5 it would have to be developed beyond that. So, that would be
6 the two considerations I would want to consider.

7 COMMISSIONER KRESTA: Mr. Chairman, I mean, I
8 seen the 2022 is good and I agree with you -- what you just
9 said. But when I look at this thing and have the pilots
10 answer the question, I think the 520 units is fine. I mean,
11 I make a recommendation that we go down to 400 units and you
12 at least give a break to the -- part of the shipping industry
13 of a good, you know -- it's going to go down to about -- I
14 want to say 8 percent of the shipping industry compared to 10
15 or 12.

16 CHAIRMAN PIRTLE: Okay.

17 COMMISSIONER KRESTA: That's just my thought
18 process on that. Just throwing it out there for the
19 commissioners to discuss.

20 CHAIRMAN PIRTLE: Commissioners' thoughts.
21 Mr. Santos.

22 COMMISSIONER SANTOS: 500, that's 152 --

23 COMMISSIONER KRESTA: 400 is 152 moves.

24 COMMISSIONER SANTOS: Right. Or shifts.

25 COMMISSIONER KRESTA: Shifts or whatever.

1 COMMISSIONER HOSS: If it's worth discussing
2 and --

3 CHAIRMAN PIRTLE: There were 54 shifts total,
4 22 of those were under 520. So, you would affect a minimal
5 amount by adding a complicated -- complicating it, I guess,
6 by saying minimum is going to stay at 1123.

7 COMMISSIONER HOSS: Okay. I'm just saying
8 that -- I think we're trying to capture a group of ships and
9 say we're not going to put our thumb on those particular
10 ships too hard. And so, those seem to be the ones that you
11 shifted around a lot, too. Now, I didn't -- that's my gut.
12 I did not look at the numbers -- I want to confess that right
13 now -- and say comparing apples to apples.

14 CHAIRMAN PIRTLE: Just numbers I just jotted
15 down from --

16 COMMISSIONER HOSS: I've been listening to the
17 numbers and I've just been thinking of what does the data set
18 look like.

19 COMMISSIONER KRESTA: John, this is
20 Commissioner Kresta again. I'm sorry. I didn't want to
21 interrupt you. I understand what you're saying. You just
22 want to delete the move price --

23 COMMISSIONER HOSS: Right.

24 COMMISSIONER KRESTA: -- if it's inside
25 totally; is that correct?

1 CHAIRMAN PIRTLE: Movements of some sort.
2 COMMISSIONER SANTOS: I have no issue with the
3 400. It's just going to generate a little less income
4 revenue for the guys.

5 CHAIRMAN PIRTLE: Mr. Hoss.

6 COMMISSIONER HOSS: I didn't hear Rudy because
7 of the glass.

8 CHAIRMAN PIRTLE: He said no problem with
9 going to 400.

10 COMMISSIONER HOSS: You could also think about
11 an amendment that says that this formula is not applied to
12 shifts. In other words, once it's in the harbor and it has
13 to move around, then you could say, well, that doesn't --
14 that equation doesn't apply. Just a thought.

15 CHAIRMAN PIRTLE: Just taking that it only
16 applies to 22 shifts under 520, I'm not sure where it would
17 go with 400.

18 COMMISSIONER HOSS: I -- in lieu of the 400
19 number, you can say -- because wouldn't that sort of hit the
20 same group of ships that we're looking at?

21 CHAIRMAN PIRTLE: Yes, sir. But you're still
22 at 22 shifts for under 520. So, you're only --

23 COMMISSIONER HOSS: It was just an outside
24 thought. That's all.

25 CHAIRMAN PIRTLE: Understood.

1 COMMISSIONER HOSS: If it's inside the harbor,
2 you just --

3 COMMISSIONER KRESTA: Totally or go back to
4 the 400?

5 CAPTAIN BLANTON: We have to charge to shift.

6 COMMISSIONER HOSS: Yeah. Let's make that
7 very clear. You're not doing this for free. I don't want
8 the pilots to starve.

9 COMMISSIONER KRESTA: I want to make sure we
10 understood that.

11 COMMISSIONER HOSS: I'm not saying move the
12 ships for free. I'm just saying we were looking at a
13 520-unit base versus a 400 base. But if you -- if you were
14 to somehow leave it at 520 but you said shift -- the unit
15 charge gets deleted, maybe there's draft charge, maybe part
16 of the equation gets altered for moving the ships within the
17 channel.

18 CHAIRMAN PIRTLE: My one question with that
19 and I think shifts also includes going out to anchorage.

20 CAPTAIN BLANTON: No, sir. Shifting is just
21 going to port.

22 CHAIRMAN PIRTLE: Just in the harbor?

23 CAPTAIN BLANTON: Yeah.

24 MS. SAATHOFF: Could that be an actual --
25 could that be an actual units instead of minimum? I don't

1 know.

2 CAPTAIN BLANTON: May I make a recommendation?

3 I think I understand what you're trying to do, if you chose.

4 CHAIRMAN PIRTLE: Please go ahead.

5 CAPTAIN BLANTON: If we're being targeted in

6 this and we reduce the minimum down to 400, it clears all of

7 his ships. All of them. It affects 152 ships. Leave the

8 minimum at 400 and if you want to take due consideration for

9 shifts within the port, currently we're charging line items

10 on those shifts: education fee, boat fee, communication fee.

11 That's a large percentage of that bill. For the internal

12 harbor shifts, you could waive the line fees.

13 MS. SAATHOFF: That's a good idea.

14 COMMISSIONER HOSS: Okay.

15 MR. HONEYCUTT: Jared Honeycutt, Odfjell

16 Tankers.

17 CHAIRMAN PIRTLE: Yes, sir.

18 MR. HONEYCUTT: We would be in complete

19 support of what the pilots just offered.

20 CHAIRMAN PIRTLE: Yes, sir. I'm trying to

21 make notes before I forgot.

22 MR. CORDOBA: What was that about the waiver

23 of the line fees? I just want to -- that suggestion?

24 CAPTAIN BLANTON: Currently when we have a

25 tariff, if you shift, if you go to sea, if you come from sea,

1 you have units and drafts and then you have an education fee,

2 a communications fee that you guys passed yesterday, and a

3 transportation fee. Boats, education, and the dispatch.

4 Those line charges are attached every movement, even when you

5 shift. That is a large -- for a minimum charge vessel, if

6 you have the minimum at \$1300 and you have these line charges

7 around \$300, that's a significant portion of the bill.

8 Essentially if you remove the line charges for vessels that

9 shift, the vessels that shift get a 30 percent break in that

10 bill.

11 MR. CORDOBA: Education, dispatch, and --

12 CAPTAIN BLANTON: Communication.

13 CAPTAIN KROHN: Communication, boat --

14 COMMISSIONER HOSS: That would be boat and

15 dispatch.

16 CAPTAIN BLANTON: Sorry. Communications is

17 dispatch. Education is the nominal fee and then there's the

18 larger boat fee as well.

19 MS. SAATHOFF: Pilot transfer.

20 CAPTAIN BLANTON: Transfer fee.

21 MS. SAATHOFF: Pilot transfer fee.

22 COMMISSIONER KRESTA: Mr. Chairman, that's a

23 pretty decent little offer to work with instead of cutting

24 the units.

25 CHAIRMAN PIRTLE: Yes, sir.

1 COMMISSIONER SANTOS: Yes, sir.

2 CHAIRMAN PIRTLE: I heard him say 400 units as

3 well.

4 CAPTAIN BLANTON: I recommend doing the 400.

5 COMMISSIONER KRESTA: Yeah. And that's a

6 decent offer to take. And any commissioners need to talk

7 about that one?

8 COMMISSIONER SANTOS: Commissioner Santos.

9 Just to be clear, the shifts -- shifts.

10 CAPTAIN BLANTON: From one -- I've got to be

11 able to walk on that ship, move it somewhere, and walk off

12 the ship.

13 COMMISSIONER SANTOS: Inner harbor?

14 CAPTAIN BLANTON: Inner harbor. Anywhere. I

15 can go from Dow to Phillips. I can go from one harbor dock

16 to another harbor dock. If you go to sea and I have to get

17 off on the pilot boat and then that ship goes to sea and goes

18 to the anchorage, that's a two sea. A shift is anything that

19 we do in the harbor.

20 MS. SAATHOFF: Dock to dock.

21 CAPTAIN BLANTON: If we go from A-14 to A-8,

22 A-8 to A-22, A-22 to Phillips, Brazos Harbor 5 to Phillips,

23 those are shifts.

24 COMMISSIONER SANTOS: And thank you for that

25 definition. It sounded -- in the beginning it sounded like

1 you were taking two bites of the apple.

2 CAPTAIN BLANTON: No.

3 COMMISSIONER SANTOS: I think that was a quote

4 from yesterday. So, now we're helping them out a little bit.

5 We're only going to pay you for your -- you getting on the

6 boat and shifting it instead of doing all the other fees?

7 You're shifting a vessel?

8 CAPTAIN BLANTON: Correct. For shifts.

9 COMMISSIONER SANTOS: I'm clear. Thank you.

10 COMMISSIONER HOSS: Question here. And then

11 just -- now I'm clear on something. This would not apply to

12 anything going back out to the anchorage for standby

13 purposes?

14 CAPTAIN BLANTON: No, sir. That is -- not the

15 cutting the line fees.

16 COMMISSIONER HOSS: Right. I want that out

17 there because --

18 CAPTAIN BLANTON: A shift is from one berth to

19 another berth.

20 COMMISSIONER HOSS: You said that.

21 CAPTAIN BLANTON: There is no anchorage in

22 Freeport. You can't shift into an anchorage and then have a

23 pilot pull you out of an anchorage. The only thing that you

24 can do in Freeport is shift to another berth.

25 COMMISSIONER HOSS: I'm liking your

1 definitions. That's why I'm on this because --
 2 CAPTAIN BLANTON: I want to be clear. I want
 3 everybody to understand.
 4 COMMISSIONER HOSS: You just said where a
 5 pilot can walk on the ship and walk off the ship; hence, it's
 6 implied there's no boat involved. I know you guys might
 7 still -- that's up to you to decide whether you need that or
 8 not.
 9 CAPTAIN BLANTON: That's -- we'll touch on
 10 that later.
 11 COMMISSIONER HOSS: For the laypeople, that's
 12 a very clear demarcation to say pilot walked on, walked off,
 13 it's a ship, it's in the inner harbor, it never left the
 14 jetties.
 15 CAPTAIN BLANTON: Correct.
 16 CHAIRMAN PIRTLE: Mr. Cordoba, are you ready
 17 to draft what you think you heard?
 18 MR. CORDOBA: Maybe. Let me tell you what I
 19 think I heard and tell me what I'm missing here. But
 20 eliminate the minimum charge based on vessel size and
 21 institute a minimum charge based on a draft of 25 feet and
 22 400 units.
 23 CAPTAIN BLANTON: Correct.
 24 COMMISSIONER HOSS: Correct.
 25 MR. CORDOBA: And then is there a Part B to

1 this about waiving these line fees?
 2 CHAIRMAN PIRTLE: Yes, sir.
 3 CAPTAIN BLANTON: Yes.
 4 MR. CORDOBA: Waive line fees.
 5 COMMISSIONER HOSS: Line item fees.
 6 CAPTAIN BLANTON: Line items.
 7 COMMISSIONER KRESTA: Just say line item fees.
 8 You classified it right.
 9 MR. CORDOBA: If I just say line item fees, is
 10 it clear what that is?
 11 CAPTAIN BLANTON: Put education,
 12 transportation, and communication, if you want to define it.
 13 COMMISSIONER HOSS: There's only three of
 14 them.
 15 MR. MOORE: We call it dispatch.
 16 CAPTAIN BLANTON: It's called communications
 17 in there because that's what it says in the statute.
 18 MR. CORDOBA: That waiver only applies to
 19 shifts?
 20 COMMISSIONER HOSS: Shifts within the harbor.
 21 CHAIRMAN PIRTLE: Within the harbor.
 22 MR. CORDOBA: Waive line item fees -- I'm just
 23 going to put in parentheses -- waive line item fees for
 24 education, transportation, and communication fees for shifts.
 25 And then I put in parentheses inner harbor moves.

1 COMMISSIONER HOSS: Just within the harbor. I
 2 would go --
 3 CAPTAIN BLANTON: I would not say in the
 4 harbor. I would just say shifts. Because you can define the
 5 harbor differently. You guys are the inner harbor.
 6 CAPTAIN KROHN: You're the inner harbor.
 7 COMMISSIONER HOSS: That's why I didn't want
 8 inner harbor in there.
 9 CAPTAIN BLANTON: I think we've defined shifts
 10 and everyone agrees on what a shift is.
 11 CAPTAIN KROHN: Shifts is in the tariff.
 12 CAPTAIN BLANTON: Shifts is actually defined
 13 in the tariff.
 14 COMMISSIONER HOSS: What does it say, if you
 15 know off the top of your head?
 16 CAPTAIN KROHN: I don't know off the top of my
 17 head. But it's exactly what he had described.
 18 COMMISSIONER HOSS: In my mind, that is --
 19 CAPTAIN KROHN: Dock to dock.
 20 COMMISSIONER HOSS: -- basically any move that
 21 does not leave.
 22 CAPTAIN KROHN: Or come in. From sea back in
 23 is also not a shift.
 24 CHAIRMAN PIRTLE: As Ms. Saathoff said, it
 25 does not go outside the jetties or down the Intracoastal.

1 MS. SAATHOFF: Or, Jason, you could put dock
 2 to dock in the parentheses maybe.
 3 CAPTAIN KROHN: I believe that's actually in
 4 the definition of shift in the tariff.
 5 MR. CORDOBA: If it's already defined in the
 6 tariff, then --
 7 MR. MOORE: Just check it in the tariff.
 8 COMMISSIONER HOSS: You can just put as
 9 defined in the tariff. That's linked. There's no --
 10 whatever that says.
 11 MS. SAATHOFF: Good recommendation.
 12 CHAIRMAN PIRTLE: Better to use the definition
 13 that's there than redefine.
 14 MR. CORDOBA: Let me read this again from the
 15 beginning. Eliminate the minimum charge based on vessel size
 16 and institute a minimum charge based on draft of 25 feet and
 17 400 units. Waiver of line item fees, which includes the
 18 education fee, transportation fee, and communication fee for
 19 shifts. Does that sound right?
 20 MS. SAATHOFF: As defined in the tariff.
 21 COMMISSIONER HOSS: As defined in the tariff.
 22 MR. CORDOBA: When would this be effective?
 23 COMMISSIONER SANTOS: 2022.
 24 CHAIRMAN PIRTLE: I don't necessarily have a
 25 problem with that, especially since we're --

1 THE REPORTER: I'm sorry. Can you --
 2 CHAIRMAN PIRTLE: I'm sorry. I said I don't
 3 have a problem with going with the -- staying with the
 4 January 1, 2022, since we are adjusting the units. Okay.
 5 COMMISSIONER SANTOS: Do you need a motion on
 6 that, Mr. Commissioner?
 7 CHAIRMAN PIRTLE: Yes, sir, we do.
 8 COMMISSIONER SANTOS: So moved.
 9 CHAIRMAN PIRTLE: Mr. Santos made the motion.
 10 COMMISSIONER KRESTA: I'll second.
 11 Mr. Kresta.
 12 CHAIRMAN PIRTLE: Mr. Kresta seconded.
 13 CAPTAIN BLANTON: Wait. One consideration.
 14 He's got a point. Do it now.
 15 COMMISSIONER KRESTA: I was just thinking
 16 that, too.
 17 CAPTAIN BLANTON: Because you've bought him a
 18 lot by waiving those line fees. So, he's going to get
 19 charged the line fees. Give it to him now would be my
 20 suggestion.
 21 COMMISSIONER SANTOS: Modify the motion to say
 22 effective January 1, 2021.
 23 CAPTAIN BLANTON: Correct.
 24 COMMISSIONER KRESTA: I'll second that --
 25 CHAIRMAN PIRTLE: Very good.

1 COMMISSIONER KRESTA: -- motion. Thank you,
 2 Mr. Santos.
 3 COMMISSIONER SANTOS: Thank you.
 4 CHAIRMAN PIRTLE: Mr. Santos made the motion
 5 as read by counsel with the -- and making it effective
 6 January 1, 2021. Mr. Kresta seconded that motion.
 7 Commissioner Hoss, how do you vote?
 8 COMMISSIONER HOSS: I vote aye.
 9 CHAIRMAN PIRTLE: Mr. Croft, how do you vote?
 10 COMMISSIONER CROFT: Aye.
 11 CHAIRMAN PIRTLE: Commissioner Singhanian, how
 12 do you vote?
 13 COMMISSIONER SINGHANIAN: Aye.
 14 CHAIRMAN PIRTLE: And Commissioner Pirtle
 15 votes aye. So, the motion passes. Thank you very much.
 16 Moving right along.
 17 Item 6, approve or deny the request to
 18 increase the units charges, draft charges, detention charges,
 19 and holding charges by 3 percent a year for five years to
 20 cover the cost of additional and necessary personnel
 21 effective January 1, 2022 to 2026.
 22 Mr. Kresta left the room for a minute. So,
 23 Mr. Hoss, do you have comments on this one?
 24 COMMISSIONER HOSS: Would you pass to the
 25 next, please, so I can get back over here and reread it.

1 MS. SAATHOFF: May I make a suggestion that
 2 recognize that Niels is on the --
 3 CHAIRMAN PIRTLE: Yes. Niels Aalund is on
 4 virtual online, by the way, just for information.
 5 COMMISSIONER SINGHANIAN: Excuse me,
 6 Mr. Chairman, this is Ravi. Do you want to wait for five
 7 minutes until Mr. Kresta comes back because, to me, that's
 8 pretty important, all the commissioners need to listen to it.
 9 CHAIRMAN PIRTLE: I have no problem with that.
 10 Anybody need a five-minute break real quick? All right.
 11 Five minutes. It's 9:06 right now. Take a break.
 12 (Recess taken)
 13 CHAIRMAN PIRTLE: All right. Let's get
 14 started back. It's 9:13. All commissioners, CEO, and
 15 counsel are back. So, we're ready to go.
 16 The item before us is the 6th BPA request,
 17 request to increase units charges, draft charges, detention
 18 charges, and holding charges by 3 percent a year for five
 19 years to cover the cost of additional and necessary
 20 personnel.
 21 Mr. Singhanian, did you have comments regarding
 22 this request?
 23 COMMISSIONER SINGHANIAN: Well, I'm sure
 24 everybody is expecting that, Shane. Yes, sir. Mr. Chairman,
 25 I do have comments and I want to, what do you call, express

1 my discomfort with the information that I have. And like I
 2 mentioned yesterday and when we were reading the statute
 3 also, I as a pilot board member have the fiduciary
 4 responsibility to see the pilots are also compensated fairly.
 5 However, my predicament here is -- or dilemma here is with
 6 the information provided, which I have reviewed the first
 7 half and I talked a little bit -- mention Phyllis a little
 8 bit about my discomfort level and I sat down with CFO as
 9 well. I'm not comfortable yet to accept or deny the request.
 10 If you look at it in any business, revenues
 11 is -- in particular if I look at the BPA boat and the
 12 information of BPA financial data that they have provided but
 13 in anything that you look at in revenues -- and I don't want
 14 to give Economics 101 but it is made of charges and fees.
 15 Fees may be like the unit charges for the boat, which is a
 16 major part, of course. And then also the fees that we have
 17 been looking at, the educational fees, the draft charge,
 18 dispatch charges, the minimum charges, all these things and
 19 particularly volume is also the major impact of it. Okay.
 20 During yesterday and this morning, we have
 21 granted some increases to them. Okay. And then if you look
 22 at the revenue document that we saw, which is really
 23 operating revenue, we got was income statement, cash flow
 24 statement is -- BPA is noting -- they are keeping the vessel
 25 costs in the coming six years the same as the average what

1 they see today. And this is a major concern for me. And
2 their reasoning has been, from what I understand -- I've not
3 talked to Captain Blanton or anybody there. But through the
4 resources I understand they're not sure how the economy would
5 be.

6 But on the other hand, if we look at the
7 revenue projection based on the vessel costs that we are
8 projecting and let's say, again, because of the vessel costs
9 projecting, we are commissioning or hiring another boat,
10 getting another boat. They have pilots -- BPA has hired more
11 pilots and all. The revenue gross in 2026, the difference
12 between the projection and keeping it constant at today's
13 average level is \$2 million, the way at least we roughly,
14 which is an increase of \$8 million to \$10 million roughly.
15 And if I use the simple math using five pilots, this is
16 additional compensation of \$400,000 per pilot in 2026.

17 Now, if I go further on the expenses side,
18 let's look at it, you know. We were furnished, I said, a
19 combination of income and cash flow statement. One of the
20 things about the full financial statement, we have a little
21 problem in reconciling -- I like to say reconciling the
22 depreciation part because the point is here is the boat,
23 which is paid by fees by the channel users. Again, we did
24 authorization for Boat No. 1. And I have a feeling this may
25 be why commissioner -- I mean, I should not say that but

1 we have to go by the forecast that we are accepting.
2 And then in summary what I want to come back
3 to, if I look at this rate request, the pilots are not asking
4 for any increase in 2021. And a lot of uncertainty may kind
5 of hash it out next year. If they want to wait until that
6 time and then I would say, hey, you don't, what do you call,
7 grant this unit increase right now and they can come back
8 early next year or whenever they're ready with all the
9 financial information to our CFO Rob so he can analyze to our
10 satisfaction so we can make an -- enable us to make a good,
11 solid, and strong decision.

12 So, that is what I am struggling with.
13 Believe me, sir, Mr. Chairman, I've spent a lot of time on my
14 own and also with the resources and thinking about it
15 because, to me, it's not jiving up all the way. Thank you,
16 sir.

17 CHAIRMAN PIRTLE: Thank you, sir. Mr. Croft.
18 Mr. Croft, comments on this or concerns, questions.

19 COMMISSIONER CROFT: Well, yes, sir. A
20 flat -- my opinion here, a flat 3 percent per year is
21 something I would like to see as presented in some of the
22 testimony, that percentage tied to something like the
23 consumer price index rather than just a blanket fee.
24 3 percent could be high, could be low. And perhaps we tie
25 the CPI not to exceed 3 percent. And let's see.

1 Commissioner Hoss did not vote for it yesterday. Likely paid
2 by the channel users paid for the boat and channel users are
3 going to be paying for another boat. And that's fine. I
4 mean, to me, hey, that's -- but then the channel users and also
5 expense or revenue -- I mean, the income statement are also
6 paying for the depreciation of that boat. And this might be
7 all right but we have not been able to reconcile and I don't
8 think we can reconcile until we can get the full financial
9 statements where we can look at the, what I call, balance
10 sheets, full income statement, full cash flow statements.

11 So, in my mind, Mr. Chairman and the other
12 pilot commissioners over here, we need the full financial
13 statements for each of these past three years -- the last
14 three. And projections with what the vessel cost we are
15 projecting because everything is planned around vessel costs
16 being projected. Hey, we are doing the channel dredging. We
17 are doing the docks, investing a lot of money and we are also
18 giving the fee increase for all these education and all
19 the -- what I like to say the -- I mean, giving more pilots
20 and all these expenses that are there. It's based on all the
21 volume increase. So, the revenue should also be based on the
22 volume projected. And, again, this has not happened. Okay.
23 They can always come back to us. Let's not prevent that
24 because nobody can project or forecast -- I mean, the actual
25 would be different than the forecast. We all know that. But

1 Also, the term of coverage, I think five years
2 is stretching it out there. I think I mentioned to one or
3 two of you that if we look at our blended tenure from each of
4 us, we probably represent maybe three and a half, four years.
5 You know, our voting public put us in blendedly for another
6 three or four years. So, I don't see myself wanting to
7 shackle potentially a new group of people on this commission
8 to a five-year term that I may not be here to, you know,
9 defend at some point in the future. So, I would like to keep
10 that five-year coverage to something within the window of our
11 tenures or cumulative tenures. So, maybe three years. Those
12 are my comments.

13 CHAIRMAN PIRTLE: Very good. Thank you, sir.

14 COMMISSIONER SINGHANIA: Mr. Chairman, may I
15 ask a question to Commissioner Croft?

16 CHAIRMAN PIRTLE: Yes, sir.

17 COMMISSIONER SINGHANIA: Dan, how many years
18 for expenses and income -- I mean, I can see the CPI but here
19 there is also an increase on the fees and more importantly
20 with the number of vessel calls. And this is where -- I have
21 no problem if we are just looking at the expenses and what we
22 want to compensate the pilots to have an increase based on
23 CPI. But it is the combination but we should also take into
24 account the revenue increase as well. That goes to the
25 bottom -- thank you, sir.

1 COMMISSIONER CROFT: Thank you, Ravi. I
2 appreciate that input. And I do weigh into it the fact that
3 CPI impacts not only this increase that we're suggesting here
4 but also potentially the increased costs, the -- in
5 operation, the increase in costs of employees. All that is
6 going to transfer forward. What that delta is between
7 expenses associated with the CPI and the income associated
8 with the CPI I can't really say with any accuracy. Much like
9 you pointed out in the projections, you know, nobody can hit
10 it on the head perfectly. So, again, I stand by my comment.
11 CHAIRMAN PIRTLE: Thank you, sir. Mr. Hoss.
12 COMMISSIONER HOSS: Yeah. Yes, sir. I'll
13 concede to both Commissioners Singhania and Croft on the
14 items that they've brought up and not -- I will say that,
15 Commissioner Singhania, I'm going to add to something. I,
16 too, asked for individual monthly income balance sheet, cash
17 flows -- I'll call them financials as a bundle -- so that I
18 could have some idea where we were going and what the impact
19 was going to be. And I did not -- those haven't been
20 provided. What we have is something that's been constructed
21 based on the -- maybe a whole year, the draft charges.
22 There's something taken from the IRS 990 forms, which are
23 public information. And so, I don't feel like we've -- have
24 been -- things have been forthcoming. And it's been like
25 pulling teeth and we haven't pulled them because we didn't

1 froze positions, which is true for all government entities.
2 And I just saw in today's paper, I think Exxon is going to
3 lay off -- is it 1900 people in Houston here? Not to be
4 Chicken Little but the sky -- chunks of the sky are falling.
5 And I think that where we're at today I would like to see us
6 hold this moratorium for 12 months and I would like to
7 address this 12 months from now. I know that's probably not
8 what everybody wants and I'm not promoting a hearing here. I
9 think to give the pilots a sense of stability that we ought
10 to adopt a plan that says every two years we're going to come
11 back and do this. This will be our policy. It's -- I think
12 otherwise that we're too far into the future to lay down
13 commitments.
14 And, yes, should raises be -- or increases be
15 tied to something like CPI? I very much think they need to
16 be tied to something. And while -- if you look at our CPI
17 for Brazoria County for this past year, right now it's flat,
18 whereas 12 months ago it was pretty healthy and umber. I
19 would have said 3 percent is probably not enough increase if
20 I would base off of that metric. But we may have a negative
21 tilt right now. And I'm just looking at things like
22 restaurant costs. Cost of milk is going up.
23 So, moving forward I would say right now I'm
24 real keen on short-term agreements and I'm real keen on
25 holding. But I am also very much open to where are we going

1 get this information. So, I'm a little negative from that
2 standpoint.
3 If I back off of that and I agree that an
4 arbitrary 3 percent is a -- especially tied to a five-year --
5 really a six-year plan is not a healthy decision point. I
6 wouldn't commit to a contract with a client, tenant,
7 something like that on my side and just say here it is. And
8 I like Commissioner Croft's comment that tying up something
9 that's too long into, say, another term for commissioners and
10 you're committing the next block is something that, say, has
11 got my attention. So, I could easily say that a five-year
12 term is something I could not live with. Now, I will -- I'm
13 happy to see that the proposal has basically put a moratorium
14 on the 2021 year. I think that's a good, healthy thing
15 because, quite frankly, 2020 has been a bad year all across
16 the board, all across the world. It's not limited to
17 Freeport, Texas. And what we're seeing as COVID increases in
18 Europe and in the very recent, as in like yesterday news
19 headlines, that Germany and France are starting to do
20 lockdowns again. And, God, I hope 2021 is better than 2020.
21 So, holding our fire for 2021 I just think is
22 appropriate for everybody. We -- we as a -- as a board, as
23 the harbor -- excuse me -- the navigation board held our M
24 and O action -- actually we shaved our M and O budget just a
25 little bit and we are not granting rate increases and we

1 to go either when something -- a trigger point changes or
2 give ourselves a line in the sand for time and say at
3 so-and-so, 12 months from now, we're going to do something
4 and here's where we -- here's where we want to go. And we
5 should be discussing that move today because that's what this
6 meeting is all about is where we want to go with you guys.
7 So, please, don't think I'm saying, oh, let's just kick the
8 can down the road. I'm not. I'm saying let's come up with a
9 game plan that's going to implement and when is it going to
10 implement. Thank you.
11 CHAIRMAN PIRTLE: Thank you, sir.
12 Commissioner Kresta.
13 COMMISSIONER KRESTA: No, sir.
14 CHAIRMAN PIRTLE: Mr. Santos.
15 COMMISSIONER SANTOS: Thank you, Mr. Chairman.
16 I also agree with both -- with all commissioners who have
17 spoken in reference to this. The shutdown for 2021 is an
18 outstanding idea. I've always had an issue with five-year
19 contracts, even when I used to do it for solid waste
20 contractors.
21 COMMISSIONER CROFT: Rudy, can you put your
22 speaker on.
23 COMMISSIONER SANTOS: Yes, sir. I'm basically
24 going to say the same thing. I think we need to cut the --
25 or revisit this with the dynamics that we have, not just

1 going for the port, for our county, for our state, for our
2 nation but in an every-two-year cycle or two-and-a-half-year
3 cycle and see where we're at. The CPI is a good baseline.
4 And I would like to, I guess, go into history on -- from
5 maybe 20 years ago, 21 years ago from today. Has it always
6 been a blanket 3 percent for five years? Has this request
7 been historical? Yesterday we mentioned your father, with
8 all due respect. Did he sit there at that table once before
9 and ask for 3 percent, five year at one time? I have no
10 idea. I would like to see that or maybe I can ask you that
11 question. Do you know that?

12 CAPTAIN BLANTON: Every rate request is
13 unique. Sometimes it's two. Sometimes it's three. For this
14 it was specific funding. If I can use the forum to speak,
15 when you talk about the revenue projections -- and I think
16 it's a little disingenuous to say the sky is falling and it's
17 doom and gloom but we're also projecting a 36 percent
18 increase in revenue. But how -- granted, going forward we
19 use the 2020 numbers. But we also significantly hedged our
20 expenses. I've -- we've taken on two more pilots. We've
21 taken on two more deckhands -- boat captains. We're
22 proposing to take on the four deckhands. So, just so you
23 know, this hearing right here, between the lawyer bills and
24 the accountants, is going to take up an entire 3 percent.
25 So, when you say come back every two years, you're costing me

1 3 percent to come back and do this. And it's not what the
2 statute says.

3 So, our projections going forward, we hedged
4 the expenses. I've said numerous times that we are planning
5 on running simultaneous boat operations. None of these
6 projections for costs have double crewing of the boats.
7 We've said that when that shipyard got bought out that we
8 were going -- and we're going to get delivery of this boat,
9 that I'm going to have to make adjustments on our dock
10 facilities. The expenses we projected for that are \$350,000,
11 which I made extremely conservative. That said, by only
12 doing the dock phases as we projected to just put a dock
13 there and not do the travel lift, not pull -- be able to pull
14 this boat out in Freeport anymore and I have to send that
15 boat to Houston and then potentially a six-hour fix is going
16 to turn into a three-day operation. That's the kind of
17 investments I have to look at.

18 So, I agree with you that the numbers, I hope,
19 will get better but I asked Phyllis today -- and I would
20 challenge any of you, tell me what Brazos Harbor 8 is going
21 to do and when is it going to do it. Because if you bring in
22 three Dole Costa Ricas, that's 150 grand. But if you bring
23 in -- that's three liner services once a week. If you bring
24 in one of the larger container ships, it changes the metrics.
25 And you can't hedge so much on there. I don't know what's

1 going to happen with crude oil when they put an offshore
2 facility. I don't know what's going to happen with the LNG
3 markets. I don't know what's going to happen when Vopak
4 moves into Dow. I'm optimistic like you are but, you know,
5 you can't -- you can't plan on that kind of capital on this.
6 We know what we have going forward. I know where I want to
7 be. If you get this 36 percent increase in traffic that
8 you're proposing, I'm taking more pilots. I'm doing all of
9 this stuff to make sure we're in a position to do this.

10 You know, when we took the two pilots, I
11 didn't come to you and say, hey, I need a rate increase. I'm
12 doing two pilots. My philosophy is if I'm providing the
13 service now, then I'm going to continue that service without
14 a delay with the rate increase that we're working under. But
15 that's not what we're proposing. We're proposing adding a
16 huge cost of \$340,000 a year for deckhands. I mean, you can
17 see it. If you propagate it out, if I don't get three,
18 three, three for '22, '23, and '24, I don't have -- I don't
19 have the funds to pay for the deckhands.

20 3 percent in 2022 is going to generate
21 153,000, a hundred and fifty-seven in '23, and a hundred and
22 sixty-two in 2024. A three, three, three will allow me to
23 cover the salaries and the medical and retirement, as the
24 plan is right now, for the four boat operators. And then
25 you -- so, that's half of what we're talking about now. And

1 then you're talking about CPI. If I don't get a CPI of
2 whatever figure you want to use, then I'm moving backwards.
3 I got a quote the other day for our insurance it's going up
4 9 percent. Everybody's costs are going up. I get it. But
5 that's the reality of what you guys are talking about. And I
6 understand the five-year window. But, I mean, the three,
7 three, three is our deckhands. That's what we're talking
8 about.

9 CHAIRMAN PIRTLE: If I might interject, one
10 concern I know we have is that there are no projections for
11 additional vessel costs coming. Everything we're doing in
12 the port -- and I questioned whether we commit future
13 commissioners to things that are happening because we're
14 building a new Berth 8. We just finished Berth 7 a few years
15 ago. We're doing deepening and widening. We're continuing
16 to invest capital. We are committing future commissioners to
17 debt and activity. There's no doubt about that whatsoever.
18 But y'all --

19 CAPTAIN BLANTON: How can you have a five or
20 six-year window but I don't? I mean, it doesn't make any
21 sense.

22 CHAIRMAN PIRTLE: We are out beyond five or
23 six --

24 CAPTAIN BLANTON: We all are.

25 CHAIRMAN PIRTLE: We're trying. We're best

1 guessing at all of it. I mean, yes, we're hopeful that in
2 five to six years we continue. We're obviously planning to
3 bring in more vessels somewhere. But your projections don't
4 include any additional vessel costs in the last three years,
5 four years.

6 CAPTAIN BLANTON: I would -- I would challenge
7 any of you to tell me exactly what those metrics is going to
8 be. But my methodology was this is what it is and my -- I'm
9 telling you my expenses, they don't capture -- the fuel costs
10 going up are just the fuel costs what it is now. It's not
11 calculating that I'm going further out. You know, I've been
12 extremely conservative on our expenditures because I knew I
13 have no vision or no crystal ball to tell me what it's going
14 to be. But all things the same, the three, three, three is
15 your deckhands right off the top. The other threes,
16 that's -- I'm assuring you that if you get a 36 percent
17 increase in traffic, we're going to be at eight pilots. I
18 know that. In 2025 I've already told everyone that's going
19 to listen to me that we're probably going to be running
20 simultaneous boat operations. That \$340,000 just got doubled
21 plus all my boatmen costs just got doubled to do that.

22 That's where I'm trying to put this company in
23 the position to absorb this wave that's coming. You don't
24 have to tell me to take new pilots. I mean, we had this
25 conversation, yes, you guys set the board but it wasn't an

1 COMMISSIONER KRESTA: Will you get
2 verification on that?

3 COMMISSIONER HOSS: On what?

4 COMMISSIONER KRESTA: We have to change 68?
5 COMMISSIONER HOSS: Sixty-eight, I'm pretty
6 sure, says --

7 COMMISSIONER KRESTA: No. No. Between you
8 and him, I'm asking to get that clarification. That's all
9 I'm asking.

10 COMMISSIONER HOSS: We can and -- but he's
11 right in that 68 just says if there's an application for
12 change. I mean, I just looked at it a few minutes ago to see
13 if it said anything about cycles or if it said anything about
14 rules for rate changes. And the board says, you know, we'll
15 give ten days' notice before it adopts a rate change. Post
16 copies, let all the consignees know. And, you know, the
17 duties of the board is to establish pilot rates. So, it
18 talks about rate changes and the board may not change pilot
19 rates before the first anniversary of the preceding rate
20 change.

21 CHAIRMAN PIRTLE: We don't have the latitude
22 to come back and make any changes without a request for a
23 rate change.

24 COMMISSIONER HOSS: It doesn't say that. It
25 doesn't say you're prohibited from it. And it says an

1 argument. We agreed going forward that I needed to do this,
2 we needed to do this. And it takes two years for me to get
3 that right and if I get it wrong with simple math that goes
4 the wrong way -- and Ravi is disingenuous when he says, well,
5 you know, we're dividing this by five pilots. We're five
6 right now but we've got six. Noah is here in 2022. We're
7 six pilots. 2026 we're potentially eight pilots with double
8 crewed on both. I'm telling you the three, three, three is
9 the boatmen. I've committed to you. I've got to have it,
10 guys.

11 CHAIRMAN PIRTLE: What happens if we come back
12 in three years -- we implement something and come back in
13 three years and review it and see how that's going?

14 CAPTAIN BLANTON: I mean, the statute calls
15 for -- someone has to file for a rate adjustment. That's how
16 it works.

17 COMMISSIONER HOSS: But we could have policies
18 that are over and above this and it could be our policy that
19 we come back and review it. Now, that would be asking you to
20 apply for a rate adjustment is what that essentially means.

21 CAPTAIN BLANTON: That means you would have to
22 apply to change Statute 68.

23 COMMISSIONER KRESTA: Can you get verification
24 on that, Commissioner Hoss?

25 COMMISSIONER HOSS: Pardon?

1 application. It says one or more pilots. An application for
2 a change in pilotage rates may be filed with each
3 commissioner of the board by one or more pilots or an owner,
4 an agent, or a consignee and then the application must
5 contain brief statements, circumstances, and a certification
6 that they've submitted copies to all known pilots,
7 consignees, associations operating within Brazoria County at
8 the time of application.

9 So, there's nothing there that says that we
10 just assume because of history and the pilots have come to us
11 asking for a rate change but there's nothing that says we
12 can't review this on a regular basis.

13 COMMISSIONER KRESTA: Thank you,
14 Mr. Commissioner.

15 COMMISSIONER HOSS: And if somebody sees a
16 different section of the code, I'm -- that's the code --

17 MR. CORDOBA: I think Keith Letourneau is on
18 the line. I think you --

19 COMMISSIONER HOSS: We can ask him. I think
20 we should.

21 MR. CORDOBA: He may want to chime in on this.
22 That's what you guys hired him to do.

23 COMMISSIONER HOSS: I agree. I was about to
24 ask you or Mr. Moore for comments.

25 CHAIRMAN PIRTLE: Mr. Letourneau, can you hear

1 us? Did you hear the question?
2 COMMISSIONER HOSS: For what it's worth, it's
3 68.063.
4 CHAIRMAN PIRTLE: Mr. Letourneau, can you hear
5 us?
6 MS. BEVERS: Ask him again.
7 CHAIRMAN PIRTLE: Mr. Letourneau, can you hear
8 us? I see your mic turned green. He's not visual. I heard
9 something.
10 MR. LETOURNEAU: Mr. Chairman, can you hear
11 me?
12 CHAIRMAN PIRTLE: I can now, yes, sir.
13 MR. LETOURNEAU: So, Mr. Chairman, I apologize
14 for that. If we take a look at the pilotage rate change
15 provision in 68.061, it says the board may not change
16 pilotage rates before the first anniversary of the preceding
17 rate change. I think Mr. Hoss' point is well taken. It
18 doesn't mean you can't review it before the first
19 anniversary.
20 The other question I would have is do any of
21 the changes that have been implemented during the course of
22 this hearing constitute a rate change. We've talked about a
23 number of changes: the education fee, the communication fee.
24 I don't know that those constitute a rate change. I think
25 the unit change may constitute a rate change. So, in that

1 that so that we're not in a 12-month window so that we're
2 looking at 12-month plus a certain period.
3 COMMISSIONER KRESTA: Commissioner Hoss, I
4 believe that's what you're saying is we're just going to
5 deny, modify, or approve but we're going to have to modify
6 when -- the rate change --
7 COMMISSIONER HOSS: Correct.
8 COMMISSIONER KRESTA: -- as a term and then
9 the Pilot Association can come to us at the end of that
10 term -- or close to the end of that term, whatever we modify
11 to and then ask for a rate application.
12 COMMISSIONER HOSS: I'm trying to get out of
13 putting that burden on them to have to come back and ask us
14 something to say let's just decide now what the next period
15 of time is going to look like and the rate changes should be
16 so that it's all done now so they don't have to come back in
17 12 months or 24 months. We go here's what we're going to do.
18 COMMISSIONER KRESTA: Commissioner Kresta
19 again. So, in your mind -- I still got to check on my stuff
20 here, too. Are you saying to take this six-year contract and
21 modify each year? Is that what you're saying? Because the
22 last contract period we did was a three-year.
23 COMMISSIONER HOSS: Correct.
24 COMMISSIONER KRESTA: We did it underneath the
25 same section code that's in there.

1 case if that constitutes a rate change, I think that we would
2 be -- the board would be barred from changing it before the
3 first anniversary of the adoption of this particular change.
4 CHAIRMAN PIRTLE: Just for clarification, our
5 question is whether after three years we could come back and
6 review it and possibly make changes at that point.
7 MR. LETOURNEAU: No question that you could
8 certainly do it at that juncture.
9 CHAIRMAN PIRTLE: Without a rate
10 application -- rate change application?
11 MR. LETOURNEAU: You would need to -- there
12 would have to be a rate application submitted by the pilots.
13 CHAIRMAN PIRTLE: That's the question. So,
14 the commission as -- on their own would not have the latitude
15 to come back and review that and make a change without a rate
16 application being made from the pilots?
17 MR. LETOURNEAU: That is correct. There has
18 to be a rate application request being made by the pilots.
19 CHAIRMAN PIRTLE: Okay. Very good. Thank
20 you, sir.
21 MR. LETOURNEAU: Yes, sir.
22 COMMISSIONER HOSS: So -- Mr. Chairman, so,
23 with respect to my comments about adopting a 12-month
24 moratorium, then at this juncture what we -- if that's still
25 on the table, if we would maybe adopt that plus a cycle after

1 COMMISSIONER HOSS: Correct.
2 COMMISSIONER KRESTA: I do not see the point
3 of trying to accept a six-year deal.
4 COMMISSIONER HOSS: I'm not. I'm not
5 suggesting that at all.
6 COMMISSIONER KRESTA: I'm just trying to
7 follow. That's all.
8 COMMISSIONER HOSS: No, sir. I said I was not
9 for the five-year or six-year plan. I am not.
10 COMMISSIONER KRESTA: Yes, sir.
11 COMMISSIONER HOSS: I did say 12 months and
12 come back. And realistically what I'm saying, that might be
13 too tight and too much of a burden on everybody involved.
14 So, what I'm saying is I still like their 12-month moratorium
15 for 2021 but let's talk about some period after 2021 but --
16 and my -- I can't support five or six years but I didn't give
17 you a period.
18 COMMISSIONER KRESTA: Thank you.
19 COMMISSIONER HOSS: I will. I'll give you 24
20 months plus 12.
21 COMMISSIONER KRESTA: That's fine. I just
22 wanted to make sure we're on the same page.
23 COMMISSIONER HOSS: Right. And I ask that
24 we -- whatever that period is, maybe we adopt that as a cycle
25 that we come back on a regular basis and look at this if they

1 want to -- if they have an application, fine. We'll act on
2 it. If not, then there's nothing much for us to do except
3 review it and say, yes, it's still -- in our mind, it's still
4 working okay.

5 COMMISSIONER KRESTA: Yes. Yes, sir.

6 COMMISSIONER SINGHANIA: John, this is Ravi
7 Singhania. What I propose to have a shorter term contract
8 like three years.

9 COMMISSIONER HOSS: I'm leaving it open for
10 that, Ravi, but that's open for discussion. And I am
11 exceeding my time slot here. Commissioner Santos I think had
12 the floor last. So, I'm going to leave it right there food
13 for thought.

14 COMMISSIONER SINGHANIA: I want to add to it,
15 too. Because of the uncertainty that might be -- maybe
16 long-term we go for three years but because of the
17 uncertainty that makes a lot of sense for me right now.

18 COMMISSIONER SANTOS: Mr. Chairman, I have no
19 other comments. We can move on.

20 CHAIRMAN PIRTLE: Very good. Thank you, sir.
21 Mr. Kresta.

22 COMMISSIONER KRESTA: Okay. Thank you. This
23 is Commissioner Kresta that's going to be talking. So, you
24 want to do a 3 percent on unit charges. We got past that
25 one. We got past the next one, draft charges. Okay. The

1 detention charge I think we talked about that yesterday. How
2 much is the detention charge?

3 CAPTAIN BLANTON: \$400.

4 COMMISSIONER KRESTA: So, you're going to put
5 3 percent on that, too, right?

6 CAPTAIN BLANTON: Correct.

7 COMMISSIONER KRESTA: And holding charges, how
8 much?

9 CAPTAIN BLANTON: \$400.

10 COMMISSIONER KRESTA: You put 3 percent on
11 that one, too.

12 CAPTAIN BLANTON: I can't tell you the last
13 time we charged a holding charge.

14 COMMISSIONER KRESTA: Thank you for the
15 information.

16 CAPTAIN BLANTON: It's rarely done. A holding
17 charge is when a ship is asked to be held alongside of a dock
18 or -- like the holding charge, if you remember, the
19 operations in the deep hole where we would take the big
20 sinking ships and we would suspend them in animation in the
21 middle of the channel while they ballasted all the way down
22 and -- you know, we don't do it anymore.

23 COMMISSIONER KRESTA: Okay. And how many
24 times -- I'm talking some small money here -- the detention
25 charge has been used? Do you have any idea?

1 CAPTAIN BLANTON: We can get it. In the past,
2 it wasn't a very ubiquitous practice. Lately it goes to LNG
3 because they're killing us on the tie-ups. I mean, it's --
4 you can't have no penalty to soak up two pilots for two and a
5 half hours to tie a ship up.

6 CHAIRMAN PIRTLE: My recollection is -- just
7 to interject -- is they did not build into their piping
8 system much flexibility at all. Those ships have to be
9 aligned almost exactly for them to be able --

10 CAPTAIN BLANTON: I have less than 6 inches to
11 line up a 980-foot ship.

12 COMMISSIONER HOSS: I am smiling. For the
13 record, I am not laughing. I am smiling in admiration that
14 you can do it and I have seen you do that. So, for the
15 record, I very much applaud the pilots and Captain Blanton in
16 particular because I've watched him do that and it's just
17 really, really incredible to know that size vessel can get
18 parked basically on a dime.

19 COMMISSIONER KRESTA: How many boatmen do we
20 have today?

21 CAPTAIN BLANTON: We have four pilot boat
22 captains and one pilot boat port captain. So, you know, in
23 2020, like you said, when everything was roses, we were
24 running our pilot boat about 17 hours a day. History, if we
25 ran the boat six hours a day, we were patting ourselves on

1 the back. Because of fatigue guidelines because I didn't
2 want to -- you can't have a zombie driving the boat. We took
3 on two more pilot boat captains and put them on 12-hour
4 shifts for safety and we moved our senior pilot boat
5 operator -- so, those -- that's one or two?

6 CAPTAIN KROHN: That's two.

7 CAPTAIN BLANTON: That's two. So, that was
8 \$218,000 annually we increased just to take those two men on.
9 Then we moved Jack, our senior man, to a port captain
10 position and he's doing all -- almost all of our maintenance
11 in-house, which is a huge help with the equipment that we
12 operate. My intention was to have Jack run the four boatmen
13 and then four deckhands on top of that. What we -- what I
14 want to do -- what this is the vision for is we're running
15 the BRAZOS PILOT now with Jack as the port captain. You've
16 got the four boat captains, four deckhands, and then Jack, in
17 the interim until 2025, 2026 when the channel gets deepened,
18 runs the FREEPORT PILOT for in-harbor transfers. So, that's
19 going to be our step into simultaneous boat operations
20 without me having to pay double crews. None of that is
21 reflected in my expenses. So, for 2022 on out -- 2021, if
22 this goes in, I'm taking deckhands.

23 COMMISSIONER KRESTA: Do what, sir?

24 CAPTAIN BLANTON: 2021 -- if we adopt this as
25 it is, 2021 I'm taking the four deckhands and I'm starting to

1 purchase the pilot station -- expansion for the pilot
2 station. What I want to do, what I propose to do for
3 \$350,000 is just add pylons, dredge it out, and put another
4 dock there.

5 And John will probably float me on this one
6 for a little bit. What I think we could do and what I would
7 like to do is for about quadruple that price is build a slip
8 on our station and buy a travel lift and stabilize the land
9 so I can do the maintenance at our station. It's a lot of
10 money and it's something we have to think about. And if we
11 start -- if this is too much, we can start cutting that back.
12 But not having the ability to pull that boat out in Freeport
13 has some long-term repercussions. One, our maintenance costs
14 are going to get significantly increased if I can't use our
15 guys in the yards, plus you have the downtime of the boat not
16 being available. So, there's a payoff. Are we going to just
17 store the boat here or are we going to have the facilities
18 here to repair the boat?

19 So, then we move forward. I'm optimistic.
20 And I don't know what the makeup of the vessels is going to
21 be. I'll concede that in this point but I'm with you that
22 it's going to be more. But from my standpoint I'm not coming
23 back to the trough to say, hey, we're going to be at eight
24 pilots. In 2026, I'm running two big boats when they move
25 that sea buoy out. All of my people are doubled. This

1 was -- and you answered it in your whole deal -- when do you
2 plan on putting those four deckhands in? Because as of now
3 you already said you don't have them. Okay. And that's --
4 you said you're going to implement them in 2021.

5 CAPTAIN BLANTON: In addition to that --

6 COMMISSIONER KRESTA: That's what I'm asking.

7 CAPTAIN BLANTON: Twenty -- if -- I don't want
8 to commit to something because I don't know what's going to
9 come out of the backside of it.

10 COMMISSIONER KRESTA: That's why I asked the
11 question.

12 CAPTAIN BLANTON: But my intention is this and
13 I've said it the whole time. What we're trying to do -- and
14 I've said it to anyone that will listen to me -- is we're
15 going to adjust the basic operating procedures. We can't
16 keep doing all of these waivers. Waivers mean something.
17 And there's a lot of people that are pushing for us to expand
18 these night operations. It's going to be good for growth.
19 We can't keep the car carriers bottled up. We can't keep the
20 gas carriers bottled up. They're the most difficult jobs we
21 do. We have to put two pilots on them. For the car carriers
22 I'm jumping through a sally port, and then on the big gas
23 carriers I'm climbing down two sets of ladders. I'm going
24 from a gangway and then I'm climbing onto a pilot ladder and
25 going down. If I'm doing that at night with two pilots, the

1 \$218,000 for the boat captains, that's doubled. The \$340,000
2 for the deckhands, that's doubled. Plus we have potentially
3 eight pilots. That's if we're all optimistic. But I can't
4 tell you when that's going to come to fruition. If it
5 doesn't get there, we can push that back a little bit. But
6 that's what I'm planning for.

7 I've said it from Day One the stone is dropped
8 and I'm just getting ready for the wave. I don't know what
9 the wave is going to be. I think it's disingenuous to say
10 that we're in the middle of a pandemic and it's all going to
11 be bad but we're going to be at 36 percent growth and you got
12 to prepare for both at the same time. And if you look at the
13 mentality of the pilots you have now, you have a bunch of
14 young guys. They've got their whole futures to make their
15 retirement. A couple of years ago that wasn't the case. I'm
16 telling you the guys you got now are the right guys. The
17 guys you got now are the ones that are going to make the
18 investment in this company to put it in the position that we
19 need to be. We need y'all's support. It's not -- it's not
20 robbery. And I know that's always what the accusation is.
21 But I'm telling you, I'm going to put this company in a
22 position to make it successful. That's what I'm trying to
23 do.

24 COMMISSIONER KRESTA: Okay. Thank you for all
25 the explanation. And I wanted to know, all I was asking

1 risk is infinitely greater.

2 COMMISSIONER KRESTA: Sure.

3 CAPTAIN BLANTON: I want to expand into that
4 market. It's going to make throughput for the port much,
5 much more competitive for those guys. That's what's going to
6 allow us to increase the number of car carriers. That's
7 what's going to make us the competitive port we're trying to
8 do. I can't -- I can't commit to that on expenses because I
9 don't know the time frame of when all this is going to come
10 through but this is what I'm going to do. I'm going to put
11 the deckhands in. I'm going to build the station out. I'm
12 prepared to tell you that I'm going to take the eight pilots
13 when it's time to come in. We'll phase it in, but I don't
14 know what's going to happen. I don't know what's going to
15 happen in Stauffer. I don't know what's going to happen with
16 the crude oil facility. I don't know what's going to happen
17 at Vopak.

18 COMMISSIONER KRESTA: With all due respect --

19 CAPTAIN BLANTON: I'm not meaning to yell.
20 That's just how -- I'm sorry.

21 COMMISSIONER KRESTA: You're fine. You're
22 fine. We'll all -- everybody gets a little high voice every
23 once in a while, you know what I mean.

24 CAPTAIN KROHN: I apologize for him. That's
25 just the way he talks.

1 MS. BEVERS: He's very passionate.
 2 CAPTAIN KROHN: He's very passionate.
 3 COMMISSIONER KRESTA: What I was after,
 4 Captain Blanton, was -- first of all, a long-term agreement,
 5 2026 is a long time. Okay?
 6 CAPTAIN BLANTON: I agree.
 7 COMMISSIONER KRESTA: Now, I'm after the whole
 8 part of you telling me when you are going to implement the
 9 deckhands. And that was -- you answered it. But I will make
 10 that modification, if we pass something, to make sure it's in
 11 writing this time from the discussion we had yesterday.
 12 Okay? That's what I wanted to hear. Okay. And I'm not
 13 going to say -- I mean, this whole conversation you just
 14 said, well, I'm thinking about doing it when times change.
 15 No, I'm not going -- we're not going no more. I got to let
 16 you talk to me a long time. It's going to be in writing,
 17 counselor.
 18 MR. MOORE: That's okay. That's okay.
 19 COMMISSIONER KRESTA: I know where this headed
 20 before and I know where I'm going now. So -- and with
 21 commissioners' respect and everything, my proposal and the
 22 way I feel about this, I want to accept 2021 and 2022 is
 23 acceptable and looked at that. Because I do see the increase
 24 and I do want to see the deckhands on the boat and I do want
 25 to see them ramped up. And when you bring on eight pilots,

1 that's another discussion you'll come back with. We all know
 2 that. All right. So, that's not part of the relevancy. We
 3 don't know the crystal ball. There's only one man that knows
 4 the crystal ball. So, we can sit here and talk about this
 5 all day long but there's only one person that knows that and
 6 he's not talking.
 7 MS. SAATHOFF: He's talking. We're not
 8 listening.
 9 COMMISSIONER KRESTA: He could be in a
 10 silenced way.
 11 CHAIRMAN PIRTLE: He's not --
 12 COMMISSIONER KRESTA: That's what I want to
 13 make sure of, to make sure that the annual effective increase
 14 from 2022 to 2026 as listed on the paper would be a
 15 2.5 percent on total pilotage service invoice. So, there's
 16 only 2.5 percent because you took in --
 17 CAPTAIN BLANTON: It excludes all the
 18 communications.
 19 COMMISSIONER KRESTA: That's the where --
 20 CAPTAIN BLANTON: The communications, the
 21 education, and the transportation is excluded. The net
 22 effect of giving me a 3 percent raise is only 2.4 because we
 23 exclude a lot of fees. We don't raise the boat fee because
 24 it's agreed upon. That's what goes to the bank. We don't
 25 need an increase on the fee that's going to the bank. All

1 the line charges are excluded from the 3 percent. It's just
 2 the general fund that's going to be applied and that results
 3 in 2.45 percent.
 4 COMMISSIONER KRESTA: Because of?
 5 CAPTAIN BLANTON: Because of the excluded
 6 charges.
 7 COMMISSIONER KRESTA: Okay. First of all, as
 8 the motion reads in front of me, it's a 3 percent on unit
 9 charge. It's a 3 percent on draft charge. It's a 3 percent
 10 on detention charges, and it's a 3 percent on holding charge.
 11 It does not classify anything with communication, boat fee,
 12 or anything.
 13 CAPTAIN BLANTON: They're excluded.
 14 COMMISSIONER KRESTA: I'm trying to get to the
 15 point where I'm looking at this piece of paper and my motion
 16 and what you applied for was 3 percent.
 17 CAPTAIN BLANTON: Correct.
 18 COMMISSIONER KRESTA: Okay. Tell me how you
 19 get to this 2.5 when you eliminated the first time and now
 20 you are saying you are taking those out but it still says
 21 you're going to do 3 percent on these four items.
 22 CAPTAIN BLANTON: If you --
 23 COMMISSIONER KRESTA: First of all, we're not
 24 talking about boat, we're not talking about communication,
 25 we're not talking about education fee. Those are out of it

1 starting out.
 2 CAPTAIN BLANTON: Correct.
 3 COMMISSIONER KRESTA: Starting out.
 4 CAPTAIN BLANTON: Correct.
 5 COMMISSIONER KRESTA: A play on words here,
 6 there's only a 3 percent of these four items. That's what it
 7 means.
 8 CAPTAIN BLANTON: So, if you take your whole
 9 bill with those line charges in them, correct?
 10 COMMISSIONER KRESTA: I don't want to take the
 11 whole bill. I'm talking about four charges.
 12 CAPTAIN KROHN: Those are raising 3 percent.
 13 CAPTAIN BLANTON: Those are raising 3 percent.
 14 COMMISSIONER KRESTA: That's the clarification
 15 I wanted because the bottom sentence doesn't mean nothing to
 16 me. We already talked about four. It's misleading when it
 17 says at the bottom it's only 2.5 percent. Because you're
 18 taking the whole bill with that bottom sentence and this is
 19 not what this is about.
 20 CAPTAIN BLANTON: The net result.
 21 COMMISSIONER KRESTA: The net result on four
 22 items.
 23 CAPTAIN BLANTON: No, sir. On the -- on the
 24 four items, it's 3 percent. The net result of the total is
 25 2.4.

1 COMMISSIONER KRESTA: I understand. That's
2 why I said we're only doing on four issues, four items.
3 CAPTAIN BLANTON: Correct.
4 COMMISSIONER KRESTA: Just making sure that --
5 I mean --
6 CAPTAIN BLANTON: You are correct.
7 COMMISSIONER KRESTA: Commissioners, it's
8 really not 2.5. You are doing three. It's on four items.
9 CAPTAIN BLANTON: Correct.
10 COMMISSIONER KRESTA: Okay. We got that
11 established. That annual effective increase right there is
12 just a play on total bill and it shouldn't even be there
13 because we are talking about four items in the motion and
14 what this means.
15 CAPTAIN KROHN: That's correct.
16 COMMISSIONER KRESTA: It's a statement what
17 y'all said but it's not -- it don't mean nothing to the
18 motion to me.
19 CAPTAIN KROHN: Understood. Yes, sir.
20 COMMISSIONER KRESTA: Okay. But I feel like
21 the same thing as the other commissioners. The term limits
22 goes too long. I agree with the 2021. And 2022 is up for
23 deliberation. The 3 percent is for the -- if I get the
24 deck -- if they get the deckhands and they go operation to
25 safety and they've got to make an investment of what they've

1 COMMISSIONER SINGHANIA: Commissioner Kresta,
2 this is Ravi Singhania. I will also ask if you-all will
3 consider to have the financial statements to this inspection
4 of our CFO by March of next year.
5 CHAIRMAN PIRTLE: Okay. We can include that,
6 Mr. Cordoba, as you're drafting, if you would, please, sir.
7 MR. CORDOBA: Sure.
8 COMMISSIONER KRESTA: Mr. Chairman, I threw
9 that out there pretty hard and heavy and I would like to have
10 any other commissioners kind of --
11 CHAIRMAN PIRTLE: I am.
12 COMMISSIONER KRESTA: You were. I thought --
13 CHAIRMAN PIRTLE: I have not got my 2 cents in
14 here yet.
15 COMMISSIONER KRESTA: Fair enough.
16 CHAIRMAN PIRTLE: I tend to agree with what's
17 being proposed to a point. I think y'all, though, have to
18 plan for a longer period. I would propose that we look at
19 2024 at least before they have to come back. I realize that
20 bringing Randy on board every time is pretty expensive. You
21 know, we recognize the attorney fee issues, too.
22 COMMISSIONER HOSS: Attorneys have fees, too.
23 MR. MOORE: Milk prices have gone up,
24 Mr. Chairman.
25 CHAIRMAN PIRTLE: Yes. We are definitely

1 got to do for the dock, we could venture that. But they need
2 to come back and say what this crystal ball is going to look
3 like in 2023 for another application to see where we're at
4 with this economy and see how they're operating and see how
5 this whole world is operating, see how this harbor is
6 operating. And see -- it needs to be revisited by the pilots
7 to the Pilot Commission to see how it is because we are
8 making preps as the Pilot Commission and your double board
9 here. So, we're making preps on the other business side of
10 it to see what's going to happen in the future. And I think
11 they should have the same vision, too, not to tie it up so
12 high. If they come back in another 24 months, it might be
13 booming, it might be higher.
14 Okay. But there's a commitments here that we
15 made -- several commitments for lots of new item charges,
16 some new boats and everything else that has to be paid for
17 because if things go to hell in a handbasket, that boat goes
18 to hell in a handbasket, okay, because it can't survive is
19 what I'm saying here. You have the shippers or whatever to
20 help pay for it, the industry. Okay. So, I agree with the
21 safety factors and all this, everything is great here. But
22 the extension period of this time is a little too far for me.
23 CHAIRMAN PIRTLE: Thank you, sir.
24 COMMISSIONER KRESTA: Thank you.
25 CHAIRMAN PIRTLE: I'll try to close --

1 planning for growth as well. We want to see that happen. As
2 I mentioned a minute ago, we're investing a lot of money in
3 the port. We want to have the partnership with all the
4 people in the port. So, I'm going to propose that we at
5 least carry it through 2024 to allow them to implement, plan,
6 get things moving. I recognize what's going on as far as
7 their additional costs and they'll have a much better idea if
8 they come back for a rate change at the end of 2024.
9 COMMISSIONER KRESTA: Your feelings on the
10 rate change.
11 CHAIRMAN PIRTLE: I have no problem with
12 staying, like you said, with the 3 percent, not implementing
13 it until 2022 as they planned. So, that would give them
14 three years of a rate increase and then come back and look at
15 it.
16 COMMISSIONER CROFT: Mr. Chairman.
17 CHAIRMAN PIRTLE: Yes, sir.
18 COMMISSIONER CROFT: Can I make a couple
19 comments based on some of the things I've heard?
20 CHAIRMAN PIRTLE: Yes, sir. Please go ahead.
21 COMMISSIONER CROFT: First, the piloting
22 expertise is beyond reproach, absolutely sterling. Your
23 commitment is unquestionable. This organization, this
24 commission is legislated to provide oversight. We don't want
25 to be adversarial. It's an absolutely necessary and integral

1 part of the port.
2 To some extent, you know, your added expenses
3 of employees and so forth are brought about because of the
4 increase in volume, which increases the revenue stream. So,
5 there's an offsetting factor there that we've not been able
6 to share or you've been -- according to some of the testimony
7 today, we've not necessarily seen the net effect of the
8 increase in volume and how that impacts the overall costs.
9 So, while the increase is something that is, in my opinion,
10 probably necessary, I think, as Ravi pointed out, to be more
11 forthright with seeing not only what those expenses are but
12 what that revenue stream is is something that's very
13 important for us to understand. Because, you know, I don't
14 mean anything derogatory by this but you're legislated into a
15 sense, in my opinion, of something of a monopoly. And for
16 that reason, I see the need for the legislated -- the
17 legislation that puts us in an oversight position. It's
18 absolutely necessary that it be done the way that it's done.
19 But at the same time, please appreciate what we're trying to
20 do to facilitate what you're looking to have done and to
21 perpetuate what your -- your necessary service is to us.
22 So, the CAP -- or CPI I'm willing to back off
23 on for a short term but I do feel that that number needs to
24 be factored in at some point in the future. Also, from the
25 standpoint of your oversight and management of the

1 next year, then you take 3 percent the next three years, the
2 percentage increase over four years is only two point --
3 MS. SAATHOFF: Average annual.
4 CHAIRMAN PIRTLE: -- average annual is only
5 2.235?
6 MS. SAATHOFF: Three two five.
7 CHAIRMAN PIRTLE: Thank you. Thirty two five.
8 COMMISSIONER SINGHANIA: Divide nine by four
9 essentially.
10 MS. SAATHOFF: Yes, exactly.
11 CHAIRMAN PIRTLE: Yes.
12 COMMISSIONER SINGHANIA: Mr. Chairman, I want
13 to add one thing is I appreciate what Mr. Croft said. We
14 don't want -- I mean, we want partnership -- fair partnership
15 with the pilots and we want them to be fairly compensated. I
16 don't want them to go away. We don't want to beat them down.
17 But we need the information, what we need to be able to make
18 the judgments. And it is -- and also with uncertainty of
19 time. So, what is being proposed, I think what -- the
20 three-year deal rather than four year. That's all I want to
21 add.
22 CHAIRMAN PIRTLE: Very good. Thank you, sir.
23 Again, my only thought is they've got a lot that they're
24 putting into this and they're planning to bring on the boat
25 in the next year and if you hire boatmen and -- or deckhands

1 organization, you know, any business that I've dealt with has
2 to manage their company based on what's economically
3 reasonable in the marketplace, including employees and
4 whatever benefits those employees get. There might need to
5 be some belt tightening if we don't see the need to
6 perpetuate or compensate to the same level that you feel is
7 necessary. So, while we may not get to a 3 percent in the
8 future, you need to be mindful of the fact that you may need
9 to manage those expenses in something that's more reasonable
10 in today's marketplace with other businesses and industry.
11 Again, I applaud y'all. And I just feel that
12 I needed to make those statements and get them forthright and
13 up front and out there for everybody to understand. Thank
14 you.
15 CHAIRMAN PIRTLE: Thank you. Ms. Saathoff
16 just pointed out to me that if you take the four-year average
17 on -- with no interest increase next year and then 3 percent
18 for the next three years, the effective interest percentage
19 increase is only 2.235.
20 MS. SAATHOFF: 2.325, yeah, average annual
21 increase if you looked at it that way. I think that's what
22 the pilots were trying to also communicate earlier.
23 MR. MOORE: That's the 2.4.
24 CHAIRMAN PIRTLE: It's effectively, if you
25 don't take an interest increase -- or percentage increase

1 and all of that, there's an investment in going forward with
2 that as well as everything else. Three years is a hard --
3 COMMISSIONER HOSS: There is but I'm not --
4 continue, sir. I didn't mean to cut you off.
5 CHAIRMAN PIRTLE: Three years is -- if any of
6 us have been involved in business, it's very difficult to
7 plan and get everything implemented within a three-year time
8 limit. So, I think one more year -- even if you change the
9 interest rate in the fourth year or whatever, I think will be
10 more beneficial than a three-year term to come back. That
11 would be my suggestion. Go ahead.
12 COMMISSIONER HOSS: I have a different point
13 of view on that. I think the pilots, as they've alluded, are
14 a business and Captain Blanton just said he wanted to run
15 things more efficiently and make it a good, strong, healthy
16 business as a businessman. They're not the Port. One of the
17 detriments that the Port has is the board has to meet on
18 long-term strategic decisions and we're pretty good at making
19 very long-term projections. We're not that good at making
20 short-term twists and turns to meet the market. As a
21 businessman, I have to do those things. So, whether I make a
22 decision to hire an employee, keep that employee, add more,
23 take them away, or expand by adding a piece of equipment,
24 it's a relatively short time line. I still have to go
25 through all of the decision points but they're not strung

1 out.
2 And so, a number of years ago when we were
3 looking at a downturn in China, which probably ten years
4 back, there was commentary from the then manager at BASF --
5 and it was not Ravi -- that their maximum planning horizon at
6 that time was 90 days for BASF corporate. And I went, my
7 God, my planning horizon is at least nine months. And the
8 big guys, that's the best they're doing? My point here is
9 they can twist and turn on short -- shorter time frames.
10 They're more agile than this body is.
11 But I have a question for Captain Blanton
12 that -- you mentioned two things and they're very relevant.
13 You mentioned needing a travel lift or -- let me zoom out a
14 little bit. You're concerned about where you're going to get
15 your maintenance done and that -- guys, this is an issue.
16 And the other is you're going to need to expand the footprint
17 of your station to accommodate a new boat. Would -- can you
18 not use Kirby? And I just don't know. I know the real old
19 boat can go to Kirby Marine.
20 CAPTAIN BLANTON: The BRAZOS PILOT.
21 COMMISSIONER HOSS: The old one, the
22 40-year-old one.
23 CAPTAIN BLANTON: That one can go to Kirby.
24 We've done that one at Kirby.
25 COMMISSIONER HOSS: Right. What about any of

1 while the getting -- those are some of the stuff that I'm
2 looking at. I know you just divide it all by pilots and put
3 it -- there's some expenses. Like I said, you know, I mean,
4 they're doing the fortification around Dow. There's a guy
5 out there drilling core samples. This thing is coming. This
6 wave is coming.
7 COMMISSIONER HOSS: I'm just telling you I
8 hear you.
9 CAPTAIN BLANTON: Thank you.
10 COMMISSIONER HOSS: But if you think I'm --
11 perceive me as being negative, I guess I'm being hard because
12 I'm looking at the same issues. And I understand that -- and
13 you guys are more agile as a group, whereas this board has to
14 sit here and we go through very formal processes. And we can
15 take things from a higher level.
16 Having said that, gentlemen, I'm going -- I
17 believe Ravi said something about it. I know I said 12
18 months. I applaud that. And whether or not that's a zero
19 increase for 12 months or you wind up having some sort of an
20 average over a time period, I would like to see us not exceed
21 a three-year window on our deal. So, if you gave 12 months
22 at zero and then -- excuse me -- two years after that for
23 3 percent or connected to the CPI is where I would really
24 like to see it, I'm very much okay with that. I realize
25 we're now down to minor points. But I just -- I'm very

1 the newer ones or the one you're planning on getting?
2 CAPTAIN BLANTON: The BRAZOS PILOT and new
3 boat will not be able to utilize the Kirby lifts. The
4 FREEPORT PILOT one can. The BRAZOS PILOT cannot. And then
5 we're going to divest from the FREEPORT PILOT.
6 COMMISSIONER HOSS: Right. It will go away.
7 So, it's irrelevant to the conversation.
8 CAPTAIN BLANTON: Correct.
9 COMMISSIONER HOSS: I wanted to make that
10 clear because --
11 CAPTAIN BLANTON: Kirby cannot pick up the
12 BRAZOS PILOT. Kirby cannot pick up our new boat. All we had
13 was Ness.
14 COMMISSIONER HOSS: Right. And he's gone.
15 CAPTAIN BLANTON: He's gone. I'm trying to
16 cut deals with Palacios and I'm trying to cut deals with
17 Bolivar this week to figure this out because I can't --
18 before he got -- before the travel lift was gone, I did an
19 unscheduled maintenance in there and I yanked the boat out
20 before the travel lift was gone. That was an unplanned
21 expense; but, I mean, I had to do it before I lost the travel
22 lift.
23 COMMISSIONER HOSS: Some of the private
24 companies here in town have done the same thing.
25 CAPTAIN BLANTON: So, I mean, I was getting

1 uncomfortable with the long-range commitments on us for
2 multiple reasons. Economy is one. Normal business planning
3 is two. You don't talk about giving employees guaranteed
4 raises for five years. And the fact that -- Commissioner
5 Croft brought up something, committing to maybe a future
6 board, that this is what they're going to have to live with.
7 So, I'm actually bigger on two-year cycle but because of next
8 year being uncertain, I can go with a three-year cycle.
9 COMMISSIONER KRESTA: Mr. Chairman.
10 CHAIRMAN PIRTLE: Hold on, Ravi. Mr. Kresta
11 has something. Thank you.
12 COMMISSIONER KRESTA: Thank you. Ditto to
13 what you just said there, Commissioner Hoss. And the past
14 history -- and it was asked by Commissioner Santos, has there
15 ever been a five-year deal or six-year deal. A little
16 history there. The last two has been three years. Okay.
17 The last two rate applications has been a three-year deal.
18 The last one we did was a three-year deal. Okay. The one
19 before that I remember was a three-year deal. Okay. It was
20 two three-year deals as history tells me what I can best
21 remember and correct me if I'm wrong.
22 CAPTAIN BLANTON: I would defer, but I don't
23 know.
24 COMMISSIONER KRESTA: I know the last one was.
25 MS. SAATHOFF: Yes, the last one.

1 CAPTAIN BLANTON: There was a two, two, two
2 and a three, three, three is what we did.
3 COMMISSIONER KRESTA: That's what I remember.
4 Thank you. But, I mean -- but I concur with Commissioner
5 Hoss --
6 CAPTAIN BLANTON: We did longer ones in the
7 Nineties.
8 MR. MOORE: We did longer ones in the
9 Nineties.
10 COMMISSIONER SANTOS: Good history.
11 COMMISSIONER KRESTA: That's good. That's
12 fine.
13 MR. MOORE: I'm just bringing up the point.
14 You want to talk about time limits, we did them longer.
15 COMMISSIONER KRESTA: Okay. I'm fine. I just
16 don't -- we don't have no records to prove it.
17 MS. SAATHOFF: Not in front of us today.
18 MR. MOORE: They're filed.
19 COMMISSIONER KRESTA: I understand.
20 MR. MOORE: They're public.
21 COMMISSIONER KRESTA: We have to dig them all
22 up. I'm just kind of -- going on the average here, it's been
23 pretty well three, three, three or something like that. Not
24 three, three, three, a three-year contract, three-year
25 application. Anyway, I mean, that's where I want to go to,

1 2023. 2021 as it states, 2022 as it states, and 2023 as it
2 states. That's my feeling and I'm going to leave it at that.
3 And that's what I will entertain anybody else to look at
4 that.
5 CHAIRMAN PIRTLE: Okay. Any further comments
6 from any -- go ahead, Ravi.
7 COMMISSIONER SINGHANIA: Mr. Kresta, I kind of
8 agree the way what you're saying. But I want to make one
9 thing clear is we have a partnership with the pilots because
10 we want the very safe, efficient for our channel users. So,
11 to me whatever you're having the plan that you're presenting
12 to us of adding the pilot boat and deckhands and everything,
13 we are going to -- if we come back after three years, we're
14 not going to say we're going to cut it out. At least I don't
15 think I would do that. So, the way I see the disconnect is
16 the uncertainty about the vessel volumes, which is driving
17 the revenues. It's not anything else. And then, of course,
18 we need to understand the financial things.
19 So, to me, that's why I was saying that maybe
20 we should do it in two years. But if -- so we can see. If
21 you feel comfortable, too, Captain Daniel, and your pilots
22 that we also want you to feel comfortable. We're not going
23 to do something crazy to cut down your boats or cut down your
24 compensation or cut down your -- I'm not saying we, I'm
25 speaking for me -- or cut down on your safety and education.

1 That's not the -- to me, that's not an option. So, that's
2 why I was proposing the two-year thing. But if -- sounds
3 like a lot of us want to go to three, come back in 2023. If
4 we go back to the last rate increase, there was a lot of
5 sentiment about going for one year or two years but I'm the
6 one that went for the three-year deal. So, to me, I can live
7 with the three years, although I would prefer under the
8 uncertainty that we have two years. To me, I'm going to come
9 back on something that is right to do. That's what I want to
10 explain. Thank you.
11 CHAIRMAN PIRTLE: Thank you, sir. All right.
12 So, in summary, it sounds like the majority is in favor of
13 three years. Next year would be 0 percent increase, the
14 following two years would be 3 percent increase. And I hear
15 Mr. Croft talking about the CPI but I also know that's if --
16 you're counting on a certain amount of income or trying to
17 focus on that, CPI at this point is a little uncertain. I'm
18 trying to find the middle here, middle ground. 3 percent for
19 the next -- yes, sir.
20 CAPTAIN BLANTON: Can I make a suggestion?
21 CHAIRMAN PIRTLE: Yes, sir.
22 CAPTAIN BLANTON: That three, three, three is
23 what I need to do the deckhands. But I'm hearing on both
24 sides. I have the CPI that Sabine uses that's tied to pilot
25 services. It's 2.4. If we could split the baby on this,

1 make it a four-year deal because you've got the moratorium in
2 the first year and then make the 2022, '23, and '24 tied to
3 the CPI that's tied to pilots. That can get me to my
4 deckhands and it satisfies the CPI, that it's not an
5 arbitrary number. Is that something we can get to?
6 COMMISSIONER HOSS: What did they base their
7 CPI off of?
8 CAPTAIN BLANTON: It's PPI Code 488330.
9 COMMISSIONER HOSS: And I ask --
10 CAPTAIN BLANTON: May I give this to --
11 COMMISSIONER HOSS: Please.
12 COMMISSIONER KRESTA: Turn it as an exhibit.
13 COMMISSIONER HOSS: It's not Brazoria County.
14 MS. SAATHOFF: I'll make a copy of that for
15 you, Stacey.
16 (Exhibit 21 marked)
17 COMMISSIONER CROFT: Mr. Chair, Commissioner
18 Croft.
19 CHAIRMAN PIRTLE: Yes, sir.
20 COMMISSIONER CROFT: Daniel, that's a CPI
21 today. My suggestion is not tie it to the CPI today but the
22 CPI at each year in the future so you can't hang your hat on
23 the CPI today. I'm saying that the adjustment in subsequent
24 years would be keyed to the CPI at the point that the
25 adjustment becomes effective. So, I understand your point

1 and what you're presenting. But that's not the CPI that I'm
2 making reference to. It's in Years 2, 3, and 4, whatever the
3 CPI is at for those years.

4 CAPTAIN BLANTON: Could we put a 2 percent
5 floor on that?

6 CHAIRMAN PIRTLE: That would make sense to me.

7 COMMISSIONER CROFT: I would be fine with
8 that.

9 COMMISSIONER HOSS: What about not to exceed,
10 also?

11 CAPTAIN BLANTON: CPI, 2 percent floor,
12 3 percent ceiling.

13 COMMISSIONER HOSS: I would even be willing to
14 go 3 1/2 percent ceiling if that's what the CPI actually
15 supports.

16 CAPTAIN BLANTON: If we can get it out to
17 2024, I can make the deckhands work.

18 CHAIRMAN PIRTLE: I'm fine.

19 COMMISSIONER SINGHANIA: This is Ravi
20 Singhania. We don't know the vessel volume either. We just
21 say, okay, we need to look at the CPI but don't ignore the
22 vessel volume increase because if it goes down, you'll be
23 coming back to us.

24 CAPTAIN BLANTON: If it goes down, we won't
25 do the -- you won't have your expenses.

1 COMMISSIONER HOSS: Right, you won't.

2 CAPTAIN BLANTON: The expansion that we're
3 talking about, the extra pilots and --

4 COMMISSIONER HOSS: You lay off a deckhand or
5 two.

6 CAPTAIN BLANTON: We get skinny, like you
7 said.

8 COMMISSIONER HOSS: Tie up a boat. If there's
9 no justification, you're not driving them.

10 CAPTAIN KROHN: PPI has an ID number to it.

11 CAPTAIN BLANTON: A PPI with an ID number,
12 2 percent ceiling --

13 COMMISSIONER HOSS: PPI -- I'm sorry.

14 CAPTAIN BLANTON: Phyllis has got it.

15 COMMISSIONER HOSS: But you said PPI and I
16 think you would define --

17 CAPTAIN KROHN: It is PPI and the ID number on
18 it is 488330. And that is the same --

19 COMMISSIONER CROFT: Federal record. Is that
20 in the Federal record?

21 CAPTAIN KROHN: It is. It's in the U.S.
22 Bureau & Statistics. Yes, sir.

23 MR. MOORE: We can't just say CPI because you
24 know there's all sorts of subsets of CPI and we have
25 southwest region. We have northwest region. We have all of

1 the different regions of CPI.

2 MR. CORDOBA: The CPI that we use for leases
3 is Bureau of Labor & Statistics space for the entire United
4 States is the one that we generally -- we generally use the
5 same one for leases, if that's a point of reference for the
6 commission.

7 MR. MOORE: This one is more specific.

8 CAPTAIN KROHN: This one is tied to pilot
9 services in particular. This is the same one that was used
10 in Sabine just recently when they tied their increase to a
11 CPI. This was PPI, had an ID number on it. So, there's
12 precedent for this. It actually is included in the pilot
13 services in particular.

14 COMMISSIONER HOSS: For the record, that's
15 Captain Krohn identifying PPI.

16 CHAIRMAN PIRTLE: What was the rate on that?

17 CAPTAIN KROHN: Last year it was 2.4.

18 CHAIRMAN PIRTLE: 2.4. Mr. Lowe, I think you
19 have a statement.

20 MR. LOWE: Rob Lowe, Port Freeport. I was
21 just going to state that it's -- the producer price index is
22 the PPI and on the CPI, Counsel Cordoba was speaking to we
23 use a national average. There is a Houston, Sugar Land,
24 Woodlands subset of the Bureau of Labor & Statistics CPI. I
25 do not have any information on the PPI other than it's the

1 producer price index. So, that's -- I'm not familiar with
2 what they submitted. It would be something we would need to
3 go and look into. But I just want to speak to Mr. Cordoba
4 saying that the Port, on our leases with our tenants, we use
5 a national CPI, although there is a south, a southwest, or a
6 Sugar Land, Houston, The Woodlands version of that. So,
7 there is some varieties and you would need to be specific to
8 be fair and consistent over time. So, whatever you baseline
9 it at it needs to stay that and you don't need to blend --

10 COMMISSIONER HOSS: You need to know which --
11 where your source -- what your reference point was.

12 MR. LOWE: Absolutely.

13 CAPTAIN KROHN: May I add? So, the title to
14 that ID number is navigation services to shipping.

15 CHAIRMAN PIRTLE: It's on this paper. Thank
16 you. So, just for reference, does anybody know what the
17 current CPI is that we're using?

18 MR. MOORE: Yeah. It was -- through February,
19 '20 it was two point -- I would have to look it up again. It
20 was a little over 2 percent. If you're looking at the
21 southwest region, which includes Houston and The Woodlands,
22 it was currently 1.4 percent for September of '20. But there
23 are numerous subsets of that -- local subsets.

24 COMMISSIONER HOSS: There's a Brazoria County
25 one, too.

1 MR. MOORE: There is. And that one looked to
2 be right about the 1.4.

3 COMMISSIONER HOSS: Did it go back up? It was
4 about a half a few months ago.

5 MR. MOORE: I was looking at a graph,
6 Mr. Hoss. And so, it looked somewhere between the 1.2 and
7 the 1.4 number.

8 COMMISSIONER HOSS: I hear you. Probably in
9 the newspapers, too. Difficult to read.

10 MR. MOORE: True.

11 COMMISSIONER HOSS: There is a -- there is a
12 subset for Brazoria County. And when we were looking at our
13 budget, we looked at that and that was close to zero. .4,
14 .04, something like that. It was flat.

15 MR. MOORE: Depending on what you're looking
16 at, it still is somewhere in there. There's different
17 subsets and you have to look at what you're subsetting.

18 COMMISSIONER HOSS: And, hence, my position on
19 having a -- basically 0 percent for the next 12 months. And
20 so, if you understand where I'm coming from, that is my
21 reference point that I was using to say if the Brazoria
22 County was up half a percent or even less, then that's
23 where -- that's why my push was going forward on the zero for
24 12 months. And I acknowledge that our area is pretty healthy
25 and when it takes off, it takes off. So, that's why I was

1 looking at should we come back and if we put 3 percent or if
2 we use the CPI with a 2 percent floor after 12 months --

3 CAPTAIN BLANTON: I would --

4 COMMISSIONER HOSS: I understand. This is my
5 logic. And so, I'm hearing a lot of things. But so far what
6 I'm hearing can fit within my framework and thinking.

7 CAPTAIN BLANTON: What I was proposing is the
8 PPI with a floor of two and a ceiling of three for four --
9 2021 is a moratorium. 2022, '23, '24 have that PPI with a
10 ceiling of two -- a ceiling of three and a floor of two and I
11 will commit the deckhands in 2021.

12 COMMISSIONER KRESTA: Mr. Chairman.

13 CHAIRMAN PIRTLE: Yes.

14 COMMISSIONER SINGHANIA: This is Ravi
15 Singhanian. I have a hard time to go for four years because
16 of the vessel uncertainty. But I want to make a comment to
17 you, sir. The board over here -- I did not hear any member
18 of this Pilot Board to say we don't need the deckhands. If
19 I'm wrong, please speak up. And so, if you come back over
20 here for rate adjustment in two years or whatever the board
21 decides over here, or three years -- I don't think I will go
22 beyond three years personally. But you think the board will
23 cut it off so we have to lay the deckhands off?

24 COMMISSIONER HOSS: I couldn't understand what
25 he said in the last sentence.

1 COMMISSIONER SINGHANIA: What I'm saying,
2 Mr. Blanton, is if we have the rate adjustment for three
3 years and you go and hire the deckhands, so when you come
4 back after three years, the argument I hear is if you don't
5 get the four-year deal, you will not hire deckhands because
6 you may have to lay them off afterwards. You're not
7 saying -- you think the board will not give you the rate
8 adjustment to keep the deckhands? That's my issue.

9 CAPTAIN BLANTON: So, the deckhands' actual
10 cost is \$340,800 a year. A 3 percent increase on our bill in
11 2022 generates \$150,000. In 2023, it's a hundred and
12 fifty-seven. In 2024, it's a hundred and sixty-two. If I
13 hire all four deckhands in 2021, I'm losing \$200,000 a year
14 until I catch up on those rates.

15 COMMISSIONER KRESTA: Mr. Chairman, that --
16 Ravi, go ahead.

17 CHAIRMAN PIRTLE: Go ahead, Ravi.

18 COMMISSIONER SINGHANIA: I hear you, Daniel.
19 But the question that I'm saying is if you are hiring the
20 deckhands, they -- I mean, if we are giving you a six-year
21 contract or five-year contract or four-year contract, we can
22 propose to you coming back to us after two years or three
23 years or whatever the board decides on the contract. You're
24 not going to say if you need the right rate adjustment to
25 keep the deckhands based on CPI and all that thing. So, we

1 will be granting most likely the same thing. So, you don't
2 have to let them go. I have disconnect over there why do you
3 need a four-year contract so you can get the deckhands.

4 CAPTAIN BLANTON: If we generate the funds to
5 pay for that \$340,000 a year, I'm committing deckhands from
6 here on out. Not only am I committing the deckhands but
7 I'm -- we are going to re-address the basic operating
8 procedure and we're going to do those nighttime -- that's
9 what this is about. That's what we're trying to do. We
10 can't -- we can't pull them back out once you change the
11 basic operating procedure and we're doing all those nighttime
12 transfers. We're committed to them at that point. There is
13 no firing the deckhands once you hire them, in my opinion.
14 We do not go backwards. If we've got to get tight, it gets
15 tight on the pilots. If it gets tight, we'll tighten up on
16 our benefits like you talked about. But we're not firing
17 deckhands. We're making that commitment and that's it. I
18 mean, it's not going to be a negotiating point. Once
19 industry says, yes, we want deckhands and we'll pay for it,
20 we got deckhands.

21 CHAIRMAN PIRTLE: My understanding is getting
22 to the four-year agreement, 2024, gets you to a breakeven
23 point on hiring the deckhands?

24 CAPTAIN BLANTON: I lose until 2024. But I
25 don't generate the \$340,000 to cover just the cost of them

1 until I get that 9 percent. So, I'm losing money every
2 single year because I don't even get an increase in Year 1.
3 So, until 2025 really I lose money every single year on
4 deckhands until then. But I'm willing to make that
5 commitment. If you set that price, I'm going to buy it. I'm
6 making the deal. But it's a big increase for us. Deckhands
7 isn't a service that we have -- that we had before. You keep
8 tying it to CPI but CPI floats you with what you're at now.

9 COMMISSIONER HOSS: You've been on the record
10 several times about committing to the safety. In our last
11 hearing three years ago, you testified that the -- your
12 clients wanted -- and I say clients, your customers, I
13 believe you referred to them, that they've been asking you to
14 put deckhands on the boat to increase safety and you
15 acknowledged that that was an issue. And there was some
16 discussion about handling boats with one man on a -- I'm
17 going to use 65-foot boat. I forget how big your current --

18 CAPTAIN BLANTON: Sixty-five foot.

19 COMMISSIONER HOSS: Current pilot boat, not
20 the one you just bought but -- well, it too. The one you
21 bought in 2001, I think, we were referring to at that time
22 that you have one guy operating a boat and if you lost a
23 pilot overboard, God forbid, that all he could do was just
24 maneuver the boat out of the way and hope that the ship
25 didn't run over the pilot while you were there. And so,

1 earlier, the Coast Guard has small boats, 45 to 60-foot. And
2 they probably put a seven-man crew on there. I've seen them
3 tie up a 90-foot boat and take nine people to do it. But in
4 the oil industry it's three or four. But reality is I don't
5 know anybody that uses one.

6 CAPTAIN BLANTON: So, we keep referencing back
7 to what was said that last time.

8 COMMISSIONER HOSS: We can say it again this
9 time. We're talking about it right now.

10 CAPTAIN BLANTON: We'll say it again this
11 time. When we came last time, we said we needed two boats.
12 We said we needed a dispatch. And we needed a three, three,
13 three to offset the engine cost. We didn't get two boats.
14 We're here today -- the biggest part of our argument today is
15 solving this other boat and solving the dispatch. Think
16 about the liability for asset allocation of what was left
17 hanging over my head. If industry is -- we had to have this
18 dispatch. I think you can all see it now. You can see how
19 valuable it is. We had to figure that out.

20 COMMISSIONER KRESTA: Commissioner Kresta
21 here. We gave you dispatch and we worked together to get
22 that. So, it's all good.

23 CAPTAIN BLANTON: Yeah. But look where we are
24 now. We've solved the boat issue. We've solved the dispatch
25 issue. But when we came out of 2017, I was faced with the

1 everybody, I think, acknowledged at that time a safety issue.

2 And so, I -- you can talk about the cost and
3 losing it but I don't understand how you operate a boat of
4 that size with one person on board the boat. I don't
5 comprehend the safety of that. I know obviously they can
6 drive the boat and in protected waters they can come in and
7 tie the boat up and untie the boat. And I also understand
8 that if a pilot is on their in transit, he can double, he can
9 act as the deckhand. You guys are not too proud to catch
10 lines. I got that. But when you crawl up on that ship or
11 more importantly when you're transferring to the ship or from
12 the ship -- I guess from the ship -- you're still getting on
13 there but if you've only got one operator at the wheel, I
14 haven't heard anybody say, well, if an accident happens,
15 here's what we do. What you do is back off and hope the guy
16 in the water doesn't get run over.

17 Now, I'm looking here and I see three people
18 that are boat operators, you pilots and these guys over here
19 from the shipping industry and one of them is -- would you
20 mute that, please --

21 MS. BEVERS: I did.

22 COMMISSIONER HOSS: -- thank you -- is
23 ex-Navy, I believe, ex-Coast Guard, one. Military.

24 MR. HONEYCUTT: Both.

25 COMMISSIONER HOSS: Both. Like I said

1 possibility that we would have to fund dispatch and
2 potentially this boat. And what we -- we ended up funding a
3 huge portion of dispatch, \$300,000. I mean, there was -- if
4 it was a deal that we went through when we got the two boats
5 and we got the dispatch and we got the three, three, three,
6 the deckhands would have been there. And I'll tell you now
7 we would have been coming back to you and we would have asked
8 for something because I honestly didn't forecast having to
9 take these two deckhands this early -- I mean, the two
10 boatmen this early.

11 COMMISSIONER HOSS: For the record, I think
12 the Port has been a contributor to your dispatch, part of
13 that big five group the last three years. And I think that
14 shifting it out is still not the right thing to do. We made
15 a commitment three years ago to make -- to help with that
16 spread the cost out. So, that's my feelings.

17 CAPTAIN BLANTON: But if I was faced to bear
18 all of that just under BPA, that -- that's the position I was
19 in. So, I was going to commit -- you know what the five did
20 plus me and then I was -- I was going to take on that kind of
21 a debt and then take on the deckhands on top of that and then
22 potentially be faced with -- with a boat that I've got to
23 finance, too. I mean, that's -- that's why we didn't get the
24 deckhands is because there was a huge gap between what we
25 went in there and what we talked about and what we came out

1 with. But we're a lot further down the road than we are now.
2 The boat is gone -- concern. The dispatch we've got solved.
3 I need \$340,000 for the deckhands. And I'm going to do the
4 station repairs. I've committed to when the traffic comes
5 we're going to take on those other pilot captains. I'm
6 telling you we're going to phase in the simultaneous boat
7 operations with the FREEPORT PILOT until the point that the
8 sea buoy is extended. And if we get that 36 percent, we're
9 running two full crews on the two big boats. That's going to
10 be --
11 CAPTAIN KROHN: Very expensive.
12 CAPTAIN BLANTON: -- huge.
13 COMMISSIONER KRESTA: Captain Blanton, you run
14 two full crews on two boats?
15 CAPTAIN BLANTON: Not now.
16 COMMISSIONER KRESTA: No. You said you're
17 going to.
18 CAPTAIN BLANTON: So, when you --
19 COMMISSIONER KRESTA: What does a crew consist
20 of?
21 CAPTAIN BLANTON: In the future, I'm hoping
22 it's going to be a deckhand and a boat captain.
23 COMMISSIONER KRESTA: Okay. So, let me --
24 today it's only a boat captain?
25 CAPTAIN BLANTON: Correct.

1 CAPTAIN KROHN: No. There's currently five
2 total boatmen, one of them is a port captain. So, we have
3 four acting boatmen that run a shift of being a pilot boat
4 operator.
5 COMMISSIONER KRESTA: Okay.
6 CAPTAIN BLANTON: We had three.
7 CAPTAIN KROHN: We had three previously. One
8 of those we moved up to a port captain and we hired two
9 extras, which gave us four total boatmen and one port
10 captain. That's current today.
11 CAPTAIN BLANTON: That's what we're doing
12 right now.
13 COMMISSIONER KRESTA: Thank you. How many
14 deckhands do you have today?
15 CAPTAIN KROHN: Zero.
16 COMMISSIONER KRESTA: When do you want to put
17 in four?
18 CAPTAIN KROHN: 2021.
19 COMMISSIONER KRESTA: Two per boat or how many
20 per boat?
21 CAPTAIN KROHN: They will have to work a
22 shift.
23 CAPTAIN BLANTON: They work a shift staggered
24 with the captains. So, they'll work the 12-hour shift.
25 CAPTAIN KROHN: There will be one deckhand

1 COMMISSIONER KRESTA: Correct?
2 CAPTAIN BLANTON: Correct.
3 COMMISSIONER KRESTA: So, your fees here says
4 you're going to do four deckhands and four boatmen. And how
5 long is it going to be before you get the second boat?
6 CAPTAIN BLANTON: We've already taken them.
7 We already hired them. They're here now.
8 CAPTAIN KROHN: The two boatmen.
9 CAPTAIN BLANTON: The pilot boat drivers,
10 we've already hired them. We hired them last year.
11 COMMISSIONER KRESTA: The two?
12 CAPTAIN BLANTON: Yeah. From what we did in
13 2017, we've already hired the two boatmen. We were in a
14 position that we couldn't continue without hiring them.
15 COMMISSIONER KRESTA: Commissioner Kresta
16 again. When do you plan to do four?
17 CAPTAIN BLANTON: The four deckhands?
18 COMMISSIONER KRESTA: Four boatmen.
19 CAPTAIN KROHN: No. May I? So, we hired two
20 extra boatmen last year. So, last year they were hired.
21 That's an illustration showing you what the increase of them
22 were because that was unpredicted costs that we incurred.
23 COMMISSIONER KRESTA: For the record,
24 Commissioner Kresta again, I just got through being told
25 there was only two boatmen.

1 with one boat captain. There will always be two people on
2 the boat.
3 COMMISSIONER KRESTA: That's in 2021?
4 CAPTAIN KROHN: That's the plan.
5 CAPTAIN BLANTON: That's what we want to do.
6 COMMISSIONER KRESTA: Is that the plan or want
7 to do?
8 CAPTAIN KROHN: That's if this gets enacted,
9 then that's what we will do.
10 COMMISSIONER KRESTA: The first -- I'm sorry.
11 Commissioner Kresta again. If it gets enacted in 2021,
12 you're not getting no money for it in the first place.
13 CAPTAIN BLANTON: I agree.
14 CAPTAIN KROHN: I know.
15 COMMISSIONER KRESTA: Let's go with that
16 conclusion. Are you going to do it?
17 CAPTAIN KROHN: Yes, sir.
18 CAPTAIN BLANTON: If we're covering that cost,
19 I'm going to do it in 201.
20 COMMISSIONER KRESTA: Thank you for that
21 statement. That's all I'm asking.
22 CAPTAIN BLANTON: Correct. Yes, sir.
23 January.
24 CAPTAIN KROHN: Yes, sir.
25 COMMISSIONER KRESTA: I did not want you to

1 put stipulations in case the whole thing don't get happened
2 is why I'm asking the question. Okay? Because if I go with
3 a modified situation, are you still going to do it?
4 CAPTAIN KROHN: If you cover the cost.
5 COMMISSIONER KRESTA: If what?
6 CAPTAIN KROHN: If we cover the cost. So, the
7 cost is 340,000.
8 COMMISSIONER KRESTA: So, I'm not going to be
9 Godfathered into doing the whole thing to saying if you give
10 me the whole thing --
11 CAPTAIN BLANTON: No, sir.
12 CAPTAIN KROHN: No, sir.
13 COMMISSIONER KRESTA: -- and I've got to do
14 this. Is that the statement I'm hearing from this?
15 CHAIRMAN PIRTLE: My understanding is that if
16 we approve the deal through 2024 with the zero, three,
17 three --
18 COMMISSIONER KRESTA: He said the whole thing.
19 He didn't throw years out.
20 CAPTAIN BLANTON: No. There's --
21 CHAIRMAN PIRTLE: Please. My understanding
22 from what they're wanting to do is zero for 2021, three for
23 2022, three for 2023, and three for 2024 would cover their
24 costs for implementing deckhands. That would get the costs
25 covered, those three years plus next year. And they would

1 or Mr. Pirtle or Dan, would you-all feel any differently
2 about that? So, I don't know why I'm getting a discomfort
3 factor that you could get a three-year contract and you are
4 not -- you will not be able to keep the deckhands on the
5 fourth.
6 CHAIRMAN PIRTLE: All six of us may not be
7 here in that time frame.
8 COMMISSIONER SINGHANIA: It doesn't matter.
9 That can change, too.
10 COMMISSIONER HOSS: That's true. And this is
11 why -- exactly why I'm reluctant to go that far out because
12 you're committing for a -- maybe a new board or partial new
13 board. So, I'm looking at it going, all right, we are
14 talking about deckhands and costs. But I'm going to go back
15 to something, gentlemen, that I said earlier on the finances,
16 that you're giving me numbers and you're saying there was a
17 bump up, maybe this past year or certainly within the last
18 two years that you added. And when I finally got to the
19 bottom, I think you added one more boatman. You had three.
20 You went to four. And there's a lot of muddling going on and
21 we have really no documentation that is supporting any of
22 this.
23 So, I'm reluctant to go forward because
24 truthfully in this exchange and whatever we come out here, I
25 fully expect the next time to see here's what we spent,

1 implement those next year and it will be recovered cost by
2 the third year after that. If we go to only three years,
3 they never get the full recovery on the costs. They would
4 have to come back and ask for another rate change to recover
5 the full costs of what the deckhands will cost them.
6 COMMISSIONER KRESTA: Okay. That's why
7 they're --
8 COMMISSIONER SINGHANIA: Mr. Chairman.
9 CHAIRMAN PIRTLE: Yes, sir, Ravi. I haven't
10 forgotten about you. I'm trying to --
11 COMMISSIONER SINGHANIA: The negotiation is
12 going on over here. The question -- or I see a big
13 disconnect over here, Captain Daniel, is you are assuming
14 that the case -- the contract increment is zero, three,
15 three, three for three years. And when you come again for
16 the fourth year, the Port will not grant you any more. What
17 I want to say is -- hold on a second. What I want to commit
18 to you is that -- where we have a disconnect is the vessel
19 costs are not included. So, if you come over here with the
20 numbers showing the vessel costs have not changed and you
21 have the deckhands and there is a, what do you call, expense
22 for them, we are committed to for the third -- so, we will
23 definitely give you whatever the rate increase is appropriate
24 for that time. So, you don't have to lay off the deckhands.
25 Mr. Kresta, Mr. Hoss, you are talking about that. Mr. Santos

1 here's our documentation and have those on a somewhat regular
2 basis. I know you guys are spending money. You're telling
3 us you're spending money. You put 300,000 into this
4 dispatch. You're making commitments on a boat. You're
5 picking up maintenance and I -- your maintenance costs are
6 going to increase, yes. The sheer fact that you may
7 actually -- if you can cut a deal within 50 miles of here to
8 do maintenance on your boat, that's good. But you might not
9 luck out. You might wind up going to Lake Charles or some
10 other place, as far as Morgan City to get something done.
11 And that's a miserable thing to do and you can probably even
12 say it's unacceptable.
13 CAPTAIN BLANTON: It's not -- I mean --
14 COMMISSIONER HOSS: It's not out of the
15 question.
16 CAPTAIN BLANTON: You are just out a boat.
17 COMMISSIONER HOSS: Let me just say, it's not
18 out of the realm of possibilities. None of us like that
19 thought. But at the same time, I'm going to stick with my
20 three years. And I -- I'm happy with the 2 percent they've
21 offered as a floor. I'm happy with the 3 percent along that
22 range and we'll come back and look at it because I know good
23 and well that if things ramp up, you guys are going to only
24 operate your equipment. You're not going to -- you're
25 operating two boats and you're only going to operate two

1 boats for at least two more years because that's how long it
2 takes to get the next boat out of the shipyard, out of the
3 production. I know you're only running the old boat on an
4 as-needed basis and you don't want to use it to go offshore.
5 It's a single screw boat. It's harder to handle. I got all
6 that. It's sort of held in reserve for those days when
7 there's absolutely nothing to use and that one runs. It's
8 there. But I don't see you guys -- I mean, maybe you have
9 run two boats simultaneously right now if you're moving
10 ships. I can think of a couple instances where that's
11 occurred. But I don't see it being the norm for some time.
12
13 So, I'm just very reluctant to make a
14 long-term commitment here. I am open to the upper and lower
15 boundaries and things we've set. I am very pleased that you
16 guys would put deckhands on the boat because I wonder what
17 price you put on your own safety because, really, you guys
18 are the ones that would be hurt. At the same time, if we
19 lost a pilot here at the port, it's bad. One less pilot we
20 have and then it really looks bad in the community, locally
21 and internationally. So, I don't want to see that happen. I
22 yield.
23
24 CHAIRMAN PIRTLE: Very good. Anyone else have
25 anything to add to this?
26
27 COMMISSIONER KRESTA: I've got something I
28 want to add. I would like to talk to the CFO and I would

1 COMMISSIONER KRESTA: What was it?
2
3 COMMISSIONER HOSS: I think it was 2.4.
4
5 CAPTAIN BLANTON: The PPI for when they put in
6 Sabine for the first year in 2011 was 2.3 and then it went
7 through 2017 and I think it went down to 1.8, in the range.
8
9 COMMISSIONER KRESTA: Okay. I misunderstood,
10 then, because what I'm asking, I thought Captain --
11
12 CAPTAIN KROHN: Yes, sir.
13
14 COMMISSIONER KRESTA: -- he said this year.
15
16 CAPTAIN BLANTON: No. This was the rate --
17 Sabine's previous rate request that they did.
18
19 COMMISSIONER KRESTA: Previous rate. And that
20 was how many years ago?
21
22 CAPTAIN KROHN: Early --
23
24 CAPTAIN BLANTON: 2011 to '17.
25
26 COMMISSIONER KRESTA: 2011. I didn't pull up
27 the link. I'm going to ask somebody if they did pull up the
28 link, what is today's PPI?
29
30 MR. MOORE: We'll get you the real answer
31 because we're thinking we know what it is but we may as well
32 be accurate.
33
34 COMMISSIONER KRESTA: Thank you, sir.
35
36 MR. MOORE: You bet.
37
38 COMMISSIONER KRESTA: I misunderstood because
39 I thought y'all quoted what Sabine did this year. And I

1 like to talk to the commissioners. But it's going to take a
2 little while to figure out. My head is spinning pretty quick
3 right now. I can't do much math in my head right now.
4
5 CHAIRMAN PIRTLE: Do you need a quick break?
6
7 COMMISSIONER KRESTA: If I could, please.
8
9 CHAIRMAN PIRTLE: Okay. It is now 10:58.
10
11 We'll try again for another five-minute break.
12
13 (Recess taken)
14
15 CHAIRMAN PIRTLE: All right. Ms. Saathoff
16 will be back here in just a minute. It is 11:18. Get back
17 started again. That five-minute recess went to 20, the new
18 norm.
19
20 COMMISSIONER HOSS: Head scratcher.
21
22 CHAIRMAN PIRTLE: Yes, sir. Now that we're
23 back, Mr. Kresta, do you want to review what you --
24
25 COMMISSIONER KRESTA: I asked for the recess
26 and I sure appreciate it, commissioner and commission and
27 audience. What I -- I'm kind of a simple-type guy but I had
28 to get some things explained to me. And this PPI code that
29 y'all quoted in Sabine, if the court reporter can tell me
30 what was said. What rate was that? Do you remember, ma'am?
31
32 If you have to look it up hard and heavy, I'll just ask them
33 straight.
34
35 THE REPORTER: It will take me a minute to go
36 back and find it. I can go back and look.

1 really misunderstood that.
2
3 CHAIRMAN PIRTLE: I did, too.
4
5 CAPTAIN BLANTON: We were just trying to point
6 out the -- a PPI that has been pegged to pilot services.
7 That's the point we were making.
8
9 COMMISSIONER KRESTA: Yes, sir. I'm just -- I
10 want to make sure before I go any further that I have the
11 right information at hand I'm working with.
12
13 MR. LOWE: Mr. Kresta, I would make sure that
14 you --
15
16 COMMISSIONER KRESTA: That's the CFO.
17
18 MR. LOWE: Rob Lowe. Thank you. I would make
19 sure you understand what, again, your reference point is.
20 Those statistics are updated monthly. So, your CPI, are you
21 going month over month, December versus December. We're in
22 the month of October. So, are we saying September versus
23 last September? So, you just need to understand your
24 reference point as to whatever you use.
25
26 COMMISSIONER KRESTA: I sure thank you, sir,
27 because I was going to take that to an average.
28
29 MR. LOWE: Okay. That's fine, too.
30
31 COMMISSIONER KRESTA: As of now and that's --
32 tell me if that's not the proper accounting way to do it.
33
34 CAPTAIN BLANTON: What they said is 2018 was
35 3.7. 2019 was 1.96. 2017 was 1.6. PPI 88330 four-year

1 moving average is 2.32.
2 COMMISSIONER KRESTA: You are actually saying
3 something about a 2.4 or 2.3 or what earlier that you wanted
4 to work with?
5 CAPTAIN BLANTON: A two-point floor and a
6 three-point ceiling.
7 COMMISSIONER KRESTA: Okay.
8 CAPTAIN BLANTON: And if you could float this
9 rate, that PPI between that floor and that ceiling, that way
10 it protects you against the 3.7 and it protects us against
11 the 1.9 and then it would float in there.
12 COMMISSIONER KRESTA: Just for the
13 communication part of it, I'm not entertaining a floating
14 rate. We discussed this yesterday. It would be too many
15 meetings and you're going to incur too many legal costs for a
16 floating rate. I did not want to do that and he's sitting
17 over there smiling. I don't agree with that.
18 MR. MOORE: I am available anytime.
19 COMMISSIONER KRESTA: I'm backing you up.
20 That's all I'm doing.
21 CAPTAIN BLANTON: Yes, sir.
22 COMMISSIONER KRESTA: I don't think the board
23 is entertaining -- I'm speaking for myself. I said floating.
24 How many times would you want to meet a year?
25 CAPTAIN BLANTON: I don't.

1 is -- Commissioner Croft, is -- well, in a year -- you know,
2 you have a bad year, okay, we want to adjust it down,
3 everything you worked for we're going to take away from you.
4 Okay. Say that.
5 COMMISSIONER CROFT: That's the market.
6 COMMISSIONER KRESTA: If you go three years,
7 you give them a big raise. If you go -- I'm trying to get to
8 the point of a set rate because a floating rate -- through
9 this business will be a hairball mess trying to get through
10 it. And -- because every time we'll meet, we'll have legal
11 counsel sitting on each side and then we'll have the whole
12 argument of to do it or not to do it.
13 COMMISSIONER CROFT: It's a posted number that
14 we can get to on January 1 of every year.
15 COMMISSIONER KRESTA: Okay.
16 COMMISSIONER CROFT: And we know what the
17 ceiling is and we know what the floor is. It's not going to
18 be a mystical figure.
19 COMMISSIONER KRESTA: So, it would be at the
20 beginning of the year is what you're interpreting?
21 COMMISSIONER CROFT: Yes, sir.
22 COMMISSIONER KRESTA: I've got something I
23 want to throw out there to the commission. Okay. I kept
24 everything and there was -- the board is looking at right now
25 with the consensus of the board is zero, three, three for

1 COMMISSIONER KRESTA: Thank you. That's what
2 I'm talking about. And who determines they're floating.
3 That's what I'm -- you got me.
4 CAPTAIN BLANTON: I yield to the superior.
5 COMMISSIONER KRESTA: Yes.
6 CAPTAIN BLANTON: I get it.
7 COMMISSIONER KRESTA: Making sure we
8 understand that part. Okay. Because the floating is
9 argumentative all the time; is that right?
10 MR. MOORE: That is correct, sir.
11 COMMISSIONER KRESTA: Thank you. That's one
12 thing he taught me a year ago.
13 COMMISSIONER CROFT: Commissioner Kresta.
14 MR. MOORE: I learned all that.
15 CHAIRMAN PIRTLE: Mr. Croft.
16 COMMISSIONER CROFT: Yes, sir. To that point
17 on floating, my comment and suggestion earlier was that the
18 rate is to float annually, not on a daily basis but once a
19 year to adjust to whatever that PPI is within the range of 2
20 to 3 percent. That way the contract remains current,
21 accurate with the market and, you know, fair to all
22 concerned. So, to your point that it not be adjustable, I
23 understand. I would not want it adjustable daily, monthly.
24 But annually I think is a fair thing to request.
25 COMMISSIONER KRESTA: Yes. All I want to do

1 three years. All right. Now, we're going with this -- I'm
2 trying to understand this PPI and you threw out you would go
3 with a 2.4, Captain Blanton; is that correct?
4 CAPTAIN BLANTON: The four-year average was
5 2.37. Yes, sir, I would concur with that.
6 COMMISSIONER KRESTA: I did some figuring,
7 commissioners, and that's why I called for the recess. I
8 wanted the CFO to help me out. I did -- whenever he -- I'm
9 not trying to negotiate myself. I'm trying to negotiate with
10 them, not me. So, I just wanted to understand it and I'm
11 trying to draw this in. Now, with the figures that's been
12 provided to us on a zero, three, three, your first year is
13 five two six zero four one six. That's 2021. Zero for 2021.
14 I'm sorry. I said that wrong. And it's wrote down wrong, I
15 believe, CFO; is that correct? You only take two years -- I
16 said it wrong. So, 2022 you jump in there and you go to a
17 five two six zero four one six. When I say all that, that's
18 a million five point. And for clarification, I'll keep it
19 that way. 2023 it will be a 5.4, just for clarification.
20 MS. SAATHOFF: You're talking dollars?
21 COMMISSIONER KRESTA: I'm talking dollars.
22 COMMISSIONER SINGHANIA: Paul, excuse me. 5.4
23 from today to that day or just for that year?
24 COMMISSIONER KRESTA: I'm talking about
25 everything starting on January 1st of that year.

1 COMMISSIONER SINGHANIA: Okay. But it will be
2 5.4 percent --
3 COMMISSIONER KRESTA: No. No. Let me back
4 up. Hold on just a minute. Hold up. Let me back up for you
5 and explain. I'll talk a little slower. Everything will
6 start in 2022. 2021 is leading at zero. Okay. That's
7 memorandum (sic). I'm going to use his words and thank you
8 for teaching me that today. 2021 stay with zero. 2022 is at
9 3 percent. That's 153,000-dollar raise. 2023 is
10 157,000-dollar raise. Okay? Now, I did some figuring since
11 the pilots come in and said they want to do -- they will give
12 up a 2.4 -- to go to 2.4 for four years. Now, me looking at
13 it from the money end, there's only one way to look at it and
14 I don't want to hurt the shippers, I don't want to hurt
15 anybody but in 2022, a 2.4 percent is 122,573-dollar raise.
16 I'm going to say raise. I'm going to say revenue. Let me
17 back it up to revenue. And now I'm working on 2.4, Ravi, for
18 every year. At 2023 that's 125,000-dollar increase in
19 revenue. And a 2.4 at four years at 2024 is \$128,527
20 increase in revenue.
21 So, with that being said, I think my CFO, if I
22 can call him back up here to make sure that these numbers are
23 correct. Did he run -- I think he did but I don't see the
24 figures he run for me. I asked for it. It's a little --
25 it's a difference of -- from today's deal we go to three

1 this piece of paper. So, it's going to be \$65,000 that year.
2 You are shaking your head acting like you agree. You know
3 all the figures.
4 CAPTAIN BLANTON: I'm tracking. I'm tracking.
5 COMMISSIONER KRESTA: That was a clean joke.
6 That was a clean one. Okay? That was really clean. Ravi --
7 COMMISSIONER SINGHANIA: This is zero '22?
8 COMMISSIONER KRESTA: Zero -- what?
9 COMMISSIONER SINGHANIA: And then --
10 COMMISSIONER KRESTA: Ravi, it's zero 2021.
11 COMMISSIONER SINGHANIA: Hold on a second. Go
12 ahead.
13 CHAIRMAN PIRTLE: Phyllis has it on her --
14 MS. SAATHOFF: Let me add one thing to it and
15 then we will discuss it. One second. This will help.
16 COMMISSIONER KRESTA: I'm throwing this out
17 there, commission, to think about a situation and if you
18 don't agree, I'd just like to be shot down or something but
19 that was something that we're trying to work out.
20 MS. SAATHOFF: There we go.
21 COMMISSIONER SINGHANIA: Repeat the numbers.
22 You're saying zero -- you are not giving percentages. Zero
23 in -- for 2021. 2.4 percent in 2022 and then another
24 2.4 percent in 2023 and 2.4 percent in 2024.
25 COMMISSIONER KRESTA: Yes, sir.

1 year. At the end of three years, you had 5.418228. At the
2 end of four years, you had 5.48314. So, that's -- the last
3 year there's an increase if you -- versus the three, three
4 versus the four -- I mean, 2.4, 2.4, and 2.4 for four years.
5 There's an increase of only 65,000 for that one year at 2.4;
6 is that correct?
7 MR. LOWE: I was doing this on the -- sorry.
8 Rob Lowe. I was doing this manually right there.
9 COMMISSIONER KRESTA: Yeah, you was.
10 MR. LOWE: That was about what I thought. I
11 backed into this, guys. I divided 3 percent to get the
12 baseline.
13 CAPTAIN BLANTON: Copy.
14 COMMISSIONER KRESTA: So, what I'm asking,
15 commissioners, since the pilots threw this out, you're
16 starting off with a lower increase of 2.4. And they offered
17 this up at 2.4 if we go to four years. What I'm trying to
18 say, if you go to 2.4 into that fourth year, you're talking
19 about -- I did this because they threw this out there and it
20 had me thinking of what it would actually cost. So, the
21 first year would be a decrease of 30,000. The second year,
22 2023, would be a decrease of 25,000 as shown on this piece of
23 paper, guys, is what I'm going by. Okay? And the fourth
24 year is when they pick it back up but there's still a
25 decrease in revenue. And it's over a four-year period versus

1 COMMISSIONER SINGHANIA: Is that right?
2 MR. LOWE: On the right side -- looking at it
3 visually on the right-hand side of Ms. Saathoff's
4 illustration --
5 COMMISSIONER SINGHANIA: She has one
6 twenty-two, one twenty-five. She is putting thousand
7 dollars. I'm looking at the percentage increase.
8 MS. SAATHOFF: That's listed across the top.
9 COMMISSIONER SINGHANIA: Let me repeat again
10 without interruptions, if I may. 2021 you're saying zero.
11 CHAIRMAN PIRTLE: Correct.
12 COMMISSIONER KRESTA: Yes, sir.
13 COMMISSIONER SINGHANIA: And then 2022 we are
14 saying at 2.4 percent on the unit charges and two point -- in
15 2022?
16 COMMISSIONER KRESTA: Yes, sir.
17 COMMISSIONER SINGHANIA: And then in 2023 you
18 add 2.4 percent at the top of 2023 -- in 2023.
19 COMMISSIONER KRESTA: Yes, sir.
20 COMMISSIONER SINGHANIA: And then 2.4 percent
21 in 2024. So, you're looking at a four-year contract with a
22 2.4 percent increase each year from -- for the three years
23 beginning 2022.
24 COMMISSIONER KRESTA: Yes, sir. And that --
25 an explanation -- is \$51,000 -- I mean, \$65,000 but it's --

1 it's actually \$51,000 from a three, three, three. Zero,
2 three, three on a three-year deal, if my calculation is
3 correct. Because I've got that right here. If -- Mr. CFO,
4 come up here and look at this.
5 MR. LOWE: I can come look. It looks like
6 Phyllis has a different figure.
7 MS. SAATHOFF: Based on what you wrote, I took
8 your --
9 COMMISSIONER KRESTA: Hold on. Let me make
10 sure of this.
11 COMMISSIONER CROFT: Roughly 92,000.
12 COMMISSIONER KRESTA: Ravi, the first year,
13 instead of -- in 2022 instead of 153,000-dollar increase in
14 revenue, it's a hundred and twenty-two. All right.
15 Roughly thirty -- I'm saying 30,000. Okay. I'm roughing it.
16 2023 on a 3 percent deal, it's a hundred and fifty-seven.
17 And 2023 is a hundred and twenty-five. So, that's another
18 22,000 increase, right?
19 COMMISSIONER SINGHANIA: So, you are --
20 COMMISSIONER KRESTA: Difference. Difference.
21 COMMISSIONER SINGHANIA: You're increasing.
22 These are getting compounded. So, if I may summarize in a
23 simple way, my own way, is the pilots are proposing to let's
24 go for a four-year contract.
25 COMMISSIONER KRESTA: Yes, sir.

1 definitions of PPI and CPI and I think that CPI is the metric
2 we really want to use because it's used to adjust for income
3 and expense streams for changes in cost of living. That's
4 specifically the definition. PPI is to deflate revenue
5 streams in order to measure real growth of industry. So,
6 just making sure we don't get offset too far.
7 I will say that I was okay with the floor,
8 ceiling proposed. The average is the same thing, 2.4. But I
9 am -- and I've looked up the CPI for the Houston area.
10 Granted it's not Brazoria County. But it is from the Bureau
11 of Labor & Statistics for Houston. And right now you're
12 looking at still about a half a percent to six-tenths of a
13 percent growth for this year, year over year, July this year
14 compared to July last year for a 12-month period. So, I'm
15 actually okay giving them something in the next 12 months
16 that met that but if we want to do zero, 2.4, 2.4, I'm okay
17 for a three-year period.
18 CHAIRMAN PIRTLE: Commissioner Santos.
19 COMMISSIONER SANTOS: 2.4, I don't have a
20 problem with that as an average -- as an average out with a
21 2.4 throughout 2024. So, that's going to be a zero for '21,
22 2.4 for '22, 2.4 for '23, 2.4 for '24. That's 2024. I'm
23 good with that, sir.
24 CHAIRMAN PIRTLE: Thank you, sir. Mr. Kresta
25 proposed this. And I will agree. I think that's a good

1 COMMISSIONER SINGHANIA: Right now the
2 proposal is zero, three, three, three. What they are saying
3 is they would like to have a four-year contract but go zero,
4 2.4, 2.4, 2.4?
5 COMMISSIONER KRESTA: Yes, sir.
6 COMMISSIONER SINGHANIA: So, they are willing
7 to lower it to 2.4 and get in return another year on the
8 contract?
9 COMMISSIONER KRESTA: Yes, sir. Does anybody
10 need any more -- I mean, that's what they threw out there and
11 I'm trying to bring it together. I would like to have a
12 feeling from the board.
13 COMMISSIONER SINGHANIA: Let me think a little
14 more. So, I'll let other commissioners speak in the meantime
15 while I digest that in my mind.
16 COMMISSIONER KRESTA: Okay.
17 CHAIRMAN PIRTLE: Commissioner Croft, any
18 further comments regarding this?
19 COMMISSIONER CROFT: No. I'm comfortable with
20 that. I know I had thrown out the deal on the PPI or CPI. I
21 think this, from a blending standpoint, amounts to the same
22 thing. So, I'm perfectly fine with the recommendation of the
23 2.4 for the four-year term with zero the first year.
24 CHAIRMAN PIRTLE: Commissioner Hoss.
25 COMMISSIONER HOSS: Well, I've looked at the

1 direction, gives them good balance and the average comes out
2 pretty close. So, I agree with him as well.
3 COMMISSIONER KRESTA: I'm -- go ahead.
4 CHAIRMAN PIRTLE: I'm pretty well done. So, I
5 can support it. Yes, sir.
6 COMMISSIONER SINGHANIA: Mr. Chairman, I want
7 to add again I would be okay with what is being proposed but
8 I still want to see a requirement that the financial
9 statements are given to our CFO by March of next year like we
10 had talked about it before.
11 CHAIRMAN PIRTLE: Thank you, sir. I believe
12 Mr. Cordoba has that already in what he's been developing so
13 far, draft proposal.
14 MS. SAATHOFF: Is that an annual requirement?
15 CHAIRMAN PIRTLE: That is an annual
16 requirement, yes.
17 COMMISSIONER SINGHANIA: I want right now,
18 Ms. Phyllis, for the vote, I want the last three years and
19 full financial statements so we can understand the revenue
20 stream as they're coming along with how the depreciation and
21 all gets treated because that's how we can get Rob, the CFO,
22 to get that information and then be able to -- if he's
23 satisfied, he can then explain to me. Thank you very much.
24 CHAIRMAN PIRTLE: Thank you, sir. Do you have
25 that included, Mr. Cordoba, in the -- that the last three

1 years would also be included?
2 MR. CORDOBA: In the last three years?
3 CHAIRMAN PIRTLE: Yes, sir.
4 MR. CORDOBA: I will add it.
5 COMMISSIONER KRESTA: Chairman.
6 CHAIRMAN PIRTLE: Yes, sir.
7 COMMISSIONER KRESTA: I drew this out for four
8 years at the request that the pilots said they need it. I
9 proposed this saying the pilots need it. You know, I want --
10 for the record, I want the commission to make up their mind
11 and, you know, it goes against my heart and my soul to go
12 four years.
13 CHAIRMAN PIRTLE: Understood.
14 COMMISSIONER KRESTA: It goes against my brain
15 process, too. But I have -- I wanted to draw this out
16 because the BPA is here. But I -- I like -- the three-year
17 deal I like. But I wanted everybody to understand we cut the
18 percentage points and went a year more. I know there's a lot
19 of heart felt on that one. It's on me, too. But I ain't
20 made the motion yet and the motion ain't there. I'm trying
21 to get past it. But tying up a contract for four years by
22 going by the contract what we done in history and what I was
23 used to and what the sentiment of this board is. And this
24 number of contract -- and at this time of year, this time of
25 day, this time of the century it's hard for me to swallow. I

1 can -- you don't know what the future holds. And we damn
2 sure don't know what the future holds. We made some big
3 commitments as a double board. So, we need to make sure that
4 you follow through with your commitments because we're going
5 to follow through with our commitments is what I want to
6 stress here. And I think I'm through.
7 COMMISSIONER SINGHANIA: Adding on to this,
8 the deckhands will be, Mr. Captain Daniel, will come on board
9 immediately?
10 CAPTAIN BLANTON: 2021 is what we put out
11 there.
12 CHAIRMAN PIRTLE: March or January?
13 CAPTAIN BLANTON: As soon as I can identify
14 them, I'm going to get them.
15 CHAIRMAN PIRTLE: Before March?
16 CAPTAIN BLANTON: I'm thinking January. If
17 first quarter is good enough for you, it will be first
18 quarter.
19 COMMISSIONER SINGHANIA: No later than
20 March 31, 2021. Because it's still safe, then I can try to
21 board another ship with you, if you let me.
22 CAPTAIN BLANTON: Absolutely.
23 COMMISSIONER SINGHANIA: Thank you very much.
24 CAPTAIN BLANTON: Just -- two is absolutely
25 doable. Three probably. But to identify four people, can I

1 believe the 3.5 -- I mean, 3.0 was a little too high for
2 the -- for the second year. And that's why whenever BPA come
3 up with this 2.4, I think they're more in line. I've checked
4 with industries and I've checked with other ones of what they
5 even talking about for next year and three was never even
6 mentioned. I want to state that for the record. But I do
7 know some companies that did settle for three. I do know
8 some companies that are still talking and they're offering
9 one and a half. And then I've got some other companies
10 that's coming in and they're offering zero. Lucky to have a
11 job. And then we talk about people getting laid off this
12 time.
13 From this commission's standpoint, I think
14 we're being awful dang generous. And I'm wanting that to be
15 understood into the record that this is pretty generous but
16 we are making the commitment to everything that's been
17 discussed today, to get deckhands, to make the safety of the
18 port better, to receive the documentation we need to make up
19 our mind, and to have this a bigger and bolder Port Freeport
20 Navigation District. And I just want to state that for the
21 record to understand that if we make this commitment -- this
22 is why we're making this commitment, not because of what
23 somebody needs or wants. We're doing it to make it bigger
24 and bolder and we're stepping up to the plate with you. Just
25 like you said, in this whole conversation, you know, you

1 have a little bit of leeway on that? I promise we're going
2 to get all of them. But to find -- I've got to find four
3 people. That's my only concern. I intend to do it. I'll
4 commit to four in the first quarter.
5 COMMISSIONER HOSS: I like that.
6 CHAIRMAN PIRTLE: At least two by March 31st,
7 two more by the end of the year.
8 (Multiple people talking at one time.)
9 CHAIRMAN PIRTLE: All right. I was just
10 trying to put a line in the sand. If you want another date,
11 if he has two --
12 COMMISSIONER KRESTA: I will agree --
13 Commissioner Kresta. I will agree with him, if this is
14 passed, he said he committed to boat -- deckhands by the
15 first quarter -- end of first quarter. That's what Captain
16 Blanton just said.
17 CHAIRMAN PIRTLE: But the number, defining the
18 number, is it two by the first quarter and then two more by
19 what time after that?
20 COMMISSIONER KRESTA: If I may speak -- ma'am,
21 this is Commissioner Kresta again -- he committed and said I
22 will have four deckhands by the end of the first quarter.
23 CAPTAIN BLANTON: Fair enough.
24 COMMISSIONER SINGHANIA: I think you're --
25 CAPTAIN BLANTON: From an HR standpoint

1 finding the people was my concern. I'll make it happen.
2 COMMISSIONER HOSS: This is Commissioner Hoss.
3 I'm going to lean with Captain Blanton. Two in the first
4 quarter realistically. He may have to -- they may actually
5 work a little overtime but that should cover him for manning
6 for what they do today. And I would be okay with two by
7 the -- two more, total of four, by the end of the year.
8 COMMISSIONER SANTOS: Fourth quarter.
9 COMMISSIONER HOSS: It would be okay. Because
10 I've got to tell you, they are running a quality operation
11 and they've got to vet and train some people. It's not that
12 simple. He's lucky in this market he will probably find some
13 but they may jump ship on him 90 days later, too, for a
14 dollar a day more. So, he's made a very realistic commitment
15 for two for the first quarter and four for the year. I'm --
16 as a boat person, I'm very happy with that commitment.
17 COMMISSIONER SINGHANIA: This is what I was
18 coming to is we should not be hung up on the numbers. All we
19 are asking is to have a deckhand on a boat, whether he does
20 it with two people or with three people or whatever is
21 necessary.
22 CHAIRMAN PIRTLE: Exactly. Thank you.
23 COMMISSIONER SINGHANIA: That's my -- if you
24 are short, you do overtime or whatever, you know. We want --
25 what we are after is to have a deckhand on the boat when it

1 And you're absolutely correct. Now, you mentioned HR. If I
2 was applying for you and the way you bark orders, I would
3 have a little bit of a hard time.
4 CAPTAIN KROHN: They come see me.
5 COMMISSIONER SANTOS: Another thing is, my
6 observation, what I see is your co-partners there, either I'm
7 going to go fully bald or I'm going to go gray like Billy.
8 CAPTAIN BLANTON: It's -- you've got to be
9 passionate about it.
10 COMMISSIONER SANTOS: You're committed.
11 You're committed. Just like Commissioner Kresta said, this
12 commission is committed. Our CEO has said it all the way up
13 to Washington. This port is committed. And we're partners
14 in it. The stone is dropped. We're all going to ride that
15 ripple, like you said. And we've got a ways to go, guys.
16 Make it happen.
17 CAPTAIN BLANTON: We will.
18 COMMISSIONER SANTOS: Thank you, sir.
19 CHAIRMAN PIRTLE: Mr. Cordoba, will you please
20 read our motion?
21 MR. CORDOBA: Let me read the components first
22 to this before I read all these words. But what I heard was
23 2.4 percent. 2021 is nothing. The 2.4 percent will be
24 applicable January 1, 2022, '23, and '24. Is that right so
25 far?

1 is being used.
2 COMMISSIONER HOSS: We're after increased
3 safety on their boat by increasing the manning. How he gets
4 there we should leave that up to him.
5 CHAIRMAN PIRTLE: So, really, it boils down to
6 all we're requesting is that you have deckhands on the boats
7 that are operating. How and when you do it is really not our
8 problem.
9 COMMISSIONER HOSS: You cover those manning
10 slots --
11 CAPTAIN BLANTON: It will be done.
12 COMMISSIONER HOSS: Thank you. By the first
13 quarter -- however many you are going to hire but if you
14 cover those manning slots because --
15 CHAIRMAN PIRTLE: Deckhands on the boats by
16 the end of the first quarter.
17 COMMISSIONER HOSS: A lot of boat companies
18 juggle crews back and forth between boats.
19 CAPTAIN BLANTON: There's going to be turnover
20 in this position. I've already talked to our partners up and
21 down the coast and retention in deckhands is a revolving
22 door.
23 COMMISSIONER HOSS: Yes, sir. About as fast
24 as it will spin.
25 COMMISSIONER SANTOS: Commissioner Santos.

1 COMMISSIONER KRESTA: Yes.
2 MR. CORDOBA: Commissioner Singhanian wanted
3 the past financials for three years, which, I believe, would
4 be '18, '19, and '20 by March 1, 2021; is that right?
5 COMMISSIONER KRESTA: Yes, sir.
6 MR. CORDOBA: And then future financials for
7 '21, '22, and 2023 by March 1 of those -- of the years
8 following those years.
9 CHAIRMAN PIRTLE: Yes, sir.
10 MR. CORDOBA: Two deck --
11 COMMISSIONER SINGHANIA: Mr. Cordoba, just for
12 clarification, we want financials for last three years to the
13 satisfaction of our CEO -- CFO.
14 CHAIRMAN PIRTLE: To the CFO.
15 COMMISSIONER SINGHANIA: Because right now
16 there's a disconnect what definition, what we really need.
17 MR. CORDOBA: I think if we add those words it
18 may not necessarily clarify that problem. I think it's
19 always going to be at your approval. Just putting to the
20 discretion of the CFO, I'm not sure that will get us there.
21 In my opinion, it's always to your satisfaction, to the
22 board's satisfaction. So, I would suggest probably not
23 including those words. I just don't think it's necessary.
24 COMMISSIONER SINGHANIA: But it's financial
25 statements.

1 MR. CORDOBA: Financial statements and I put
2 income and expense records in parentheses in what I'm going
3 to read to you in the full motion.
4 COMMISSIONER SINGHANIA: And balance sheet.
5 Income -- balance sheet, income statement, and cash flow
6 statement. So there is no confusion about it. I appreciate
7 the lawyer looking into it.
8 MR. CORDOBA: Income statement, balance sheet,
9 and cash flow statement; is that right?
10 COMMISSIONER SINGHANIA: Thank you.
11 MR. CORDOBA: Okay.
12 COMMISSIONER CROFT: Counsel, Commissioner
13 Croft. I don't see a need for a cash flow statement. It
14 includes borrowings as part of the cash flow. I think what
15 we're really looking for is income and expense and the flow
16 of funds. Again, it's kind of an esoteric term to have cash
17 flow. I need an accountant that might be able to address
18 that. Phyllis, will you indulge yourself in that?
19 COMMISSIONER HOSS: Would you want a balance
20 sheet to see what your balances are?
21 COMMISSIONER SINGHANIA: Mr. Croft.
22 MS. SAATHOFF: I'm going to let our CFO speak
23 to this because it's his responsibility and you're putting on
24 him. So, let's let him speak to it.
25 COMMISSIONER SINGHANIA: Also, I will say,

1 general sense of the majority of the BPA. The one point that
2 I think Commissioner Singhanian is correct on is that we do
3 have loans involving the boat and you have accelerated
4 payments potentially involving the boat. So, you're going to
5 have a difference in cash flow in what's shown on the
6 depreciation line versus maybe what's actually been paid.
7 So, depreciation is generally going to be a schedule that
8 they're going to stick to based on the life of that boat.
9 And so, you could have a difference either way in a
10 depreciation schedule. It could be the other way. It could
11 be accelerated and the payments could be less than that. So,
12 the one area, in my mind, that there might be a delta on the
13 cash flow would be between these amortization loan payments
14 and the amortization of depreciation of assets. And that
15 delta would ultimately be reconciled in pilot fees.
16 CHAIRMAN PIRTLE: Okay.
17 COMMISSIONER CROFT: To my point, how many of
18 the commissioners understood that? Now, what I -- the point
19 I was trying to make is -- and for Ravi and myself, what
20 information are we expecting from the pilot -- you know, the
21 pilots to review and analyze. If we want it to that inth
22 degree, then, yes, cash flow is necessary and have to be
23 something for analysis brought to our attention by our CFO.
24 Is that what we're looking for or do we just want something
25 we can look at and feel comfortable with in analyzing the

1 Phyllis, this is a discussion between the commissioners.
2 MS. SAATHOFF: Mr. Singhanian, I was asked by a
3 commissioner and I was answering the commissioner's question.
4 COMMISSIONER SINGHANIA: I appreciate that.
5 But my question is don't get -- if you don't get a cash flow,
6 you cannot see how depreciation and all is getting accounted
7 for.
8 COMMISSIONER KRESTA: Ravi, the CFO is at the
9 podium if you want to ask him a question.
10 COMMISSIONER SINGHANIA: Okay.
11 MS. SAATHOFF: Let Mr. Croft ask his
12 questions.
13 CHAIRMAN PIRTLE: We're going to let Mr. Croft
14 pose the question again to our CFO, Mr. Lowe.
15 COMMISSIONER CROFT: A cash flow statement in
16 an accounting sense includes borrowed funds and other, like I
17 termed, esoteric terms that don't necessarily address what we
18 in a general sense consider to be cash flow. So, for clarity
19 purposes, instead of having a cash flow statement included in
20 this motion, address it differently, that it be basically
21 income and expense, which is addressed. So, my point is can
22 you address in better detail cash flow -- a cash flow
23 statement.
24 MR. LOWE: Okay. Rob Lowe, Port Freeport CFO.
25 My opinion would be I think you're fundamentally correct in a

1 information presented?
2 CHAIRMAN PIRTLE: Honestly, I think that's why
3 Commissioner Singhanian wanted that to go to the CFO for
4 evaluation, somebody that can fully understand and appreciate
5 everything that was included in that statement and then if
6 there were a problem or concern, that he would bring it to
7 the commission.
8 COMMISSIONER CROFT: To that end, I'm in full
9 concurrence.
10 CHAIRMAN PIRTLE: I can understand
11 depreciation and balances. But, no, I'm not an accountant
12 and don't want to be an accountant. Sorry. I appreciate
13 those that can.
14 MR. LOWE: I told my kids I would pay for
15 anything they wanted to be except an accountant. So, I
16 validate what you're saying.
17 CHAIRMAN PIRTLE: When pluses are minuses and
18 minuses are pluses, there's something that just doesn't add
19 up to me. Assets and liability.
20 Okay. Finish your --
21 MR. CORDOBA: So, is it income statement,
22 balance sheet, and cash flow statement? Is that what I'm to
23 include in here?
24 CHAIRMAN PIRTLE: Yes, sir. And we'll count
25 on our CFO and our CEO to interpret it for us.

1 MR. CORDOBA: Okay. We also have on here that
2 the pilots will implement at least two deckhands by March 31,
3 2021, and a total of four by December 31, 2021. If that
4 all -- if those components sound right, I can read to you
5 what I have drafted on the motion.
6 COMMISSIONER HOSS: Can you give the dates?
7 COMMISSIONER SINGHANIA: Excuse me, Jason. I
8 thought we concluded that they will have two deckhands as of
9 March 31, or whatever that is, there would be always an extra
10 person on the -- on the boat. John, I thought you clarified
11 that point or Paul. Personally I don't care for how many
12 people they hire in as long as we have a second person on the
13 boat, even if it's another pilot.
14 CHAIRMAN PIRTLE: Mr. Hoss.
15 COMMISSIONER HOSS: Yes, Ravi, that was some
16 of the terminology we used in the discussion is meet the
17 manning requirements. So, basically they're going to have a
18 manning requirement that there be an additional person on the
19 boat and how they fill that is up to them. They're going to
20 hire people to do it but they're going to fill that slot.
21 So, yes, sir, it meets your requirement.
22 CHAIRMAN PIRTLE: It could be Captain Blanton
23 on the boat for the second person.
24 CAPTAIN BLANTON: I'll bark at them. They
25 won't get no more.

1 make the decision on --
2 COMMISSIONER HOSS: I think you could fix that
3 by -- where you have deckhand, if you insert the word
4 position after that because you're filling a slot. You're
5 creating a slot.
6 MR. CORDOBA: So, what I have --
7 COMMISSIONER SINGHANIA: Commissioner --
8 CHAIRMAN PIRTLE: Go ahead, Ravi.
9 COMMISSIONER SINGHANIA: You say they will
10 have the second person on the pilot boat by March 31 or
11 March 1, 2021. We don't care whether they have both persons
12 by December or not. That's what we are saying.
13 CHAIRMAN PIRTLE: Right.
14 COMMISSIONER HOSS: No, that's not what we
15 said. We didn't use "don't care" anyplace in that operation.
16 We said they will have positions for the deckhands by the
17 first quarter and they have the rest of the year to fill the
18 remaining positions they need.
19 MR. CORDOBA: Pilots to implement --
20 COMMISSIONER SINGHANIA: I think --
21 MR. CORDOBA: Sorry.
22 COMMISSIONER HOSS: You keep changing it,
23 modifying the words. So, it's -- they have -- I think they
24 understood and we're pretty clear here that we agree they
25 have two positions to fill and they have the time and the

1 COMMISSIONER HOSS: Whatever works.
2 COMMISSIONER SANTOS: Make them walk home.
3 CHAIRMAN PIRTLE: All right.
4 MR. CORDOBA: Do you want me to read it?
5 CHAIRMAN PIRTLE: Yes, sir.
6 MR. CORDOBA: Okay. Increase unit charges,
7 draft charges, and detention charges and holding charges by
8 2.4 percent on January 1, 2022, January 1, 2023, and
9 January 1, 2024, to cover the costs of additional and
10 necessary personnel. Pilots to implement at least two
11 deckhands by March 31, 2021, and a total of four by
12 December 31, 2021, and report same to the Pilot Board.
13 Pilots to submit to the Pilot Board complete annual financial
14 statements, which will be income statement, balance sheet,
15 and cash flow statement for the years 2018, 2019, and 2020 by
16 March 1, 2021. Pilots to submit to the Pilot Board complete
17 annual financial statements, which will include income
18 statement, balance sheet, and cash flow statement for 2021 by
19 March 1 of 2022, financial statements for 2022 by March 1,
20 2023, and financial statements for 2023 by March 1, 2024.
21 CHAIRMAN PIRTLE: The only backup on that
22 again is, again, the question on the deckhands. We really
23 only want them to implement deckhands on the boat -- a second
24 person on the boat. We're not really requiring them to hire
25 by March 31. We want a second person on the boat. They can

1 means to fill them and then we give them time to fill the
2 remaining two positions.
3 MR. CORDOBA: Let me try this one more time.
4 Implement two deckhand positions by March 31, 2021; is that
5 right?
6 COMMISSIONER HOSS: I think so. Gentlemen.
7 CAPTAIN BLANTON: It's only one person on the
8 boat at a time. It's two people for 24 hours. I would
9 recommend you modifying it to have a two-operator capacity on
10 the boat. So, I mean, we're not putting two deckhands on the
11 pilot boat. There's only one deckhand and one boat captain.
12 So, you can say at all times the pilot boat will have at
13 least two people on it.
14 CHAIRMAN PIRTLE: There you go.
15 COMMISSIONER HOSS: There you go.
16 MR. CORDOBA: Two positions.
17 COMMISSIONER HOSS: We'll have manning for two
18 on the boat. Yeah.
19 CAPTAIN BLANTON: Minimum manning for the
20 pilot boats going forward first quarter 2021 is two persons.
21 COMMISSIONER HOSS: There you go.
22 MR. CORDOBA: Minimum.
23 COMMISSIONER HOSS: Manning requirement -- I
24 think that's the proper terminology, too.
25 MR. CORDOBA: Minimum manning requirements for

1 pilot boats will be two individuals by March 31, 2021, and
2 four by December 31, twenty --
3 COMMISSIONER HOSS: No.
4 MR. CORDOBA: Wait. That's not right. I'm
5 sorry. I got it.
6 COMMISSIONER HOSS: Just leave it at two
7 from -- from that point forward. You've got everything
8 covered.
9 MR. CORDOBA: Minimum manning requirements for
10 pilot boats will be two individuals by March 31, 2021, and
11 report same to board. Is that good?
12 CAPTAIN BLANTON: Yes, sir.
13 COMMISSIONER SINGHANIA: That is fine with me.
14 CHAIRMAN PIRTLE: Sorry but one more time read
15 the entire motion altogether.
16 MR. CORDOBA: Of course. Increase unit
17 charges, draft charges, detention charges, and holding
18 charges by 2.4 percent on January 1, 2022, January 1, 2023,
19 and January 1, 2024, to cover the costs of additional and
20 necessary personnel. Minimum manning requirements for pilot
21 boats will be two individuals by March 31, 2021, and report
22 same to pilot board. Pilots to submit to Pilot Board
23 complete annual financial statements, including income
24 statement, balance sheet, and cash flow statements for years
25 2018, 2019, and 2020 by March 1, 2021. Pilots to submit to

1 really not necessary.
2 CHAIRMAN PIRTLE: It's not necessary.
3 COMMISSIONER SINGHANIA: Thank you, Jason.
4 MR. CORDOBA: Yes, sir.
5 CHAIRMAN PIRTLE: All right. Are we good with
6 that?
7 MR. CORDOBA: I'm good with it.
8 COMMISSIONER HOSS: We're going out for four
9 years instead of three --
10 CHAIRMAN PIRTLE: Yes, sir.
11 COMMISSIONER HOSS: -- even though I've heard
12 all this heartburn about three years.
13 CHAIRMAN PIRTLE: We modified the percentage
14 rates.
15 COMMISSIONER HOSS: What does that have to do
16 with distance?
17 CHAIRMAN PIRTLE: The amount of money that
18 comes in. Mr. Kresta, would you make the position, please,
19 sir.
20 COMMISSIONER HOSS: You ought to give them a
21 half a percent, then, for the CPI for 2021.
22 COMMISSIONER KRESTA: You're saying, John,
23 that we gave them a half percent over 2021?
24 COMMISSIONER HOSS: I said we should. That
25 will help the dollar figure we're trying to get to because

1 Pilot Board complete annual financial statements, which will
2 include income statement, balance sheet, and cash flow
3 statement for 2021 by March 1 of 2022, financial statements
4 for 2022 by March 1, 2023, financial statements for 2023 by
5 March 1, 2024.
6 CHAIRMAN PIRTLE: Very good.
7 COMMISSIONER SINGHANIA: Jason, this is Ravi.
8 There are two points. One is where you said increase
9 2.4 percent to cover the additional personnel, I believe we
10 were looking at additional personnel and the CPI increases to
11 the boat. So, it's not like we are freezing the income from
12 that point of view. Second thing is we also -- at least I
13 said that the previous three years' balance sheet statements,
14 too, also.
15 CHAIRMAN PIRTLE: Yes. He did include the
16 previous three years, the financial statements, 2018, 2019,
17 and 2020. That was included. But the CPI -- the CPI was not
18 a part of this motion. We're just -- it's just a flat
19 2.4 percent.
20 COMMISSIONER SINGHANIA: It was saying it
21 covers the additional personnel.
22 CHAIRMAN PIRTLE: Yes, sir.
23 COMMISSIONER SINGHANIA: It covers the
24 additional personnel.
25 MR. CORDOBA: I can delete that clause. It's

1 we're committing ourselves for another year here in time.
2 COMMISSIONER KRESTA: You're saying something
3 about 2021, then?
4 COMMISSIONER HOSS: Right.
5 COMMISSIONER KRESTA: Take it to a half
6 instead of a zero?
7 COMMISSIONER HOSS: Yeah.
8 COMMISSIONER KRESTA: And do what with the
9 rest, John?
10 COMMISSIONER HOSS: Keep it as is.
11 COMMISSIONER KRESTA: I'm not going to
12 negotiate myself. Famous words of a man I know. Let me say
13 in 2022, '23, and '24 stay at 2.4, John?
14 COMMISSIONER HOSS: They could. I still like
15 the CPI with 2 percent floor on it, though.
16 COMMISSIONER KRESTA: Two point -- okay. A
17 floor --
18 COMMISSIONER HOSS: In other words, it didn't
19 drop below 2 percent.
20 COMMISSIONER KRESTA: I'm just trying to
21 follow you, John. That's all. What that actually -- when
22 you put a floor on it, I'm trying to figure out -- I'm trying
23 to follow you to see what that means. That's -- I mean, I
24 think we discussed it a while ago that if you put a floor on
25 it and do you put a top on it or not?

1 COMMISSIONER HOSS: You probably should.
2 COMMISSIONER KRESTA: And we discussed this a
3 while ago.
4 COMMISSIONER HOSS: We took an average
5 instead.
6 COMMISSIONER KRESTA: Took an average instead.
7 COMMISSIONER HOSS: Right.
8 COMMISSIONER KRESTA: And we're below that
9 average 2.5 and for reasoning, we said we didn't have to come
10 back every year and adjust.
11 COMMISSIONER HOSS: Right. But I also heard
12 you say that it went against your heart --
13 COMMISSIONER KRESTA: Yes, sir, it did.
14 COMMISSIONER HOSS: -- and soul to get past
15 three years. And I heard Commissioner Santos say that. I've
16 said that. And we worried and agonized over five years and I
17 heard Commissioner Singhania say it. So, I just wondered how
18 come we flipped at the last second.
19 CHAIRMAN PIRTLE: We always stand to negotiate
20 different directions before it's all said and done.
21 COMMISSIONER HOSS: We're not there yet.
22 CHAIRMAN PIRTLE: We've had that discussion.
23 I mean, we've gone through this --
24 COMMISSIONER HOSS: So, lead us, Mr. Chairman.
25 CHAIRMAN PIRTLE: I would like to hear

1 Commissioner Pirtle votes yes. Motion passes.
2 We got through that one, but we're not done
3 yet. We are going to go back and revisit quickly the first
4 BPA request regarding -- I'm sorry -- communications fee,
5 which one is that?
6 COMMISSIONER HOSS: Mr. Chairman, do you need
7 a motion to allow you to go back and revisit that? I'll be
8 happy to make one.
9 CHAIRMAN PIRTLE: If you --
10 COMMISSIONER HOSS: If that pleases the board.
11 CHAIRMAN PIRTLE: I have no problem with that.
12 Counsel.
13 COMMISSIONER HOSS: If you get a second vote,
14 that way we know where we're headed.
15 CHAIRMAN PIRTLE: Yes, sir. Commissioner
16 Hoss, make the motion to go back and visit the first BPA
17 request.
18 COMMISSIONER HOSS: I hereby move that we go
19 back and revisit the first BPA request, which is the
20 institution of the communication/dispatch fee, covering the
21 costs and expenses of the state-of-the-art dispatch service,
22 at least that's how it's listed.
23 COMMISSIONER SINGHANIA: I second it.
24 CHAIRMAN PIRTLE: Do we have a second?
25 COMMISSIONER CROFT: I'll second.

1 Mr. Kresta go ahead and make the motion as we discussed here
2 already and as the motion has been read by Mr. Cordoba.
3 COMMISSIONER HOSS: Continue.
4 COMMISSIONER KRESTA: I want to make the
5 motion as read by our attorney, Jason Cordoba, and that
6 includes all the amendments to modify this proposal that we
7 have here. We will modify the rate increase and it should
8 read as he presented. And this will be zero for the first
9 year, 2.4 for the second, 2.4 for the third, and 2.4 for the
10 fourth year as stated in the record with the modifications
11 stated by counsel. That's my motion.
12 CHAIRMAN PIRTLE: All right.
13 COMMISSIONER CROFT: I'll second that.
14 CHAIRMAN PIRTLE: Okay. Motion by
15 Commissioner Kresta to modify and we have a second by
16 Commissioner Croft. Any further discussion before we vote?
17 Commissioner Santos, how do you vote?
18 COMMISSIONER SANTOS: Santos votes yes.
19 CHAIRMAN PIRTLE: Mr. Hoss?
20 COMMISSIONER HOSS: I'll vote yes.
21 CHAIRMAN PIRTLE: Mr. Croft made the --
22 Commissioner Singhania, how do you vote?
23 COMMISSIONER SINGHANIA: I vote yes. Thank
24 you.
25 CHAIRMAN PIRTLE: Thank you, sir.

1 CHAIRMAN PIRTLE: Mr. Croft second. Further
2 discussion. Mr. Singhania, I think that was a thumbs up.
3 Okay. He approves. Mr. Kresta?
4 COMMISSIONER KRESTA: Yes.
5 CHAIRMAN PIRTLE: Mr. Santos.
6 COMMISSIONER SANTOS: Yes.
7 CHAIRMAN PIRTLE: Commissioner Pirtle is a yes
8 also.
9 So, in yesterday's discussion, we talked about
10 alternatives and the Port participating in this cost for
11 communications as well as dispatch. I didn't make myself
12 well versed in what the thought was there. It wasn't really
13 that we were going to increase --
14 COMMISSIONER KRESTA: Point of order,
15 Mr. Chairman.
16 CHAIRMAN PIRTLE: Yes, sir.
17 COMMISSIONER KRESTA: This board cannot
18 consider anything from the Port of Freeport and we cannot be
19 talking about discussing funds for the Port of Freeport as
20 this board is in Pilot Commission.
21 CHAIRMAN PIRTLE: You are correct.
22 COMMISSIONER KRESTA: Thank you.
23 CHAIRMAN PIRTLE: So -- you are very correct.
24 So --
25 COMMISSIONER KRESTA: I didn't want to get the

1 water started too confusing too fast. But this is a true
2 statement and we do need to separate these boards when you
3 talk about this; is that right?
4 CHAIRMAN PIRTLE: Yes, sir.
5 COMMISSIONER KRESTA: Thank you.
6 CHAIRMAN PIRTLE: I agree. So, going back
7 just explaining. The thought was is that Port of Freeport
8 has been contributing to funds for the operation of Fort
9 Velasco Signal Station. We feel like that Port Freeport
10 should continue to contribute funds to Fort Velasco Signal
11 Station or -- I'm sorry -- the new dispatch station. So, we
12 as pilot board members are going to ask that the Port
13 Freeport commission look at the funding part of that as well.
14 And so, the rates may have to be reconfigured so that you're
15 charging some of the shippers less and we'll have to come
16 back and make a decision on what that amount is going to be
17 that we're going to contribute.
18 CAPTAIN BLANTON: For the record, BPA is not
19 interested in engaging in a contract with taxpayer funds.
20 BPA is very cautious about the oversight board that we're in
21 right now telling us we're going to enter into a contract
22 that this commission is. So, you're forcing a private
23 company --
24 COMMISSIONER KRESTA: Point of order.
25 CAPTAIN BLANTON: -- to go into a contract --

1 has benefited from this. Nobody is questioning the benefits
2 of the service. There's nuts and bolts here. I got that.
3 But Port of Freeport committed funds for the last three years
4 to help this along. I understand that there's some gray area
5 and some nuts and bolts here. But I -- I for one am
6 concerned about slapping the ships with a new fee that they
7 haven't had before and considering the Port has already been
8 a part of the original team -- I don't want to use the word
9 experiment because it wasn't. It was a trial to see where it
10 was going. And so, the Port's already done this. There
11 should be a way to work our way through this so that there is
12 not such a slap to the shippers coming in and so that the
13 community benefits from it. That's all I've got to say. How
14 it gets done, I think it's open to some discussion and
15 certainly that has to be a budget item for the port
16 commissioners to address.
17 CHAIRMAN PIRTLE: Thank you.
18 COMMISSIONER HOSS: End of discussion.
19 CHAIRMAN PIRTLE: That's a point I did not
20 convey very well yesterday. So, I appreciate you clarifying
21 that.
22 MR. LETOURNEAU: Mr. Chairman, this is Keith
23 Letourneau. Can you hear me?
24 CHAIRMAN PIRTLE: Yes, sir, I can.
25 MR. LETOURNEAU: I just want to make sure that

1 COMMISSIONER KRESTA: Point of order. The
2 word "contract" was not mentioned.
3 CAPTAIN BLANTON: Sorry.
4 COMMISSIONER KRESTA: That's not even entered
5 to the point of that discussion. Okay. That was an idea of
6 this Pilot Commission going back to the Port of Freeport to
7 discuss possible ways and it was brought up the other day
8 from WGMA to work out a deal to see if they could lighten the
9 burden on the shippers through a tonnage fee or something
10 like this and part of this commission would like to revisit
11 with the Port of Freeport. That's where this stands, I do
12 believe. Is that right, commissioners?
13 COMMISSIONER HOSS: Yes, sir. That sums it
14 up. Sums it up from my point of view.
15 CHAIRMAN PIRTLE: Okay.
16 COMMISSIONER KRESTA: Good.
17 COMMISSIONER HOSS: Knowing that we have to go
18 back to the board to seek a budget, maybe this one item
19 should be just set aside for a future action by this board
20 because obviously we put that out there. We can't -- we
21 can't reach a conclusion today because we can't commit funds.
22 But the Port has been committing funds and that offsets part
23 of the costs. And one of the things that we heard is that
24 it's a new fee and it is solely hitting the shippers. And,
25 yet, we also heard that -- I'll use the term port community

1 the board is aware of the specific provisions of the Texas
2 Transportation Code when it comes to making changes to the
3 pilotage rates from our earlier discussion. Again, back to
4 Texas Transportation Code Section 68.061, the board may not
5 change pilotage rates before the first anniversary of the
6 first preceding rate change. So, the question, then, becomes
7 if this board adopts this Item No. 1, does that constitute a
8 rate change. And since it's being incorporated into the
9 pilot's tariff, my opinion is that it does constitute a rate
10 change. Consequently, I question whether or not the board
11 has the authority to go back and modify this if we choose to
12 do so after today. In other words, if you adopt this as of
13 today, it would seem to me that the board may be bound by
14 this for the next year to come.
15 COMMISSIONER HOSS: If we were to adopt it
16 today. But if we rescinded it -- and this board has a
17 history of changing, we did so during the last hearing three
18 years ago. And since the rate change doesn't take place, we
19 really haven't adopted it yet. And the hearing is still in
20 session. We're just readdressing a topic.
21 CHAIRMAN PIRTLE: Mr. Letourneau, what happens
22 if we recess this meeting until November 13th on this one
23 item?
24 MR. LETOURNEAU: Then it hasn't been -- it
25 will not have been adopted then, Mr. Chairman, until such

1 time as the board issues its order. You have -- you have
2 draft -- you have approved the motion at this point in time.
3 So, I think it likely is part of the record that it has been
4 approved. So, if you want to adjourn the hearing before
5 adopting all of these changes until November 13th, you're
6 certainly welcome to do that. But that probably would
7 require a further motion.
8 COMMISSIONER SINGHANIA: Mr. Letourneau, this
9 is Ravi Singhania. I want to inject also is -- the way I
10 understand it and I'm very limited in this port entities and
11 Jason and you can help me, is it first has to be submitted to
12 the port commissioners to act on, if they want to -- what do
13 you call -- help with the signal station or the dispatch
14 station. And that has to be addressed at the regular board
15 meeting. So, before we can do anything else as a Pilot
16 Commission, the board has to -- Port Freeport board has to
17 agree before we can change anything over here to include
18 that. Am I saying it wrong? Help me.
19 CHAIRMAN PIRTLE: Agreed.
20 MR. LETOURNEAU: I think you're correct. I
21 think you're correct. Sorry -- I didn't mean to interrupt
22 you. I think you're correct, Commissioner Singhania. It's
23 just that --
24 COMMISSIONER SINGHANIA: Just Ravi. Just
25 Ravi. That's fine.

1 COMMISSIONER KRESTA: We do? I'm sorry. We
2 did have that one, didn't we?
3 COMMISSIONER CROFT: We have a motion on the
4 floor. We need to act on that motion.
5 COMMISSIONER HOSS: Yeah.
6 CHAIRMAN PIRTLE: Thank you, sir.
7 COMMISSIONER KRESTA: I have no more questions
8 on that one, then.
9 CHAIRMAN PIRTLE: Which motion are you --
10 COMMISSIONER HOSS: The motion I made and he
11 seconded to go back and address this subject. We have to
12 agree to. Call for a vote.
13 CHAIRMAN PIRTLE: I thought we did.
14 COMMISSIONER HOSS: We didn't.
15 CHAIRMAN PIRTLE: I have Mr. Hoss making the
16 motion. Mr. Croft seconding. I asked Mr. Singhania,
17 Mr. Kresta, Mr. Santos, and myself and we all agreed.
18 COMMISSIONER KRESTA: To revisit it. We did
19 vote to revisit it. We did.
20 COMMISSIONER HOSS: That's where we're at.
21 Keep going.
22 COMMISSIONER KRESTA: We revisited. And I
23 basically called a point of order to stop the revisitation at
24 this meeting. That's what I asked for because we're not the
25 board.

1 MR. LETOURNEAU: So, I think you're correct
2 that that is true with respect to the Port Commission in
3 terms of adopting any moneys to defray the expenses and
4 that's why I understand why you want to move this to the
5 November 13th. But the concern I have is the way the
6 Transportation Code reads in terms of making any changes.
7 What hasn't happened is there hasn't been a
8 final order on the application yet. And so, I think that you
9 can hold this in abeyance until November 13th so that you can
10 have your Port Commission meeting. But I would recommend
11 that you present a motion basically holding these decisions
12 in abeyance until such time as that hearing takes place, at
13 which time you will then present the final order for
14 approval.
15 COMMISSIONER KRESTA: Mr. Letourneau, since we
16 have this discussion going on, can I make a motion that we
17 hold off on the effective date of the communication/dispatch
18 full funding until that is scheduled to go in effect January
19 1st, 2021, until after the Port Commission, Port Freeport
20 gets the chance to meet and convey their message to the Pilot
21 Commission and the budget is created, if it's done or not.
22 But we'll hold this first BPA request open, the only one open
23 until after that meeting.
24 COMMISSIONER CROFT: Point of order. We have
25 a motion on the floor.

1 CHAIRMAN PIRTLE: You aptly pointed out, I
2 didn't think about at all --
3 COMMISSIONER KRESTA: That's the point of
4 order. That's why I made this motion to keep this open
5 until -- this funding is supposed to start effective January
6 1st, 2021, which gives a little bit of time to come up with a
7 constructive way, according to some commissioners, to see if
8 there can be any help to the shippers on this communication
9 and dispatch service. And this needs -- Pilot Commission
10 needs to confer with the Port of Freeport. Is that -- in a
11 nutshell.
12 COMMISSIONER HOSS: That's addressing Item
13 No. 1 basically.
14 COMMISSIONER KRESTA: I said
15 communication/dispatch service, No. 1.
16 COMMISSIONER HOSS: I know. I'm just -- I
17 left the title off. But we're actually addressing, we're
18 talking an action, which is to hold it.
19 COMMISSIONER KRESTA: Yes, just that one.
20 COMMISSIONER HOSS: I'll second that.
21 CHAIRMAN PIRTLE: Motion by Mr. Kresta.
22 Second by Mr. Hoss. Further discussion and I'll open it up
23 if you --
24 COMMISSIONER SINGHANIA: I have a question for
25 Captain Daniel and Phyllis point of view. Does that create

1 any problems with the way that this thing --
2 CAPTAIN BLANTON: You're going to kill
3 dispatch.
4 MS. SAATHOFF: Step up, Daniel, to the mic.
5 CAPTAIN BLANTON: You're going to
6 fundamentally change the way my company works. You're saying
7 that the board that has oversight that also is the Pilot
8 Board is going to be forced into a contract with the Port.
9 It's absolutely mind-boggling that that's where we are.
10 COMMISSIONER KRESTA: Can I address that,
11 Ms. Phyllis, or who asked that question?
12 COMMISSIONER SINGHANIA: Daniel, my question
13 was more does it hurt the operations between now and
14 January 1st the way you are getting funded?
15 CAPTAIN BLANTON: No.
16 COMMISSIONER KRESTA: I don't think -- I don't
17 think the issue -- this is Kresta commissioner. I don't
18 think the issue is from my fellow commissioners, the ones
19 that are talking, that they are trying to enter into a
20 contract. I think it's a way of the Port Freeport Commission
21 is -- the way I interpret what they're saying is to
22 supplement it. And I don't know -- it don't have to be no
23 contract. What it would be -- Daniel, you're shaking your
24 head -- is -- I'm just going to shoot off the cuff and it's
25 an outboard thinking of -- to keep you whole, to keep this

1 sitting up here, that's good. Let's stay cool with this.
2 Because you are going to take BPA and absorb it into --
3 CAPTAIN BLANTON: Fort Velasco Signal Station
4 is gone in March. And it's going to be either -- it's going
5 to be a service that the port -- it's going to zero out and
6 it's going to dissolve. We're going to transition it into
7 BPA. So, either this is a system that is valuable and
8 industry supports. The way that Brazos Pilots functions is
9 we charge for our service. The tariff specifically says who
10 we're allowed to charge and that is consumers of pilot
11 services. This board is strictly prohibited from having an
12 interest in pilot services in 68.
13 COMMISSIONER KRESTA: That's a good point you
14 bring up. Commissioner Kresta again. That -- the part did
15 go to the signal station that -- everybody paid into the
16 signal station.
17 CHAIRMAN PIRTLE: Right.
18 COMMISSIONER KRESTA: That's a real good
19 point. Thank you for saying that and justifying that.
20 That's fine.
21 CAPTAIN BLANTON: I'm not trying to get hot,
22 guys. I'm sorry.
23 COMMISSIONER KRESTA: I know you're not. Your
24 beard is getting grayer every day. As long as you don't turn
25 red, we're okay. And I want to ask the question, Chairman --

1 thing whole is like WGMA said, a tonnage fee related to that
2 or related to a unit -- back off the units or something like
3 that. It's just something that some of the commissioners
4 wanted to talk about to help the burden on the ships. I
5 don't think it's looking at a contract. It's just looking at
6 a basis to help. But that's just -- I, for one, do not want
7 to enter a contract with you.
8 CAPTAIN BLANTON: It's got to be in the
9 tariff, guys. That's the only way it works.
10 COMMISSIONER KRESTA: I'm with you.
11 CAPTAIN BLANTON: We can only receive funds in
12 the tariff. You are not a port user of pilot services. You
13 cannot put funds into my business. You can't do it.
14 COMMISSIONER KRESTA: We've done it for two
15 years.
16 CAPTAIN BLANTON: You did it to Fort Velasco
17 Signal Station.
18 COMMISSIONER KRESTA: Signal Station. Now
19 you're --
20 CAPTAIN BLANTON: Now it's going into BPA.
21 COMMISSIONER KRESTA: You're doing good
22 with --
23 CHAIRMAN PIRTLE: One at a time.
24 COMMISSIONER KRESTA: You're doing good
25 explaining this here. And for reference to a lot of people

1 MR. HONEYCUTT: Honeycutt.
2 COMMISSIONER KRESTA: You had your hand up and
3 you wanted to say something but I think you might have got
4 cut off. Did you want to say something?
5 MR. HONEYCUTT: I was waiting to be recognized
6 by the chair. I just had a suggestion for your consideration
7 in the spirit of working together because this is a service
8 that everybody is using. And I recognize that everybody
9 except for the ship operators has been paying for the last
10 couple of years. We haven't paid anything into this system
11 yet. And because it was passed yesterday and it's already in
12 the tariff and I think this alleviates maybe some of the
13 legal question about the 12 months, let the ship -- let the
14 ships pay for this year -- and I know that sounds really dumb
15 coming out of my mouth. Let the ships pay for 2021 as was
16 approved yesterday and that will give us a full year to
17 entertain any different ideas. It allows the Fort Velasco
18 corporation to dissolve and be absorbed by BPA, go through
19 that whole process and gives us a time window to think about
20 different ideas and work through things. And then if I heard
21 right, by Title 68, an agent can apply for a rate change.
22 And we have an agency that operates here. So, our WGMA on
23 our behalf or our Odfjell as agents that operate -- that have
24 ships in the Port of Freeport can then make the motion if the
25 pilots don't want to at that one-year, 12-month mark and we

1 can -- after we've already had time to discuss all the
2 different scenarios. Just an idea.
3 COMMISSIONER HOSS: Sounds to be a pretty
4 healthy idea to me.
5 CAPTAIN BLANTON: You're putting everything in
6 limbo for one year. All my employees are going to be in
7 limbo for a year. All the basic operating procedures that
8 were going to be based off of us having this dispatch are in
9 limbo for a year.
10 CHAIRMAN PIRTLE: What I understand is being
11 proposed is not changing what your planned income is at all.
12 What we are proposing is some -- or what was proposed,
13 because I had concern yesterday is we've been participating
14 and all of a sudden this is all being put on the shippers and
15 that was my point is what I was trying to get to yesterday is
16 participating somehow in the communications network. But
17 that doesn't seem feasible right now. If we participated or
18 there was a way that we found to be able to do that, we
19 wouldn't change what you're already bringing in and getting
20 rid of any of your employees or anything else. It might help
21 reduce the shippers' cost is all we were --
22 CAPTAIN BLANTON: You're fundamentally
23 changing the nature of my business. I am a service provider
24 to shippers, period, as set up by the statute.
25 COMMISSIONER HOSS: Mr. Chairman, I have a

1 can convey my assessment to you.
2 COMMISSIONER HOSS: Thank you.
3 MR. LETOURNEAU: The way the statute reads,
4 the Board of Pilot Commissioners in 68.012, prohibited
5 interest. A person may not be a member of the board if the
6 person directly or indirectly is engaged in or has any
7 interest in a pilot boat business, towing business, or other
8 business affected by or connected with the performance of the
9 person's duties as a pilot commissioner. It doesn't say that
10 the board itself cannot contribute. And in this particular
11 case, it would actually not be this board that would be
12 contributing, as I appreciate it. It would be the Port
13 Commission that would be offering to contribute funds to
14 defray the costs of the communications fee.
15 So, you know, at first blush, I don't see that
16 there is a prohibition against what the board is envisioning
17 doing. I think it probably would take some further
18 evaluation of that issue but at first glance, I don't see the
19 prohibition.
20 COMMISSIONER HOSS: Thank you. I just wanted
21 to clarify that so that we didn't get tunnel vision over what
22 was going on and I didn't want to overstep the boundary at
23 the same time.
24 MR. LETOURNEAU: Understood. I think that
25 there -- there is a basis for the Port Commission to

1 legal question to Mr. Letourneau.
2 CHAIRMAN PIRTLE: Yes, sir.
3 COMMISSIONER HOSS: Mr. Letourneau, are you
4 there?
5 MR. LETOURNEAU: Yes, I am.
6 COMMISSIONER HOSS: Thank you. It's been
7 alluded that this board is prohibited from taking part in
8 this BPA and that we can't change the -- we would be changing
9 the structure of the fees. Now, correct me if I'm wrong, two
10 questions, then. One, is that true? But aren't we dealing
11 with items as line items here that are service charges that
12 are not part of the pilots' fees? In other words, my
13 understanding is that pilots get paid to pilot the ships in
14 and that basically anything else is a fee assessed by the
15 Port.
16 CAPTAIN BLANTON: No. It's a service. It's
17 all a service. It outlines the service.
18 COMMISSIONER HOSS: I'm asking the attorney
19 for a legal opinion, please.
20 MR. LETOURNEAU: So, my take on it, mister --
21 Commissioner Hoss, is that the --
22 COMMISSIONER HOSS: And if that's a privileged
23 question and you want us to hear it, I'm -- I didn't mean to
24 open up a can of worms but I --
25 MR. LETOURNEAU: Well, you're deliberating. I

1 participate. And the Port Commission can raise fees pursuant
2 to the Texas Water Code on users of the services on navigable
3 waters. So, the Port Commission has an independent basis of
4 visibility to raise fees if it chooses to do so. But if the
5 Port Commission decides that it wants to contribute toward
6 the communication fee, I don't know of any prohibition that
7 would stop them from doing so. And I don't see that this
8 constitutes a contract with the -- with BPA. It would be a
9 contribution that's being made to defray the communication
10 fee.
11 COMMISSIONER HOSS: That would be the intent,
12 I think, of the board, the questions. So, thank you, sir,
13 for answering my question.
14 CHAIRMAN PIRTLE: All right.
15 MR. LETOURNEAU: Yes, sir.
16 CHAIRMAN PIRTLE: Well, the motion is on the
17 table to --
18 MR. NOBLE: Mr. Chairman, may I talk?
19 CHAIRMAN PIRTLE: Please come -- yes, sir.
20 COMMISSIONER HOSS: Did we swear him in?
21 MR. NOBLE: Chris Noble, Dole Fresh Fruits.
22 MS. SAATHOFF: Have you been sworn in?
23 COMMISSIONER HOSS: Did you get sworn in
24 yesterday?
25 MR. NOBLE: No, I did not.

1 CHAIRMAN PIRTLE: You can be sworn in now.
2 (Chris Noble was sworn in at this point for
3 his testimony today as well as his testimony
4 yesterday.)
5 MR. NOBLE: So, I hear what Captain Daniel is
6 saying. I hear what you guys are talking about and the
7 complexity of the Pilot Commission and the Port Commission.
8 So, with the tonnage rate that you guys are throwing out
9 there, in order to keep it simplistic, you would approve what
10 was already discussed, right, and then the Port of Freeport,
11 the commissioners, right, you guys would come back to the
12 users and then give us a credit back. Is that what I'm
13 hearing or is that something to offset it? Would that be
14 simpler --
15 COMMISSIONER KRESTA: That's an idea. Point
16 of order. That's an idea of your own. We can't answer that
17 right now at this board.
18 COMMISSIONER HOSS: But we can -- I'll put it
19 on my note pad.
20 COMMISSIONER KRESTA: That's right. That's
21 all I'm saying. We won't be able to answer it.
22 MR. NOBLE: I know as port commissioners you
23 can't. As pilot commissioners would that be something to
24 consider to make it simple, right, in order for him to be
25 able to get what he needs in order to keep the people

1 COMMISSIONER HOSS: User fees on the channel.
2 MR. LETOURNEAU: Users of navigable waters.
3 COMMISSIONER HOSS: Right. Not the Pilot
4 Board.
5 MR. LETOURNEAU: Not the Pilot Board. The
6 Port Commission has the authority to assess user fees on
7 users of the navigable waters within the district. And I
8 don't know of any prohibition that would preclude the Port
9 Commission from providing a contribution to defray the
10 communication costs as it has done thus far with respect to
11 Fort Velasco Signal Station. So, I don't see any prohibition
12 against them doing the same thing with respect to BPA and it
13 would not be a -- in my mind, it would not constitute a
14 contract with BPA. It would simply be a contribution to
15 defray those costs.
16 COMMISSIONER HOSS: Thank you again.
17 COMMISSIONER CROFT: Mr. Chair, just as
18 another note, the Pilot Commission has no revenue stream.
19 CHAIRMAN PIRTLE: Right. We're not -- all
20 we're doing is making a recommendation --
21 COMMISSIONER CROFT: Or as I just heard --
22 COMMISSIONER HOSS: We can't generate one
23 either.
24 COMMISSIONER CROFT: That's it.
25 CHAIRMAN PIRTLE: The recommendation -- as

1 employed, get everything paid for. And then the Port
2 Commission would have to be approached and you guys come back
3 to the users on the tonnage fee. So, you have two different
4 entities and everything is laid out that way. Does that make
5 sense?
6 CHAIRMAN PIRTLE: Yes. I don't know if we
7 can -- if the Pilot Board can contribute directly to a user.
8 So, that would be another challenge.
9 COMMISSIONER HOSS: Keith just said the Pilot
10 Board can issue its own fee structure. The pilot --
11 MS. SAATHOFF: The Port Commission.
12 CHAIRMAN PIRTLE: The Port Commission.
13 COMMISSIONER KRESTA: He said Port Commission,
14 Mr. Hoss.
15 COMMISSIONER HOSS: Did I misinterpret that?
16 MR. LETOURNEAU: Are you asking me a question?
17 COMMISSIONER HOSS: Yes, sir. I'm asking you
18 did I misunderstand your statement earlier that the -- can
19 the Pilot Board issue its own fee structures?
20 MR. LETOURNEAU: Commissioner Hoss, I'm not
21 aware of any authority for the Pilot Board to do so.
22 COMMISSIONER HOSS: I misheard you earlier.
23 You said the Port Authority, the Navigation Board issues fee
24 structures or controls fees.
25 MR. LETOURNEAU: Correct.

1 Commissioner Kresta pointed out earlier, we couldn't do
2 anything. So, we have to make a recommendation back to the
3 Port Commission to see if there's an option to do anything
4 there.
5 COMMISSIONER HOSS: For the record, I wasn't
6 looking to generate -- for this group to generate an income
7 stream but it was confusing.
8 CHAIRMAN PIRTLE: Okay. And that was -- that
9 was part of my point yesterday, is -- just got things off
10 track when I said anything about taxes. That wasn't my goal.
11 COMMISSIONER KRESTA: Suggestion here to --
12 this is the only one we have on the table as far as trying to
13 get something settled?
14 CHAIRMAN PIRTLE: Yes, sir.
15 COMMISSIONER KRESTA: Can we -- instead of
16 having all this legal discussion with the board we can't do
17 nothing with, can we go ahead and shut this meeting down?
18 CHAIRMAN PIRTLE: Yes, sir. We have motions.
19 COMMISSIONER KRESTA: I don't think there's
20 anything else to discuss with this here because we can't do a
21 dang thing with it.
22 CHAIRMAN PIRTLE: We have a motion and a
23 second on the table. We're in discussion right now. And it
24 is to hold off on the implementation of only the first BPA
25 amendment. I think everything else goes on --

1 COMMISSIONER KRESTA: What that's saying,
2 Mr. Chairman, that -- we're not saying that we're going to
3 not do it.
4 CHAIRMAN PIRTLE: Right.
5 COMMISSIONER KRESTA: It's just for further
6 discussion, which will be determined if we can't come up with
7 a discussion and an implementation that -- to work with the
8 Port of Freeport, that this should go into effect as voted on
9 yesterday.
10 CHAIRMAN PIRTLE: Yes, sir.
11 COMMISSIONER KRESTA: Is that understood --
12 CHAIRMAN PIRTLE: Yes, sir.
13 COMMISSIONER KRESTA: -- with everybody?
14 That's okay.
15 COMMISSIONER CROFT: Yeah. What's the
16 difference between doing nothing and acting on the motion?
17 COMMISSIONER KRESTA: I just didn't want to
18 leave this Port Commission -- I mean, this Pilot Commission
19 with a motion hanging to make it get revisited.
20 CHAIRMAN PIRTLE: Essentially we're recessing
21 until November 13th on this one particular item. Everything
22 else I don't see any problem with.
23 COMMISSIONER KRESTA: I agree with you, Dan,
24 if you do nothing but you put that statement -- you put that
25 statement in there. That's fine. If nothing is done, then

1 CHAIRMAN PIRTLE: When are you gone?
2 COMMISSIONER SINGHANIA: I don't have a
3 problem with 13th. I think that I will not be there because
4 this isn't -- for this item it will be more or less -- it
5 will depend on what the Port Commission does on the 12th.
6 CHAIRMAN PIRTLE: Right. Yes, sir. Okay. If
7 you're okay with that, we'll --
8 COMMISSIONER SINGHANIA: I'm okay with that.
9 The Port Commission is what should be relaying it to the
10 Pilot Board the next day.
11 COMMISSIONER HOSS: Mr. Chairman, how heavy is
12 our agenda on the 12th?
13 CHAIRMAN PIRTLE: Well, Paul is not there on
14 the 12th. So, actually he won't be able to participate in
15 whatever funding discussion we have on the 12th. And then
16 Ravi is saying he won't be there on the 13th. So, staff will
17 have to update Paul on what happened on the 12th.
18 COMMISSIONER HOSS: I was going to propose a
19 joint meeting.
20 CHAIRMAN PIRTLE: I understand. That's what I
21 was initially looking at.
22 COMMISSIONER HOSS: You knew where I was
23 headed. That's fine. Just to expedite things.
24 MS. SAATHOFF: Mr. Kresta, you're going to be
25 here for the Port Commission meeting, right?

1 it proceeds as follows.
2 COMMISSIONER CROFT: Then I will -- if you're
3 going to ask for a vote, I vote in opposition of the motion
4 on the floor.
5 CHAIRMAN PIRTLE: Okay.
6 COMMISSIONER KRESTA: This is -- what are we
7 voting on? Thank you.
8 CHAIRMAN PIRTLE: Ravi has a question. Yes,
9 sir.
10 COMMISSIONER SINGHANIA: What is magic about
11 November 13th? The reason is I will -- I'll be gone from
12 13th through 16th. So, you have to proceed without me. But
13 if you want me to be there, too, we have to work out because
14 I'll be leaving after the Port Board meeting on the 12th.
15 CHAIRMAN PIRTLE: And you're not back on
16 the 12th. That's -- initially when we were setting dates
17 that we might have to recess to, November 13th was the one
18 that came up because we thought everybody was going to be
19 around. Didn't realize that you were going to be gone. I'm
20 going to be gone the prior week and Paul is going to be gone
21 until -- he doesn't come in until evening of the -- evening
22 of the 12th, right?
23 COMMISSIONER KRESTA: Yeah.
24 MS. SAATHOFF: You can go to the following
25 week. There's no restriction.

1 COMMISSIONER KRESTA: Yes.
2 MS. SAATHOFF: He will be here for the Port
3 Commission --
4 COMMISSIONER KRESTA: Yours is the 12th. 13th
5 is a holiday and the 14th is the meeting.
6 MS. SAATHOFF: No. No.
7 COMMISSIONER KRESTA: Am I wrong?
8 MS. BEVERS: The holiday is on the 11th. Port
9 Commission is on the 12th.
10 CHAIRMAN PIRTLE: The holiday is Veterans Day
11 on the 11th.
12 COMMISSIONER KRESTA: This lady is taking all
13 these notes. She said who in the hell is talking.
14 CHAIRMAN PIRTLE: The 12th is the Port
15 Commission meeting. I mean, this is one item. I have no
16 problem in having a Pilot Commission meeting after we do the
17 Port Commission meeting.
18 COMMISSIONER HOSS: Either way. Whatever your
19 pleasure.
20 MR. CORDOBA: Keep them separate.
21 MS. SAATHOFF: Separate.
22 COMMISSIONER HOSS: Fine. Separate.
23 CHAIRMAN PIRTLE: They both need to be posted,
24 please, Missy, on the 12th. We'll do it on the 12th. So, if
25 we're still here until midnight because y'all kept the

1 commission meeting going so long --
2 MS. BEVERS: What times are we talking about
3 for the 12th because --
4 CHAIRMAN PIRTLE: 1:00 o'clock is normal
5 commission time. Let's set this one -- set it at 4:30 being
6 optimistic and we can always have it after that.
7 COMMISSIONER HOSS: We could always recess one
8 and have the other.
9 CHAIRMAN PIRTLE: We can do that, too.
10 COMMISSIONER HOSS: Counsel, are you okay with
11 that?
12 MR. CORDOBA: I'm sorry. What was that?
13 COMMISSIONER HOSS: If we --
14 MR. CORDOBA: Yes. Yes.
15 COMMISSIONER HOSS: If we recess the first
16 meeting and then have the second one and then get back in the
17 first one.
18 MR. CORDOBA: We can probably do that. We'll
19 work out the agenda. Whatever days y'all want, we'll get it
20 done.
21 COMMISSIONER HOSS: I'm perfectly good. Dan,
22 are you okay with that?
23 CHAIRMAN PIRTLE: Any preference on time?
24 MS. SAATHOFF: We can post an earlier time so
25 that the moment we're available to go into it -- we'll figure

1 there.
2 MS. SAATHOFF: Okay.
3 CHAIRMAN PIRTLE: I don't have any problem.
4 Okay. It will be November 12th. So, yes, we'll have to post
5 today since tomorrow and -- it's November 12th.
6 COMMISSIONER SINGHANIA: Phyllis, that's your
7 territory.
8 MS. SAATHOFF: Thank you.
9 COMMISSIONER SINGHANIA: The 12th makes that
10 we just mentioned.
11 CHAIRMAN PIRTLE: Thank you. All right. So,
12 the motion is to hold off on the implementation -- actually
13 from what Mr. Letourneau just told us, from the
14 implementation of the rate request until November 12th. In
15 agreement with that motion, Mr. Kresta?
16 COMMISSIONER KRESTA: No full debate by no
17 commissioner yet.
18 CHAIRMAN PIRTLE: Sir?
19 COMMISSIONER KRESTA: That was made by him but
20 no --
21 CHAIRMAN PIRTLE: No. Your motion was posted
22 or that you started earlier and were in discussion was to
23 hold off on the implementation of the first BPA --
24 COMMISSIONER KRESTA: Just No. 1.
25 CHAIRMAN PIRTLE: Just No. 1. I'm okay with

1 the time -- we'll set a time we can all --
2 CHAIRMAN PIRTLE: Missy will send us a
3 communication.
4 MS. SAATHOFF: Maybe set it at 2:00 o'clock.
5 How's that? And that way it gives enough time.
6 CHAIRMAN PIRTLE: This will give staff and
7 attorneys the time to figure out if we're even thinking down
8 the right track.
9 MS. SAATHOFF: I need to think about one
10 technicality. Keith, have we fully met the requirement to
11 give ten days' notice for adopting --
12 MR. LETOURNEAU: I was just looking at that.
13 The rule of rate change, the 68.021 says the board shall give
14 at least ten days' notice as provided by the section before
15 the board adopts a rule or changes a pilotage rate. Can you
16 hear me?
17 MS. SAATHOFF: Yes.
18 MR. LETOURNEAU: Phyllis, can you hear me?
19 MS. SAATHOFF: Yes.
20 MR. LETOURNEAU: So, it would seem to me that
21 if we're going to be in compliance with that rule since a
22 rate change has been adopted, my recommendation would be we
23 basically hold an abeyance on all six items until the
24 November 13th Pilot Board meeting and, at that point in time,
25 adopt them in full and then the ten-day clock should run from

1 that but Mr. Letourneau just suggested that we not implement
2 any of them until November 12th.
3 COMMISSIONER KRESTA: They don't get
4 implemented until January, 2021, anyway. So, up for
5 discussion. I don't want no more discussion on anything
6 else.
7 CHAIRMAN PIRTLE: Ravi.
8 COMMISSIONER SINGHANIA: Mr. Chairman, you're
9 talking about an option, not interpretation to November 12.
10 Interpretation is what it is. We're talking about an option.
11 CHAIRMAN PIRTLE: Can we just do the one item,
12 Mr. Letourneau?
13 MR. LETOURNEAU: Mr. Chairman, the way the
14 rule reads, it's either an adoption of a rule or changes of
15 pilotage rates. So, I stand by my recommendation to you that
16 we probably should hold off on the adoption of all of these
17 rate changes until November 13th when you have the next Pilot
18 Board meeting.
19 MS. BEVERS: The 12th.
20 CHAIRMAN PIRTLE: November 12th.
21 MR. LETOURNEAU: 12th. Okay.
22 CHAIRMAN PIRTLE: Mr. Kresta.
23 COMMISSIONER KRESTA: So be it.
24 CHAIRMAN PIRTLE: Mr. Hoss.
25 COMMISSIONER HOSS: Agreed.

1 COMMISSIONER CROFT: What am I voting on now?
2 CHAIRMAN PIRTLE: The motion is to hold off on
3 the adoption of the BPA -- of these rate adjustment requests
4 until the meeting of November 12th.
5 COMMISSIONER HOSS: So we can discuss Item 1
6 but we've got to hold them off as a package.
7 COMMISSIONER CROFT: Are we still open for
8 discussion?
9 CHAIRMAN PIRTLE: We can be, yes, sir.
10 COMMISSIONER CROFT: The way I'm seeing
11 things, if we do nothing, at what point -- and we just
12 allowed things to go as has been approved, is a meeting on
13 November 11, 12, 13, whatever the magic day is, going to be
14 necessary? Do we have to have a subsequent meeting to
15 address these points?
16 CHAIRMAN PIRTLE: We -- if we decide to
17 implement or adopt as it is today, finish today, then there
18 would be no need to have a meeting on the 12th.
19 COMMISSIONER CROFT: That's -- with that point
20 in mind, this organization, this group is not going to factor
21 in in any way, shape, fashion, or form what is discussed by
22 the Harbor Commission, the navigation district. What we do
23 in the implementation of some forbearance for the shippers is
24 not a function for this group to give consideration to. So,
25 with that in mind -- and it's a different group altogether

1 that in these next two weeks. But I don't see any
2 prohibition against BPA being able to accept funds from the
3 Port Commission. It's just as though the Port Commission has
4 been paying those moneys to Fort Velasco Signal Station.
5 There's no difference.
6 CHAIRMAN PIRTLE: That's the whole point of
7 taking two weeks to let the attorneys look at it, let staff
8 look at it, and they may very well come back and say BPA is
9 correct and we can't fund that. But the goal that I wanted
10 to look at was whether we could help alleviate some of the
11 costs that was going to the shippers.
12 COMMISSIONER CROFT: I totally agree.
13 CAPTAIN BLANTON: Could I inject one point?
14 CHAIRMAN PIRTLE: Yes, sir.
15 CAPTAIN BLANTON: If that's truly the goal of
16 the Port Commission, like Chris said, enact it as it is
17 today. It goes into effect. We're already giving you all
18 the financial information for the communications fee. If
19 the -- that board decided to offset their costs, that would
20 be an engagement between Port Freeport and the shippers.
21 Take BPA out of it. We'll give you what the costs are.
22 You'll know. They'll know what credit they have with y'all.
23 It will be an engagement between the shippers and Port
24 Freeport. Take BPA out of it.
25 CHAIRMAN PIRTLE: You're saying we would have

1 that's going to act on that -- why are we stalling what we
2 have before us today by calling for a subsequent meeting that
3 we actually have no action to take on because it's a
4 different group that's making the recommendation for
5 assistance to the shippers. So, it's a meeting just for the
6 sake of meeting because we can't do anything. It's a
7 different group that takes the action.
8 CHAIRMAN PIRTLE: But the Pilot Commission has
9 to adopt what the ultimate adjustment is going to be.
10 COMMISSIONER CROFT: That's what we're doing
11 now if we let stand what is in front of us.
12 CHAIRMAN PIRTLE: That is correct. But if we
13 take this back to the board, the Port Commission, and look at
14 options to be able to help fund the communication adjustment,
15 then we as a Pilot Board will come back and make an
16 adjustment accordingly. So, if we fund X amount of dollars
17 into the communications, we would also include that in our
18 motion for adjustment.
19 COMMISSIONER CROFT: But we've heard that they
20 cannot accept any funds other than for services rendered to
21 ships; is that correct?
22 CHAIRMAN PIRTLE: That's part of our dilemma
23 right now -- go ahead, Mr. Letourneau.
24 MR. LETOURNEAU: Commissioner Croft, I don't
25 think that's correct. I think we'll take a closer look at

1 to go back and make an adjustment to tariffs --
2 CAPTAIN BLANTON: No. You pass everything
3 like you said right now and then we start charging in
4 January. I send Chris my bill for communications fee. And
5 then I'll tell you -- we've already said semi-annually we're
6 going to meet. Every six months I tell you these are the
7 communications fees that we assessed to Odfjell and Dole.
8 Odfjell and Dole come to Port Freeport and say these are the
9 credits I've accrued for communication services. That's the
10 cleanest way -- if what you want to do is truly that, then
11 that's the only path forward.
12 CHAIRMAN PIRTLE: You're saying we would give
13 them credits back against the communication?
14 COMMISSIONER KRESTA: Point of order.
15 MS. SAATHOFF: He's making the point that
16 that's a Port Commission discussion, not a Pilot Board.
17 CHAIRMAN PIRTLE: I understand. But to go
18 forward with this, I have to understand what the point here
19 is.
20 COMMISSIONER KRESTA: Like he said --
21 CHAIRMAN PIRTLE: I'm sorry. Whether the Port
22 Commission --
23 COMMISSIONER KRESTA: You have to explain it
24 to the Port Commission. I'm just -- I don't want to get in
25 no legal issue here.

1 MR. MOORE: Mr. Chairman, the point is to try
2 to avoid any sort of legal issue and that is, adopt all of
3 the motions that have already passed today. You've already
4 given notice for it. You don't have to revisit it at any
5 point in time. But the communications charge will go into
6 effect January 1, 2021. As Captain Blanton said, we are to
7 provide an accounting of that semi-annually. So, all of
8 these shippers can, then, go before that other commission
9 that's not here today, the Port Commission, and ask if -- for
10 relief or adjustment or for some money to pay them back for
11 what they've paid on the communications fee line item, which
12 avoids any taxpayer money or other money from that other
13 board that's not here today to flow into BPA, which we have a
14 problem with.

15 CHAIRMAN PIRTLE: Understood. That was the
16 clarification.

17 MR. MOORE: That's what we're talking about.

18 COMMISSIONER SINGHANIA: Who was speaking,
19 Shane?

20 CHAIRMAN PIRTLE: That was Randy Moore.

21 COMMISSIONER SINGHANIA: Thank you.

22 CHAIRMAN PIRTLE: Mr. Hoss, you had --

23 COMMISSIONER HOSS: I, for one, would like to
24 be able to digest some of this. And I've heard now two
25 comments from the public that were similar comments and they

1 floor.

2 CHAIRMAN PIRTLE: Yes, sir. One clarification
3 on the posting, Missy, please, is that it be listed as only
4 the first item, BPA rate adjustment, Item 1. That's the only
5 one we're going to address.

6 MR. CORDOBA: We probably have to have some
7 language in there about approving this final order as well.

8 CHAIRMAN PIRTLE: Okay. But for review, it's
9 only the BPA Item 1.

10 COMMISSIONER HOSS: Item 1 to be reviewed and
11 final order to be approved?

12 CHAIRMAN PIRTLE: Yes, sir. I'm very focused
13 on that so we don't get off on a tangent on November 12th,
14 somebody comes up and says, oh, we need to refocus on this.

15 All right. The motion was made by Mr. Kresta.
16 Second by Mr. Hoss. Hold off on adoption of the BPA
17 amendments until November 12th following a Port Commission
18 meeting.

19 COMMISSIONER KRESTA: I think what was just
20 said, just No. 1.

21 CHAIRMAN PIRTLE: But Mr. Letourneau said we
22 had to hold off on adoption of all --

23 COMMISSIONER KRESTA: Okay.

24 MS. SAATHOFF: He did, twice.

25 COMMISSIONER KRESTA: I just heard him say

1 have merit. And then there's legal questions and then
2 there's logistical questions of can staff issue credits and
3 who they give credits to. And that's beyond the scope of
4 what we're here today for. So, I'm going to suggest that we
5 hold in abeyance our findings and issuing our orders for two
6 reasons. One, that we want to explore our options and let
7 staff and legal explore can we do this, not do it, or can we
8 make the gist of it and, if so, how will the mechanisms work
9 and give us that time to come back at the 12th meeting.

10 At the same time, if we're going to do
11 something as that other board, that that other board have an
12 agenda item that says they're going to do a budget
13 modification and set some money aside in the budget year. As
14 to how that gets implemented, I don't know and I'm not ready
15 to discuss it right now because I think it's inappropriate to
16 get into that level of detail here.

17 So, I'm -- I think we should just hold in
18 abeyance until the 12th and have -- come back and say -- we
19 may say leave it just like it is. But we're asking staff to
20 do certain things. We've opened questions about legalities
21 and clearly BPA is uncomfortable with some stuff, clearly the
22 shippers are a little caught off guard, too. So, knowing all
23 that, I think that just letting the pot settle a little bit
24 is the best thing to do.

25 COMMISSIONER KRESTA: That's the motion on the

1 something different is the reason I'm saying that.

2 CHAIRMAN PIRTLE: That was regarding --

3 COMMISSIONER KRESTA: I thought he said
4 something different.

5 CHAIRMAN PIRTLE: -- adopting them on
6 November 12th. We have to adopt them.

7 COMMISSIONER KRESTA: Fair enough. Thank you.

8 CHAIRMAN PIRTLE: Mr. Santos, how do you vote?

9 COMMISSIONER SANTOS: Aye.

10 CHAIRMAN PIRTLE: Mr. Croft.

11 COMMISSIONER CROFT: Nay.

12 CHAIRMAN PIRTLE: Mr. Hoss, you made the
13 motion.

14 COMMISSIONER HOSS: Aye.

15 CHAIRMAN PIRTLE: Mr. Singhanian, how do you
16 vote?

17 COMMISSIONER SINGHANIA: I'm confused. How we
18 do this -- holding off until November 12th on all of these
19 things because I heard Item No. 1 and then all. What are we
20 holding off?

21 CHAIRMAN PIRTLE: All we're voting on is
22 holding off on adoption of the BPA amendments rate adjustment
23 request until November 12th. The intent is to have the
24 pilot -- the Port Commission discuss possible options for
25 helping fund the communications request and allow staff and

1 the attorneys the time to review that and see if we can even
2 do that. And then the meeting on November 12th would be to
3 fully adopt all of these rate adjustment requests.
4 MS. BEVERS: The Pilot Board meeting.
5 CHAIRMAN PIRTLE: Pilot Board meeting.
6 COMMISSIONER SINGHANIA: If we do not have a
7 Pilot Board meeting for whatever reason on November 12th,
8 what does the legal -- what legally happens, Mr. Jason, or
9 Mr. Letourneau?
10 MR. LETOURNEAU: Can you say that again?
11 COMMISSIONER SINGHANIA: Keith, let me ask it
12 from my perspective. Keith, if for some reason we fail to
13 have a meeting on the 12th, what happens to all these things
14 that we've discussed? They become adopted automatically or
15 we -- what happens?
16 MR. LETOURNEAU: Commissioner, if you just
17 propose a motion to hold it in abeyance until the next Pilot
18 Board meeting, then they would be held in abeyance until the
19 next Pilot Board meeting.
20 COMMISSIONER SINGHANIA: I think I prefer that
21 rather than narrowing it down to November 12th because some
22 things can happen, we can lose power or whatever. And so,
23 that way -- Paul's plane may be delayed or whatever. So, I
24 hate to -- because not knowing what the impact would be if we
25 didn't have the meeting, I hate to vote for that. So, why

1 all he's saying is that rather than saying November 12th that
2 we just say the next Pilot Board meeting.
3 COMMISSIONER KRESTA: That's not fair to --
4 COMMISSIONER SINGHANIA: Sorry.
5 COMMISSIONER KRESTA: I'm going to stick with
6 my original motion. I don't want to amend it. I'm not going
7 to rescind it either because I just don't think we need to
8 prolong anymore.
9 COMMISSIONER HOSS: And you vote no on it?
10 COMMISSIONER KRESTA: I voted no on it.
11 CHAIRMAN PIRTLE: Point of order.
12 Mr. Singhanian made a motion to amend it to Pilot Board
13 meeting.
14 COMMISSIONER KRESTA: He can't amend my
15 motion. He made the suggestion.
16 CHAIRMAN PIRTLE: He has to get a second on
17 the proposed amendment.
18 COMMISSIONER KRESTA: I'm sticking with the
19 first one on the floor.
20 CHAIRMAN PIRTLE: I understand. If he's
21 making a motion to amend the motion, we have to get a -- he
22 has to get a second on --
23 COMMISSIONER KRESTA: Get it.
24 CHAIRMAN PIRTLE: -- the proposal or it
25 doesn't matter.

1 don't we put the motion to hold this until the next Pilot
2 Board meeting.
3 COMMISSIONER HOSS: I'm okay with that. I
4 think it's fair and reasonable. It could be struck by
5 lightning.
6 CHAIRMAN PIRTLE: Mr. Kresta.
7 COMMISSIONER KRESTA: No.
8 CHAIRMAN PIRTLE: You want to lock it down on
9 November 12th?
10 COMMISSIONER KRESTA: No. I'm voting against
11 it. I thought you asked me that.
12 CHAIRMAN PIRTLE: You made the motion.
13 COMMISSIONER KRESTA: I'm not going to support
14 the amendment.
15 CHAIRMAN PIRTLE: Okay.
16 COMMISSIONER SINGHANIA: Paul, in that case,
17 I'm going to vote no on the motion. Because I want to do it
18 because I hate to pin me down to November 12th.
19 COMMISSIONER KRESTA: Is that what he --
20 CHAIRMAN PIRTLE: Rather than saying -- rather
21 than just locking it down to the next Pilot Board meeting as
22 being absolutely on November 12th, if something happened and
23 we couldn't have that Pilot Board meeting, he's saying we
24 could have another Pilot Board meeting the next week. But if
25 we're locked in on the 12th, we don't have any options. So,

1 COMMISSIONER KRESTA: Okay.
2 MR. CORDOBA: That's right.
3 COMMISSIONER HOSS: Once you started the vote?
4 COMMISSIONER SANTOS: Don't we have a
5 motion on the -- and a second --
6 COMMISSIONER HOSS: And we're in the middle of
7 a vote.
8 COMMISSIONER SANTOS: -- and a vote already
9 stated?
10 COMMISSIONER HOSS: I don't think he can amend
11 at that stage.
12 MR. CORDOBA: We need to finish the vote.
13 Let's keep going. So, do we know who's voted? It was
14 motioned --
15 COMMISSIONER SANTOS: I voted aye.
16 COMMISSIONER HOSS: Yes.
17 CHAIRMAN PIRTLE: Mr. Croft voted no.
18 Mr. Singhanian is voting no. Mr. Hoss, how do you vote?
19 COMMISSIONER HOSS: I voted yes.
20 CHAIRMAN PIRTLE: And I will vote yes.
21 MS. SAATHOFF: Did Mr. Kresta vote?
22 CHAIRMAN PIRTLE: Mr. Kresta made the motion.
23 COMMISSIONER HOSS: That doesn't mean how he
24 voted.
25 MS. SAATHOFF: His has to --

1 COMMISSIONER KRESTA: That don't mean how I
2 vote.
3 CHAIRMAN PIRTLE: How do you vote?
4 COMMISSIONER KRESTA: No.
5 CHAIRMAN PIRTLE: You're going to vote no on
6 your motion?
7 COMMISSIONER KRESTA: Yes, sir.
8 MR. CORDOBA: So, we have three nos. So, the
9 motion fails, right?
10 CHAIRMAN PIRTLE: The motion fails as
11 presented.
12 COMMISSIONER SINGHANIA: How did the motion
13 pass with three nos?
14 (Multiple people talking at once.)
15 CHAIRMAN PIRTLE: It failed three, three.
16 COMMISSIONER KRESTA: It didn't go down. It
17 didn't go up.
18 CHAIRMAN PIRTLE: We're back to your motion,
19 Mr. Singhanian. If you want to make it again, that we hold
20 off adoption of all Pilot Board -- I'm sorry -- rate
21 adjustment requests until the next Pilot Board meeting.
22 COMMISSIONER SINGHANIA: I will make the
23 motion like you suggested, what you're saying. I agree with
24 it. I make that motion.
25 CHAIRMAN PIRTLE: Again, it's back to hold off

1 That seems to be where we're at.
2 COMMISSIONER KRESTA: We can't.
3 CHAIRMAN PIRTLE: We don't want to push it to
4 the Port Commission to make a change? Okay. Fine. We're
5 done.
6 MR. CORDOBA: We're recessing to go over this
7 order. I've already E-mailed it to Phyllis. If you want to
8 print some copies. I'll be happy to circulate some as well
9 to the pilots and the objecting parties so they can read it
10 as well. I've basically tried to draft the language -- same
11 format as three years ago. Tried to draft the language
12 exactly what we -- I read yesterday, a few clean-up words but
13 for the most part substantively exactly the same.
14 COMMISSIONER SINGHANIA: Jason, can you E-mail
15 me a copy, too, please?
16 MR. CORDOBA: Absolutely. I'll do it right
17 now.
18 MS. BEVERS: Are we in recess?
19 CHAIRMAN PIRTLE: We're in recess. Thank you.
20 1:10.
21 (Recess taken)
22 MR. CORDOBA: All right. So, we took a brief
23 recess. We added a few words to this order. Commissioner
24 Singhanian, you'll notice that the words that we changed are
25 in red. And in summarizing what those changes are, the

1 on adoption of the BPA pilot request until the next Pilot
2 Board meeting. Do we have a second on that?
3 Hearing no second, that motion fails as well.
4 So, I'm open to suggestions here, gentlemen.
5 COMMISSIONER HOSS: If this is where we stand,
6 then there are -- it depends how strongly we feel about this
7 adjustment and apparently we have mixed feelings. I see you
8 only other option is to move to adopt as previously voted on.
9 CHAIRMAN PIRTLE: Okay.
10 COMMISSIONER HOSS: Any discussion on that?
11 Or move to end the meeting. We've already voted.
12 MR. CORDOBA: What I would -- if I could just
13 suggest, I have a draft of the final order done. If the
14 commission wanted to proceed on how it's voted yesterday and
15 today, I would like to print this and circulate it and go
16 over it with Mr. Letourneau, make sure that all the language
17 is correct and then if it is, then we come back from about a
18 ten-minute recess and that can be approved as a resolution
19 and then we'll be prepared to file this and be done.
20 CHAIRMAN PIRTLE: Okay.
21 MR. CORDOBA: It's already done.
22 CHAIRMAN PIRTLE: We're basically in
23 agreement, we don't want to make any changes on the
24 communication fee?
25 COMMISSIONER HOSS: That's the way we voted.

1 pilots requested that after the approval of each order, the
2 words "and adopted" be added. And I had no objection to
3 that. And it's an actual -- it's a true statement.
4 There's one significant thing that we added at
5 the end of Request No. 1. You will notice that there is a
6 sentence there that is added. In preparing the motion
7 yesterday, we left out one of the key components of this,
8 which was the line item charge will be re-evaluated annually,
9 the goal of maintaining the dispatch system's operating
10 expenses to within 5 percent of the previous years' operating
11 costs. That needed -- the motion that was adopted yesterday
12 was to approve Request 1 with modifications. And so, that
13 was the intent of what you adopted. We just added it to this
14 order. That was a very important component that was left out
15 which we have added back in.
16 And then the only other change that we had is
17 in the order regarding -- I believe, it was the boat, there
18 was the word -- two words were there that should not have
19 been there. It was "and tariff." We deleted those. I don't
20 know why it was there. It really didn't make sense. Those
21 were deleted. And other than that, those were the only
22 changes that we made.
23 COMMISSIONER SINGHANIA: Which one was that?
24 Request 4 or 5, Jason?
25 MR. CORDOBA: The words that were deleted "and

1 tariff" was in the Request No. 4. It was regarding the boat
2 fee. For some reason the words "and tariff" were included
3 and I'm not sure why. We just deleted those. I think they
4 were honestly a typo.
5 COMMISSIONER SINGHANIA: Okay.
6 CHAIRMAN PIRTLE: Do you want to read those as
7 presented and we'll put those in as an exhibit or --
8 MR. CORDOBA: Read the whole order?
9 CHAIRMAN PIRTLE: Since I don't have the final
10 copy and you do.
11 MR. CORDOBA: Sorry. You want me to read the
12 whole thing?
13 CHAIRMAN PIRTLE: Do we need to read the whole
14 thing?
15 MR. CORDOBA: I don't think it's necessary. I
16 think we've gone through it enough. Missy is projecting it.
17 So, unless anybody has any questions.
18 COMMISSIONER KRESTA: Yes, I do, Mr. Chairman.
19 Go back to No. 4. Let's start right there after 5 million.
20 Okay. Pilots will provide the Pilot Board payoff statements
21 on a monthly basis and their loan status to be reviewed by
22 the Pilot Board before the expiration of eight years from the
23 date of the loan origination. Any excess funds collected
24 underneath this tariff shall be applied toward the loan
25 balance -- I just don't understand why it come in there and

1 COMMISSIONER KRESTA: I just --
2 CHAIRMAN PIRTLE: All right. So, as presented
3 we have exhibits -- you have printed out a copy that's an
4 exhibit to go in the record. Any further actions?
5 Anything that I really need to read that is
6 separate and independent except that we are adopting all six
7 of the rate request adjustments?
8 MR. CORDOBA: Yes. That is correct. And this
9 will also function as a resolution and this is what we will
10 file in the public records.
11 CHAIRMAN PIRTLE: Very good. So, I need --
12 COMMISSIONER KRESTA: Mr. Chairman, I think
13 you need to -- if we can word that the way you just said
14 would be good. We just need to adopt this resolution as
15 presented from counsel and has been voted on by the Port
16 Commission that's been modified and accepted. Just add a
17 little more to what you just said. That's all.
18 MR. CORDOBA: How about I motion to approve
19 the final order on application for adjustment to pilotage
20 rates, which orders shall also function as a resolution of
21 the Pilot Board.
22 CHAIRMAN PIRTLE: Okay. Is that your motion?
23 COMMISSIONER KRESTA: Yes, sir. Yes, sir.
24 COMMISSIONER HOSS: I'll second it.
25 CHAIRMAN PIRTLE: Mr. Kresta motioned. Was

1 said this -- save and except allowing for four months. I
2 mean, that should be --
3 MR. CORDOBA: That was --
4 COMMISSIONER KRESTA: I know what the intent
5 is. It's just -- save and except? Except for allowing four
6 months is all I will -- fair enough.
7 MR. CORDOBA: Generally that's how we draft
8 those sort of things, save and except. So, probably could
9 have made it less legalese. But that was also the same way
10 that we did the 2017 agreement.
11 COMMISSIONER KRESTA: Fair enough. I wanted
12 to see what in the -- I wasn't really good in English but,
13 God damn, that caught me and --
14 CHAIRMAN PIRTLE: That's one more word, right?
15 COMMISSIONER KRESTA: I know. Just too much
16 for me to look at. Don't even say it, you know it.
17 MR. MOORE: I can review it again, if you
18 would like.
19 COMMISSIONER KRESTA: No. The way it was
20 saying it, you know.
21 MR. MOORE: It's the way we say it. It
22 truly -- I know except is plenty good. But save and except
23 has been interpreted over the years and we have no dispute
24 whatsoever in any court, even with J. Ray Gayle, about what
25 save and except means.

1 that Mr. Hoss?
2 COMMISSIONER HOSS: I did.
3 CHAIRMAN PIRTLE: Mr. Hoss second. Any
4 further discussion on this item?
5 Mr. Singhanian, how do you vote?
6 COMMISSIONER SINGHANIA: Aye.
7 CHAIRMAN PIRTLE: Mr. Santos, how do you vote?
8 COMMISSIONER SANTOS: Aye.
9 CHAIRMAN PIRTLE: Mr. Croft, how do you vote?
10 COMMISSIONER CROFT: Aye.
11 CHAIRMAN PIRTLE: I also vote aye. Motion
12 passes.
13 COMMISSIONER KRESTA: For the record, I voted
14 aye even though I made the resolution.
15 CHAIRMAN PIRTLE: I'm sorry.
16 COMMISSIONER HOSS: And I voted aye just
17 because I seconded the resolution.
18 CHAIRMAN PIRTLE: My mistake in assuming that
19 unless you say otherwise. All right. With that, we have no
20 other business before us. Hearing done. We are adjourned.
21 Thank you.
22 MS. SAATHOFF: The hearing is closed and the
23 meeting is adjourned.
24
25

1 CHAIRMAN PIRTLE: The hearing is closed at
2 1:50 p.m.
3 (Proceedings closed at 1:50 p.m.)
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1 STATE OF TEXAS
2 COUNTY OF BRAZORIA
3
4 **REPORTER'S CERTIFICATE**
5 **PUBLIC HEARING**
6 October 30, 2020
7
8 I, the undersigned Certified Shorthand Reporter in and
9 for the State of Texas, certify that the facts stated in the
10 foregoing pages are true and correct.
11 I further certify that I am neither attorney or counsel
12 for, related to, nor employed by any parties to the action in
13 which this testimony is taken and, further, that I am not a
14 relative or employee of any counsel employed by the parties
15 hereto or financially interested in the action.
16 SUBSCRIBED AND SWORN TO under my hand and seal of office
17 on this the _____ day of _____, _____.
18
19
20 _____
21 Stacey Whitley, CSR
22 Texas CSR 3999
23 Expiration: 04/30/2022
24 307 ARROWWOOD STREET
25 Lake Jackson, Texas 77566
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swhitley13@att.net