

## Minutes of Port Commission Regular Meeting July 22, 2021

A Regular Meeting of the Port Commission of Port Freeport was held July 22, 2021, beginning at 1:12 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

The Port Commission meeting will be in person and available for public attendance.

The Port Commission meeting will also be available for observation to the public via Zoom at the link below. The public will not be permitted to participate in the public comment via Zoom. Any public comment must be done in person at the Port Freeport Administration Building.

Join Zoom Meeting

<https://us02web.zoom.us/j/83485284655?pwd=ThvK1QxWjlmeFJjYTM0L0JnZmoyQT09>

Meeting ID: 834 8528 4655

Passcode: 109373

Dial by your location

1 346 248 7799 US (Houston)

1 669 900 9128 US (San Jose)

1 253 215 8782 US (Tacoma)

1 646 558 8656 US (New York)

1 301 715 8592 US (Washington DC)

1 312 626 6799 US (Chicago)

Meeting ID: 834 8528 4655

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

Commissioner's present:

Mr. John Hoss, Chairman

Mr. Rudy Santos, Vice Chairman

Mr. Dan Croft, Secretary

Mr. Rob Giesecke, Asst. Secretary

Mr. Ravi Singhanian, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel

Ms. Phyllis Saathoff, Executive Director/CEO

Mr. Rob Lowe, Director of Administration/CFO

Mr. Al Durel, Director of Operations

Mr. Jason Hull, Director of Engineering

Mr. Mike Wilson, Director of Economic Development & Freight Mobility

Mr. Chris Hogan, Director of Protective Services

Mr. Jason Miura, Director of Business & Economic Development

Mr. Brandon Robertson, Network Systems Manager

Ms. Missy Bevers, Executive Assistant

Ms. Mary Campus, Controller

Ms. Tricia Vela, Public Affairs Assistant

Ms. Alejandra Martinez, Receptionist

Absent:

Mr. Shane Pirtle, Commissioner

Also, present:

Mr. Jason Foltyn, HDR

Mr. Jason Mills, Terracon

Mr. Mike Hayes, Texas Port Ministry

Ms. Melanie Oldham

Commissioner Hoss stated the following information...

I will now open the meeting. Pursuant to the posted agenda this meeting is open to public attendance and will be attended by commissioners in person as well. For purposes of transparency and in the event a member of the public is unable to attend the meeting, the meeting is also being made available via Zoom as indicated on the agenda.

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Mike Hayes, Texas Port Ministry
3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call – Commissioner Hoss noted that all Commissioners were present with the exception of Commissioner Pirtle, who was absent.
5. Public Comment – There were no public comments.

At this time, Mr. Cordoba explained why Commissioner Pirtle was not allowed to participate virtually in the meeting stating that in June, the board elected to conduct in person meetings. This was interpreted by legal counsel that it would be in person for the public and the Port Commission therefore, agendas were prepared based on that understanding. Moving forward, agendas will be prepared allowing flexibility to include virtual or in person attendance by both the Port Commission and the public.

6. Approval of minutes from the Regular meeting held June 24, 2021.

A motion was made by Commissioner Giesecke to approve the minutes as presented. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion, and Commissioner Singhania abstaining due his absence from the June 24th meeting.

7. Receive reports from Executive Staff on activities and matters related to COVID-19 health safety matters, administrative affairs, financial results, facility engineering matters, operations and vessel activity, port safety matters, port security matters, Port tenant updates, USCOE, and other related port affairs.

A. Executive Director/CEO

Ms. Saathoff introduced Alejandra Martinez who joined Port Freeport as the new receptionist. She also noted that Public Affairs Manager Jessica Follett is transitioning to

her maternity leave. The channel project continues to advance with a couple more weeks left on Reach 3 dredging as well as the dredging beside the berth. The Reach 2 bids, which came in higher than expected, are still being evaluated by the Corps. The solar lights included in the stabilization project have been installed around the Dow Thumb and the Pilots have acknowledge the effectiveness of the lights during nighttime transit. Col. Vail joined the Port and Brazoria County for a meeting to discuss the Brazos River flood gates project which is in engineering and design phase and will take approximately two years to complete. Other discussion included managing the dredging of the San Bernard River and working out an Interlocal Agreement. Ms. Saathoff reported on the latest TPA meeting noting the association agreed to move forward with a new dues structure and the hiring of an executive director. Staff is continuing work with Freeport LNG regarding the installation of additional meters at the Jetties and on Surfside bridge with documents forthcoming which will include a letter agreement that formalizes Freeport LNG's intent to pay for installation of the meters as well as an agreement from NOAA and an revised agreement from Conrad Blucher Institute with Texas A&M Transportation Institute to handle maintenance once installed. Ms. Saathoff is now a member of the Brazoria County Petrochemical Council and attended the first meeting held earlier in the day. Commissioner Singhania confirmed the next CAP Meeting is August 17 and inquired if the Port will participate in the August 7 City of Freeport Kid Fest. He also inquired about the expansion of Hwy 36 to four lanes. Mr. Hull confirmed that TXDOT has received their permit from the Corps and will request bids next month.

#### B. Chief Financial Officer

Mr. Lowe gave a presentation regarding the financial results for the month of June, and also briefed the Commission on the upcoming 2021 tax rate process. The annual rate setting process includes debt service and maintenance and operations in the total tax rate. The 2021 I&S rate will include 2019 GO Bond issuance payments as well as 2021 GO Bond issuance payments. The tax rate is applicable to the industrial and residential tax bases within the district and updated every year. He also refreshed the Port Commission on the Texas Property Tax Reform and Transparency Act of 2019 (SB2). The first rate is the *No New Revenue Tax Rate* (previously Effective) which is the total tax rate that would provide the same amount of revenue in the year before on properties taxed in both years and is generally equal to last year's taxes divided by the current taxable value of properties that were also on the tax roll last year. The second rate is the *Voter Approval Tax Rate* (previously Rollback) and is the required I&S Tax Rate plus either a 3.5% or an 8% (Special Taxing Unit) increase in the No New Revenue M&O Tax Rate. Special taxing units are taxing units with a proposed No New Revenue M&O Rate of less than 2.5 cents, Junior College Districts and Hospital Districts. The Port is not a special taxing unit at this time. Port Freeport's current M&O rate is .026657. Mr. Lowe noted the Board will always set the rate however, the methodology is dictated by the legislature. Mr. Lowe then shared the following **proposed** tax rate and budget schedule...

*August 10 – Publication of Tax Rates on Tax Office, Appraisal District and PF Websites*

*August 12 – Review 2021 Tax Rate Calculation Worksheet results*

*August 26 – Take a record vote to propose 2021 tax rate*

*August 26 – Conduct Budget Workshop*

*August 27 – Report proposed rate and results of vote to BC Tax Assessor-Collector*

*September 2 – BC Tax Assessor-Collector will publish either:  
Notice of voting on tax rate  
Notice of hearing on tax increase*

*September 9 – Hold tax rate hearing if proposed rate is above no new revenue rate  
September 9 – Adopt 2020 tax rate  
September 9 – Adopt Budget*

After discussing the schedule, the Commission elected to reserve the afternoon of September 2 should additional time be needed to discuss and finalize the budget for adoption on the 9th.

C. Director of Engineering

In addition to his written report, Mr. Hull shared a current photo of the Carolina dredging in front of Berth 8. He echoed Ms. Saathoff's comments earlier that Great Lakes anticipates the dredging of the channel to be complete August 7 and berth dredging August 12. Commissioner Singhania inquired about the amount of asbestos in remaining East End properties. Mr. Hull stated that asbestos testing will soon begin on the next round of demolition.

D. Director of Operations

Mr. Durel reported the vessel and cargo activity for June was very substantial with the Port handling 17 LNG vessels and 9 Ro/Ro vessels along with steel by vessel and barge. He noted that July looks to be a mirror image of June. Staff has recently been working with Customs, ILA, tenants, stevedores on improving the process of agriculture and CBP inspections of containers and cargo. With the activity increasing, all parties are working together to improve the efficiencies. June saw the first vessel for Seatrade with the next vessel due July 23 and will call the Port every two weeks. Mr. Durel also reported on staffing changes which include the departure of Meri Joy Brightwell, Customer Service Coordinator. Holly Soria has filled her position. Junior Martinez retired after 26 years with the Port. In addition to hurricane season preparedness, Mr. Hogan has been participating on conference calls related to COVID.

E. Director of Business & Economic Development

In addition to his written report, Mr. Miura noted that staff will be recommending a general rate adjustment to Port Freeport Tariff No. 005. Staff met with the Finance Advisory Committee to present proposed adjustments and schedule and will next meet with Port tenants and users to present same and receive feedback. Staff will then reconvene with the Finance Advisory Committee in September and then recommend approval of the adjustments to the Port Commission. If approved, the adjustments will be effective October 1, 2021. Mr. Miura also noted that July 13, the U.S. Bureau of Labor Statistics issued a report that there is a 5.4% year over year increase in CPI for June 2021.

8. Receive report from Commissioners on matters related to:

A. July 22 Finance Advisory Committee – Commissioner Croft reported the committee received an update on the quarterly investment report, reviewed the fiscal year budget for revenues, reviewed adjustments to the Port Freeport tariff and had a brief discussion regarding the agenda item related to grants.

- B. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Santos reported attending the BCCA Meeting.

Commissioner Singhania reported attending the Alliance Industry Update.

Commissioner Hoss also reported attending the BCCA Meeting and Industry Update.

- 9. Approval of financial reports presented for the period ending June 30, 2021.

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

- 10. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

- A. Under authority of Section 551.071 (Consultation with Attorney) for discussion regarding:

- 1. Consultation with attorney to discuss potential litigation.
- 2. Consultation with attorney to discuss potential litigation.

- B. Under authority of Section 551.072 (Deliberation Concerning Real Property Matters) for discussion regarding:

- 1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the are known as the East End of Freeport and bordered by or adjacent to the following streets: FM1495; East 2<sup>nd</sup> Street; Terminal Street and East 8<sup>th</sup> Street in Freeport, Texas.
- 2. The potential purchase, exchange, lease, or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5 and 7.
- 3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 14 and 43.

- 11. RECONVENE OPEN SESSION to review and consider the following:

- 12. Adoption of a resolution authorizing the submission of a PIDP grant application.

- 1. Mr. Miura stated that the Port engaged the Goodman Corporation to prepare a PIDP grant application. The application is near completion, and the resolution will authorize staff to submit the application on behalf of Port Freeport. Mr. Miura noted that the resolution states, “the Port seeks to pass a resolution to approve and authorize the submission of Port Infrastructure Development Program (“PIDP”) grant application with a Port contribution of up to forty-one

percent (41%) for the Velasco Terminal Modernization Project". Mr. Miura added the grant request is approximately \$13.3 million in federal assistance. Staff recommends approval.

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

### 13. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:22 PM.