

Minutes of Port Commission Regular Meeting
June 10, 2021
Via Video/Teleconference

Notice is hereby given that in accordance with the order the Office of the Governor issued March 16, 2020, and due to imminent threat to public health and safety and urgent public necessity, the Port Freeport Port Commission will conduct a Regular Meeting on Thursday, June 10, 2021, at 2:00 p.m. by video/teleconference initiated from the Administration Building, 1100 Cherry Street, Freeport, Texas. In order to meet CDC guidelines for social distancing and slow the spread of the Coronavirus (COVID-19), the public can join the video/teleconference meeting by following the instructions below. When the spread of COVID-19 is no longer an imminent threat to our community, in-person meetings will resume.

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

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

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Meeting ID: 863 2844 1307

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Commissioners present:

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

Staff Members Present:

- Mr. Matt Allen, Legal Counsel
- Ms. Phyllis Saathoff, Executive Director/CEO
- Mr. Rob Lowe, Director of Administration/CFO
- Mr. Al Durel, Director of Operations
- Mr. Mike Wilson, Director of Economic Development & Freight Mobility
- Mr. 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. Jessica Follett, Public Affairs Manager
Mr. Nick Malambri, Engineering Specialist
Mr. Jesse Hibbetts, Operations Manager

Also, present via teleconference:

Mr. Jason Cordoba, Cordoba Law Firm
Mr. Bobby Fuller, Texas Port Ministry
Mr. Jonathan Frels, Bracewell
Mr. Drew Masterson, Masterson Advisors LLC
Ms. Kristin Blomquist, Masterson Advisors LLC
Mr. Stephen Whalley, Arthur J. Gallagher
Mr. David Garcia, Arthur J. Gallagher
Mr. Gary Basinger, The Alliance
Mr. Chad Janosky, Bay-Houston Towing
Mr. Justin Wright
Mr. Stephen Abbott
Mr. Damon Latiolais

Commissioner Pirtle stated the following information...

Today is June 10, 2021, and the time is 2:00 p.m. This is the regular meeting of the Port Commission. I am Shane Pirtle, Chairman. We are conducting this meeting by video/telephone conference pursuant to Governor Abbott's order suspending certain provisions of the Texas Open Meetings Act in order to minimize the impact of the coronavirus outbreak. This meeting is being recorded as required by the Texas Open Meetings Act.

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

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

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

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

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

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:

2. Invocation – Mr. Bobby Fuller, Texas Port Ministry
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Pirtle stated that all Commissioners were present in the board room along with Ms. Saathoff and Matt Allen who is sitting in for Jason Cordoba who will be calling in.
5. Public Comment – There were no comments from the public. Commissioner Singhania made comments regarding the election asking fellow Commissioners to make a list of things they have heard during the election that may need to be revisited during the next workshop held. He also asked Commissioners to put aside their feelings and move forward with the new board. Commissioner Hoss apologized to Commissioners Santos and Giesecke for missing the swearing-in ceremony. Commissioners Santos and Giesecke thanked Commissioners for their support and kind words as well as staff for their support.
6. Approval of minutes from a Regular Meeting held May 27, 2021.

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

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

Ms. Saathoff reported that all the piles for the stabilization wall around the Dow Thumb have been installed and dredging work is progressing in Reach 3 of the channel. HDR's plans and specs for Reach 2 of the project that were submitted to the Corps have been processed and advertisement for bids will begin June 16. Ms. Follett has been working with McGuire Woods Consulting to further distribute the Port video, that highlights the channel project work and the partnership with the Corps, to the community and CAP members. Additionally, a broader distribution to educate the public about the project is forthcoming. Ms. Follett announced that Ms. Tricia Vela has been promoted from Receptionist to Public Affairs Assistant to fill that vacancy, and staff will advertise for the Receptionist position. Mr. Durel also announced staffing updates to the Operations Department with intern Amaya Ramirez joining the staff June 7 and Holly Soria returning to the Port as Operations Coordinator. Ms. Saathoff also noted that she and Mr. Durel have been invited to attend the ILA Blue Ribbon Panel Safety Meeting June 17 in Austin.

8. Approval of Oath of Office and Surety Bonds for Newly Re-Elected Commissioner Rudy Santos and Newly Elected Commissioner Rob Giesecke.

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

9. Review of Policy 2.1 – Commission Officers and Organization.

Commissioner Pirtle stated this policy was included on the agenda for the Commissioners to review prior to holding the election of officers as a reminder on how the process will take place. There were no comments, suggestions or edits from Commissioners regarding this policy.

10. Election of Officers for the Port Commission for the period of June 2021 – May 2023.

Commissioner Pirtle stated that Mr. Cordoba suggested the Commissioners elect all officers (one by one) before taking new offices. At this time, Commissioner Singhanian made a motion to elect Commissioner Santos as Chairman, Commissioner Giesecke seconded the motion. Commissioner Santos respectively declined the nomination as he felt he would not be able to fulfill the Chairman position at capacity but stated he would consider another position. With that, Commissioner Singhanian withdrew his nomination and Commissioner Giesecke withdrew his second.

At this time, Mr. Allen with Cordoba Law Firm stated the Commission will follow Robert's Rules of Order with all nominations for each office being made before the nominations are voted on.

Commissioner Santos nominated Commissioner Hoss as Chairman. Commissioner Pirtle asked if there were any other nominations for Chairman. With no further nominations, Commissioner Pirtle asked each Commissioner for their vote:

Giesecke – Hoss

Singhanian – Hoss

Santos – Hoss

Croft – Hoss

Pirtle – Hoss

Hoss – Hoss

With a 6-0 vote, Commissioner Hoss was elected Chairman.

Commissioner Singhanian nominated Commissioner Santos as Vice Chairman.

Commissioner Pirtle asked if there were any other nominations. Commissioner Hoss nominated Commissioner Pirtle as Vice Chairman. Commissioner Pirtle asked if there were any other nominations. With no further nominations, Commissioner Pirtle asked each Commissioner for their vote:

Giesecke – Santos

Singhanian – Santos

Hoss – Pirtle

Croft – Santos

Santos – Santos

Pirtle – Pirtle

With a 4-2 vote in favor of Santos, Commissioner Santos was elected Vice Chairman.

Commissioner Pirtle asked for nominations for Secretary. Commissioner Singhanian nominated Commissioner Croft as Secretary. Commissioner Pirtle asked if there were any other nominations. With no further nominations, Commissioner Pirtle asked each Commissioner for their vote:

Santos – Croft

Croft – Croft

Hoss – Croft

Giesecke – Croft
Singhania – Croft
Pirtle – Croft

With a 6-0 vote, Commissioner Croft was elected Secretary.

Commissioner Pirtle asked for nominations for Asst. Secretary. Commissioner Santos nominated Commissioner Giesecke as Asst. Secretary. Commissioner Pirtle asked if there were any other nominations. With no further nominations, Commissioner Pirtle asked each Commissioner for their vote.

Santos – Giesecke

Croft – Giesecke

Hoss – Giesecke

Giesecke – Giesecke

Singhania – Giesecke

Pirtle – Giesecke

With a 6-0 vote, Commissioner Giesecke was elected Asst. Secretary.

All Commissioners then assumed their new positions to continue the meeting.

At this time, Commissioner Hoss thanked the former Chairman for his service the last two years and highlighted some of the Port's accomplishments during his tenure as Chairman which included the following...

- *Ensuring no disruption of port operations or services during the COVID-19 pandemic;*
- *Supporting increased annual ship arrivals, up 10.3% from 2019 to 1,136 calls in 2020;*
- *Progressing Port Freeport's national ranking to 15th for total foreign waterborne tonnage;*
- *Maintaining pledge to the taxpayers to hold the tax rate as indicated during the 2018 bond referendum election;*
- *Regarding advancing the Freeport Harbor Channel Improvement Project,*
 - *In February 2020, being one of two seaports nationwide to secure a "new start" designation for commencement of construction along with securing \$19 million in federal funding in the USACE FY 2020 Work Plan for the Project;*
 - *Effective June 25, 2020, signing a Project Partnership Agreement (PPA) with USACE for the Project;*
 - *Securing a second round of federal funding for the Project in the USACE FY 2021 Work Plan for \$24.9 million (\$43.9 million received to date); and*
 - *On April 8, 2021, breaking ground on the Project, a historic milestone that will make Port Freeport the deepest port in the Gulf of Mexico;*
- *Regarding expanding the Port's infrastructure and facilities to attract new business,*
 - *Growing a versatile fleet of roll-on/roll-off business at the Port;*

- *Approving a contract with McCarthy Building Companies, Inc. for Phase II of the expansion of the Velasco Container Terminal, which includes Berth 8, a 925-foot berth extension to accommodate additional container operations and post-Panamax gantry cranes;*
- *Approving a 2nd Lease Agreement with Vulcan Construction Materials to expand the company's footprint at the Port and construct an aggregate distribution facility on Parcel 14;*
- *Welcoming the M/V DOLE AZTEC on its maiden voyage to the United States for its new weekly service to Port Freeport, celebrating 38 years of partnership between the Port and Dole Fresh Fruit; and*
- *Entering into a new partnership with CEMEX Servicios Logísticos and Union Pacific Railroad to transport liquid carbon dioxide from Port Freeport to Mexico.*

Commissioner Hoss then presented Commissioner Pirtle with a commemorative plaque in recognition of his leadership and commitment during his term as Chairman.

11. Approval of liability insurances through broker Arthur J. Gallagher & Co.

Mr. Lowe stated that on May 27 staff met with the Finance Advisory Committee to discuss the liability insurances renewal. The current policies will expire July 1, 2021. Gallagher marketed the policies and prepared an analysis of proposals. With the market remaining challenging, the results were a premium increase of \$19,214. Staff recommends moving forward with the proposal as presented for a total premium of \$177,689. Commissioner Singhanian stated that the Finance Committee reviewed the proposal and noted one issue where the broker was not able to get information on the insurance policy premium. Mr. Lowe stated the memo before the board is a recap of all the various elements of the policy. For the bumbershoot policy (marine term for an umbrella policy), there are three layers, adding that prior year coverage for one additional layer was 100%. This year the carrier chose to carry 50%, so at the time staff presented to the committee, pricing was set but the carrier was not yet set. Since then, it has been secured and the information was uploaded to BoardPaq. Commissioner Singhanian noted that it is the recommendation of the Finance Committee to approve the policies.

A motion was made by Commissioner Singhanian to approve the Port's liability insurances as recommended by staff. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

12. Adoption of Resolution approving amendments to the Port Freeport Investment Policy.

Mr. Lowe stated that staff reviewed the policy with the Finance Advisory Committee in accordance with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code to review the investment policy and strategies annually. Mr. Lowe noted there were no changes from the legislature and therefore recommend no changes to the policy. Staff recommends adopting policy as written. Commissioner Singhanian stated the Finance Committee agrees with staff's recommendation.

A motion was made by Commissioner Singhanian to approve the policy as written. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

13. Approval of Professional Services Agreement with Paul Bridges & Associates to container crane repair services.

Mr. Hull stated this agreement covers the design and inspection associated with repairs to one of the container cranes which was damaged in April. The contractor that damaged the crane will pay for all damages plus 20% per the Port's tariff. Staff has reviewed the scope of work and recommends approval in the amount of \$ 26,325.00. Mr. Hull confirmed the contractor will pay for all costs which include the PSA costs, plus 20%.

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

14. Approval of Electrical Easement to CenterPoint Energy for relocation of an existing electrical power line.

This item was tabled.

15. Approval of Professional Services Agreement with Legend Labs.

Ms. Follett stated the agreement is for an overall brand refreshing, repositioning and communications strategy. The agreement includes a discovery of findings with internal and external stakeholders, a workshop with the Commission and senior management team as well as a final report and overall communications plan and strategy to position Port Freeport in its messaging in the community. Ms. Follett added that Legend Labs is a company out of Austin who recently worked with the Brazosport Water Authority and is also engaging the City of Rockport with an agreement very similar to the Port's repositioning project. Staff recommends approval.

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

16. Adoption of a Resolution of the Port Commission of Port Freeport approving a plan of finance; authorizing the financial advisor and bond counsel to proceed with the necessary arrangements to facilitate the plan of finance, including providing TEFRA notice and conducting TEFRA hearing and approving other matters related thereto.

Mr. Lowe stated that in line with previously established cash flow planning and in support of the ongoing construction of Berth 8, staff is working with financial advisors and bond counsel on the issuance of \$35 million in revenue bonds. Through modeling exercises and consultation with Masterson Advisors, staff believes the best path forward is to pay off the remaining balance of the gantry crane lease in fiscal year 2021 which will reduce approximately \$1.6 million in annual debt service payments for cranes. An additional revenue bond issuance of \$25 million will be required in fiscal year 2022 or 2023 to fund the

change order adding a RO/RO ramp to Berth 8. Staff considered consolidating the needs into one issuance however, current planning models indicate separate issuances are the best path forward. Mr. Lowe noted this is what staff has been planning with regard to financing Berth 8. Staff recommends a \$35 million bond issuance.

After additional discussion, a motion was made by Commissioner Singhania to approve the resolution. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

17. Discuss and consider purchase of Port vehicle and associated equipment.

Mr. Hogan stated that Protective Services budgeted \$45,000 to replace a 2005 Ford Expedition security patrol unit. Due to the computer chip shortage, it has been a challenge to find a vehicle however, Caldwell Country Chevrolet has a handful of Tahoe's in stock and has an HGAC contract, which is a competitive bid process. Staff seeks approval to purchase a 2021 Chevy Tahoe Special Service Vehicle (SSV) from Caldwell Country for a total of \$38,810. The remaining \$6,190 will be used to outfit the vehicle to include high visibility graphics, organization consoles for existing equipment, emergency warning equipment to increase officer safety and radio equipment. Additionally, Mr. Hogan stated the 2005 Ford Expedition will be traded in with this purchase.

A motion was made by Commissioner Santos to approve the purchase the 2021 Chevy Tahoe as presented with the outfitting. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

18. Discussion regarding re-opening of Port Commission meetings for public attendance.

Ms. Saathoff stated that in March 2020, the Governor issued a Disaster Declaration for the Coronavirus as well as a Proclamation rescinding certain provisions of the Open Meetings Act. The Governor recently extended the Disaster Declaration and staff confirmed suspension of the OMA is still in effect however, the Governor has also reopened Texas at 100%. Staff felt it was an appropriate time to discuss the reopening of Port Commission meetings to public attendance with necessary precautions. Ms. Saathoff noted the virtual format will continue for those in the public who may not be vaccinated or are not comfortable attending in person but wish to participate virtually.

A motion was made by Commissioner Giesecke to reopen the meetings to public attendance. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

19. 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 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
2. The potential purchase, exchange, lease, or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5 and 7.
3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 14, 43 and Surfside Lots.

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

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

20. RECONVENE OPEN SESSION:

21. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:24 PM.