

Minutes of Port Commission Regular Meeting  
May 27, 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, May 27, 2021, at 1:00 p.m. by video/teleconference initiated from the Administration Building, 1100 Cherry Street, Freeport, Texas. In order to meet CDC guidelines for social distancing and slow the spread of the Coronavirus (COVID-19), the public can join the video/teleconference meeting by following the instructions below. When the spread of COVID-19 is no longer an imminent threat to our community, in-person meetings will resume.

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

This meeting agenda and agenda packet is posted online at [www.portfreeport.com](http://www.portfreeport.com)

Join Zoom Meeting

<https://us02web.zoom.us/j/83835779939?pwd=QkNjaFk4UjNjNFlaRTFIQ2lFNE1Xdz09>

Meeting ID: 838 3577 9939

Passcode: 654100

Dial by your location

- +1 346 248 7799 US (Houston)
- +1 669 900 9128 US (San Jose)
- +1 253 215 8782 US (Tacoma)
- +1 312 626 6799 US (Chicago)
- +1 646 558 8656 US (New York)
- +1 301 715 8592 US (Washington DC)

Meeting ID: 838 3577 9939

Find your local number: <https://us02web.zoom.us/j/83835779939?pwd=QkNjaFk4UjNjNFlaRTFIQ2lFNE1Xdz09>

Commissioner's present:

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

Staff Members Present:

- Mr. Jason Cordoba, Legal Counsel
- Ms. Phyllis Saathoff, Executive Director/CEO
- Mr. Rob Lowe, Director of Administration/CFO
- Mr. Al Durel, Director of Operations
- Mr. Jason 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. Jessica Follett, Public Affairs Manager

Also, present via teleconference:

Mr. Bobby Fuller, Texas Port Ministry  
Mr. Rob Giesecke  
Mr. Robert Hawn, WGMA  
Mr. Ben Buben, Amports  
Mr. Jim Webb  
Ms. Stephanie Thomas  
Mr. Ryan Wilhelm  
Mr. Patrick Tamasitas, Amports  
Mr. Wesley Moncrief  
Adeel Malik

Commissioner Pirtle stated the following information...

Today is April 22, 2021, and the time is 1:00 p.m. This is the regular meeting of the Port Commission. I am Shane Pirtle, Chairman. We are conducting this meeting by video/telephone conference pursuant to Governor Abbott's order suspending certain provisions of the Texas Open Meetings Act in order to minimize the impact of the coronavirus outbreak. This meeting is being recorded as required by the Texas Open Meetings Act.

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

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

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

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

An Executive Session was noticed on the published agenda and will occur unless otherwise indicated during the meeting. 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 & Texas Flag

4. Roll Call – Commissioner Pirtle stated that all Commissioners were present in the board room as well as Phyllis Saathoff – CEO and Jason Cordoba – Legal Counsel. Ms. Saathoff noted additional staff in the room.
5. Public Comment –There were no public comments.
6. Approval of minutes from meetings held May 11, 2021, and May 13, 2021.

Commissioner Hoss requested that his comments made at the May 11 meeting regarding the audio/visual equipment be expanded in the minutes to reflect that while he felt major improvements had been made in the audio area, improvements are still needed in the video area so the audience can have a better experience while participating in the meeting.

A motion was made by Commissioner Santos to approve the minutes with the addition to the May 11 minutes. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

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 reported that the state legislative session is coming to a close, noting the last day of session is May 31. Ms. Saathoff stated there will be a special session to address redistricting. Senator Creighton should accept the amendments to the omnibus bill for Texas Ports Association very soon. From the federal level, Austin Smithson in Senator Cruz's office is relocating back to Texas in a different role under the Senator. Staff continues to monitor the scheduling of hearings for the nomination for Asst. Secretary of the Army. Staff also continues virtual advocacy work in DC with meetings to be scheduled with Stacey Brown at Headquarters and Senate Appropriations Committee. Great Lakes Dredge and Dock continues work in Reach 3 of the channel project with approximately 50% complete. Reach 2 plans and specs were delivered to the Corps earlier than anticipated. The quarterly executive governance meeting with Col. Vail took place earlier in the week with staff receiving an update that advertisement for Reach 2 will begin in June with contract award expected in August. Ms. Saathoff also noted that HDR continues to progress on schedule with the engineering design for the remaining reaches of the project.

B. Chief Financial Officer

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

C. Director of Engineering

In addition to his written report, Mr. Hull shared a photo of the operations building new exterior wall paneling replacement. Mr. Hull noted that about a month ago one of the container cranes was hit by some equipment from one the port's contractor and it was anticipated the contractor would make repairs to our satisfaction. The contractor's insurance now wants the port to make repairs. The engineering firm on the cranes, Paul Bridges and Associates, has sent over a professional services agreement which will be on the agenda for approval at the next board meeting for staff to move forward with repairs

on the container crane. Commissioner Hoss inquired whether or not OSS Advisory Committee needs to monitor this accident. Staff noted that it will be added to an OSS agenda for briefing.

D. Director of Operations

Mr. Durel added on to Mr. Hull's comments regarding the repairs to the crane stating that staff felt it was important to bring Paul Bridges in to discuss repairs to the crane because of their familiarity and knowledge of the cranes, and requests permission to continue to move forward with repairs to the crane. Mr. Durel shared pictures of the system staff created to operate restroom facilities in the event of a storm. Mr. Durel also shared pictures of the six generators from Dole that can be used in different locations throughout the Port.

E. Director of Business & Economic Development

Mr. Miura shared a video recently created to highlight the Port's channel project and strategic objectives.

8. Receive report from Commissioners on matters related to:

A. May 13 and May 27 Finance Advisory Committee – Commissioner Singhania reported the committee met May 13 to review the Dow Chemical tax abatement application. Earlier today, the committee reviewed the Port's investment policy and liability insurance which will be on the June 10<sup>th</sup> agenda for approval.

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

Commissioner Singhania reported attending various meetings.

Commissioner Santos reported attending the Angleton Chamber of Commerce Membership Luncheon.

Commissioner Hoss also reported attending the Angleton Chamber of Commerce Membership Luncheon.

Commissioner Croft reported attending the Lake Jackson Businessmen's Association Meeting.

Commissioner Pirtle reported attending the Brazoria County Cities Association, Angleton Chamber Luncheon, Take-A-Child Fishing Tournament, Angleton Exchange Fundraiser, Joe Guisti – Galveston County Commissioner Fundraiser, Alliance Budget Meeting and United Way Board Meeting.

9. Presentation to Commissioner Kresta for his years of service on Port Freeport Port Commission.

Commissioner Pirtle shared some highlights of the Port's accomplishments during Commissioner Kresta's tenure at the Port which included the following....

- *Securing Congressional authorization and federal funding and commencing construction on the Freeport Harbor Channel Improvement Project, which will make Port Freeport the deepest port in the Gulf of Mexico;*

- *Advocating for the successful passage of the 2018 bond referendum to ensure local share financing of the channel project;*
- *Progressing the Velasco Container Terminal Expansion Project with Phase I put into service in 2014 and Phase II set to be completed next year;*
- *Securing two 100-foot gauge Post Panamax container cranes for the Velasco Container Terminal;*
- *Entering into new partnerships to grow Port Freeport's economic impact, including with Tenaris, Hoegh Autoliners, Horizon Terminal Services/Amports, CMA CGM Group, Glovis, and others;*
- *Securing lease agreements with Freeport LNG for liquefaction;*
- *Voting to reduce the tax rate by 25% since 2011;*
- *Twice increasing the homestead exemption for those over 65 and disabled;*
- *Completing Phase 1 of the Parcel 14 Rail Development;*
- *Securing \$6.3 million in grant funding from the U.S. Dept. of Transportation to assist with funding Phase 2 of the Parcel 14 Rail Development;*
- *Entering into a new agreement with Vulcan Materials Company for rail shipments of aggregate to the multi-modal site for storage and distribution;*
- *Partnering with the Velasco Drainage District on storm protection levee improvements;*
- *Participating in the working group to prepare the Port Freeport Pilot and Pilotage Rules and Procedures improving relations between the Pilot Commission, maritime community, and the Brazos Pilots and ensuring the safe navigation of our channel;*
- *Ushering in a new era for the Brazos Pilots with a new pilot dispatch service and a new pilot boat staffed with deck hands;*
- *Celebrating new U.S. Customs and Border Protection offices at Port Freeport;*
- *Establishing a heavy lift corridor to allow local industries to move cargo under a permit system, reducing the number of trucks on the roadways, cutting down on emissions, and improving roadway safety for citizens;*
- *Increasing the Port's annual statewide economic impact from \$17 billion in 2012 to \$99 billion in 2019 and increasing the impacted jobs from 67,000 to 150,000;*
- *Supporting increased annual ship arrivals from 754 in 2015 to 1136 in 2020; and*
- *Progressing Port Freeport's national ranking to 15<sup>th</sup> for total foreign waterborne tonnage.*

*It is clear that Mr. Kresta has put in many hours to ensure the advancement of Port Freeport's strategic initiatives for the betterment of our community, our region, our state, and our nation. Our economic impact has grown tremendously during his tenure on the Port Commission, as have the job opportunities for those working in and around the Freeport Harbor Channel*

*community. We are looking forward to much growth to come and know it is through his leadership and partnership that we are continuing on a path of success.*

Commissioner Pirtle presented a framed print of Port Freeport to Commissioner Kresta as an expression of appreciation and thank you for his 12 years of service.

10. Approval of financial reports presented for the period ending April 30, 2021.

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

11. 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.

C. Under authority of Section 551.074 (Deliberation of Personnel Matters) for discussion regarding:

1. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Director/CEO.

12. RECONVENE OPEN SESSION:

13. Approval of an agreement with The Goodman Corporation for grant writing services.

Mr. Miura stated that staff met with the Finance Advisory Committee to discuss entering into an agreement with the Goodman Corporation to prepare the Port's 2021 PIDP (Port Infrastructure Development Program) Grant where \$230 million has been appropriated for port specific projects. Staff recommends entering into an agreement with the

Goodman Corporation to prepare the grant in the amount of \$54,500 and will use the application prepared in this process for the 2021 Infra Grant.

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

14. Approval of Change Order No. 3 to the Construction Contract with McCarthy Building Companies for adding a RO/RO ramp for the Velasco Terminal Berth 8 project.

Mr. Hull stated the change order to McCarthy is in the amount of \$24,874,688, will add an additional 216 calendar days to the contract and is the larger 84-foot-wide platform. The change order is based on the current contracted rates. If the platform were bid separately at a later date, the cost would be significantly more due to equipment availability and inflation. Staff recommends approval. Commissioner Hoss inquired about the financing of the ramp. Mr. Lowe stated the Port can finance the addition and staff will have options for a plan of finance at the June 10<sup>th</sup> meeting. The path forward will be determined by debt ratings and timing - whether it will be handled all at once or over two additional issuances.

After further discussion regarding financing, a motion was made by Commissioner Santos to approve staff's recommendation to Change Order No. 3 for an additional RO/RO ramp for a total not to exceed \$24,874,688 and extend the contract an additional 216 calendar days. The motion was seconded by Commissioner Singhania with Commissioners Hoss, Kresta and Croft voting no. Commissioner Pirtle did not vote.

At this time, the meeting was recessed at 5:23 p.m.

The meeting reconvened in open session at 7:00 p.m.

Commissioner Pirtle reopened discussion regarding agenda item number 14.

Mr. Hull again stated it is his recommendation to purchase the larger RO/RO ramp at today's rates and avoiding future inflation. Mr. Hull also confirmed this RO/RO dock will be incorporated into the future Berth 9 when it is built. Mr. Lowe discussed the financing options available which included two primary options. Option 1 would be to finance \$30 million as planned to complete Berth 8. Since the change order adds 216 days to the end of the current build out, this gives staff time to come back a year later with another revenue bond issuance for \$25 million. Mr. Lowe noted that with the additional issuance, the rating agency will again review the Port's financial position and may not maintain the Port's A+ rating. Option two is to refinance the Port's 2013 Bond that is currently due to be paid off in 2028, also take current cash to pay off four remaining crane payments and issue a \$75 million bond now with the first \$20 million used to pay off the balance on the 2013 Bond and the remaining \$55 million would be for the \$30 million required to complete Berth 8 and \$25 million to complete the change order RO/RO ramp. Further discussion was held regarding the options and scenarios for financing.

Commissioner Hoss noted point of order regarding reopening discussion and vote on the agenda item.

A motion was made by Commissioner Croft to re-open the vote and discussion. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

A motion was made by Commissioner Croft to approve Change Order No. 3 to McCarthy in the amount of \$24,874,688, adding 216 calendar days to the contract. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

15. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:24 PM.