

Minutes of Port Commission Regular Meeting
November 17, 2021
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held November 17, 2021, beginning at 1:05 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioner Hoss noted the following information that was included on the posted agenda.

This meeting may be attended virtually or in person.

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." This statute provides public officials, employees and members of the public may participate remotely in a public meeting by videoconference call. The Port Commission is utilizing this existing statute to ensure the greatest amount of access to the public and ensure the ability of all Commissioners to participate in meetings during the COVID-19 pandemic.

The quorum of the Port Commission will be located at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas ("Meeting Location"). The Port Commission intends to have a quorum at the Meeting Location. The presiding Commissioner of this meeting will be physically present at the Meeting Location. The public will be permitted to physically attend the meeting at the Meeting Location.

Public comment will be available at the beginning of the meeting during the agenda item devoted to public comment. Public comment may be communicated virtually and in person, but in either event public comment will be limited to 5 minutes per participant and must be communicated verbally. 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

The videoconference is available online as follows:

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Passcode: 982650

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Commissioners present in person:

- Mr. John Hoss, Chairman
- Mr. Rudy Santos, Vice Chairman
- Mr. Dan Croft, Secretary
- Mr. Rob Giesecke, Asst. Secretary
- Mr. Ravi Singhanian, Commissioner
- Mr. Shane Pirtle, 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. Mike Wilson, Director of Economic Development & Freight Mobility
Mr. Jason Hull, Director of Engineering
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

Also, present:

Mr. Bobby Fuller, Texas Port Ministry
Mr. Eddie Saucedo, Vulcan Materials
Mr. Zach Dooley, Vulcan Materials
Mr. Ryan Bass, Vulcan Materials
Mr. Terry Cummins, Vulcan Materials
Mr. Donny Chan, Maxter Healthcare Inc
Mr. Stanley Thai, Supermax Healthcare Inc
Mr. Eric Geisler, Economic Incentive Services
Ms. Brandei Goolsby, Gulf Coast Employee Benefit Services
Mr. Henry Chambless

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 Hoss stated that all Commissioners were present in the Board Room.
5. Public Comment – There were no public comments.
6. Approval of minutes from the following meetings held...
October 28, 2021 Special Meeting
October 28, 2021 Regular Meeting
November 3, 2021 Special Meeting

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

7. Adoption of a Resolution approving the application for tax abatement between Port Freeport and Maxter Healthcare Inc. regarding a \$340 million medical glove manufacturing facility for property located in Brazoria County Reinvestment Zone 21-05, approving Tax Abatement Agreement on the same terms and conditions as granted to Maxter Healthcare Inc. by Brazoria County and authorizing Chairman and Secretary to execute said agreement.

Mr. Lowe stated that Maxter Healthcare is evaluating the construction of a manufacturing facility to produce medical/surgical gloves. The proposed site is within Brazoria County Reinvestment Zone 21-05 at the intersection of CR 52 and CR 48. The project is a \$340 million investment and is a 7-year term of tax abatement. The estimated value after the abatement expires is \$285,000,000. 750 permanent jobs will be created with 25 construction jobs at start, 300 at peak and 35 upon completion. After conducting its assessment and reviewing with the Finance Advisory Committee, staff recommends approval of a 7-year term abatement which is consistent with the agreement approved by Brazoria County. Mr. Eric Geisler, Economic Incentive Services gave a brief overview of the project and was available for questions from commission members. Also present was Mr. Stanley Thai, Founder and President of Supermax Healthcare as well as Mr. Donny Chan, Director of Business Development and Government Affairs.

A motion was made by Commissioner Singhania to approve a 7-year tax abatement agreement at 100% as recommended by staff. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

8. Receive presentation from Vulcan Construction Materials.
Ms. Saathoff stated that Vulcan Construction Materials has approached the Port about operating an asphalt mixing plant on their existing Parcel 14 lease site. Vulcan has reviewed the proposed asphalt mixing plant with City of Freeport management and presented the project to the Freeport City Council at the November 15th meeting. Additionally, Vulcan has extended an invitation to the city and to the Port visit their Lockwood Facility in Houston. Staff has asked Vulcan to present an overview of the proposed operation to the Port Commission today. Mr. Zach Dooley, Mr. Ryan Bass, Mr. Terry Cummins and Mr. Eddie Saucedo with Vulcan Materials gave an overview of the company and the proposed asphalt mixing plant operation and other sites successfully operating near schools and residential areas. It was explained that the asphalt would be supplied to the TxDOT State Highway 36 project from FM1495 to the diversion channel bridge. and Vulcan answered questions from commission members about the mixing operation.
9. Approval of a renewal for Port Freeport Health, Dental and Vision Insurance.

Ms. Campus presented the renewal for the Port's health, dental and vision insurance for 2022 stating that Blue Cross Blue Shield (BCBS) has offered a renewal plan with an increase of 6.2% in premium. Ms. Campus noted that the budget was calculated using a 12% increase, therefore, the medical portion is well within the budget. Staff recommendation is to renew the BCBS plan as proposed and maintain the existing cost share. Ms. Campus stated the current dental/vision plan is through Principal and staff had a request to look at the caps or maximums Principal would pay. The current plan has an annual maximum of \$1500 and staff requested a proposal for a \$2000 annual maximum. Principal stated that by offering two plans, they will offer a 1% reduction in premium rather than the 4.2% increase they initially proposed. Staff has structured the alternate offering as a buy up plan. If an employee chooses

the alternate plan, the Port's cost will remain the same and the employee will absorb the additional cost. Staff recommends approval of this plan.

A motion was made by Commissioner Pirtle to renew the contracts as recommended by staff. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

10. 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 reminded the Port Commission and staff there will only be one board meeting next month on December 16. Proposed board meeting dates for 2022 have been uploaded to BoardPaq for the Commission to review. These dates will be on the agenda for approval at the next meeting. Since the last meeting, the Corps has signed the contract for the Reach 2 widening with Orion however, the dredge is not expected on site until February. Staff participated on a call with OMB to discuss the channel project and its current status since the last update. Ms. Saathoff reported the Infrastructure Investment and Jobs Act was passed and signed by the president which triggers a 60-day clock for the USACO to spend \$1.5 million allocated for deep draft navigation projects. Staff also met with the Transportation Coordination Safety Group to discuss the upcoming projects in the Freeport area. Tim Kelty, Freeport City Manager, has requested a meeting with Representative Vasut to discuss the importance of close coordination between TxDOT, the City and the Port because of the traffic issues that could develop over the next several years due to the overlapping projects. Ms. Saathoff received a call from the city administrator for Quintana with concern regarding dump trucks, traveling to Quintana, losing material on the bridge causing a safety issue with slickness. This is not related to any Port projects, but TxDOT has been notified and will be sweeping the bridge. Ms. Saathoff recognized Josh Seymour, FTZ Coordinator, who recently completed the Brazosport Leadership Class. Ms. Saathoff reminded the Port Commission that G&H Towing will hold their dock christening event November 18. Dow and Maersk are also holding an Inclusion and Diversity event November 18. Ms. Saathoff was interviewed earlier in the day by Fox News regarding the state of the current supply chain. The Transportation and Infrastructure Summit was recently held where Ms. Saathoff gave an update on the port. She also attended the Finished Vehicles Conference and was a speaker at the BayTran luncheon.

B. Chief Financial Officer

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

C. Director of Engineering

In addition to his written report, Mr. Hull shared a current photo of the Berth 8 construction progress. He also noted the old Mammoet staging area where material excavated from the water is being used to improve the grade.

D. Director of Operations

Mr. Durel noted new items included in the Operations report for the fiscal year which include running total of vessels port wide, total vehicles, containers and railcars. He also noted that Mike Quilty is back at work after being out a few weeks. Snapshot look into

November shows a Vulcan vessel as well as a heavy lift vessel. Overall, November looks to be a good month.

E. Director of Business & Economic Development

In addition to his written report, Mr. Miura stated that staff is working on initial steps for the website redevelopment polling staff and management for improvement suggestions. Staff will also be reaching out to the Port Commission and the Port Community Advisory Panel for feedback regarding the website. Additionally, he made note of the Vulcan Lockwood facility visit scheduled for November 23 and a subsequent visit that will take place December 10.

11. Receive report from Commissioners on matters related to:

A. November 17 Personnel Advisory Committee – Commissioner Pirtle reported the committee discussed the retirement plan contribution as well as health/dental plans, both of which are on the agenda for approval.

B. November 17 Finance Advisory Committee – Commissioner Croft reported the committee discussed Maxter Healthcare tax abatement and capital reserve contribution, both of which are on the agenda for approval.

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

Commissioner Pirtle reported attending the Transportation and Infrastructure Summit, 36A Executive Committee meeting, United Way Board meeting, TxDOT Update, Houston Ship Channel Security meeting, Randy Weber reception, GLO discussion and gave a presentation to the Brazoria Lions Club. He also noted the Highway 36A Breakfast will be held November 18.

Commissioner Croft reported giving a presentation to the Lake Jackson Business Association. He also reported attending the East Matagorda Bay Inflow Study as well the BC Economic Development Alliance Executive Committee meeting and Board of Directors meeting.

Commissioner Singhania reported attending the Indo American Chamber Gala. He also noted the Panama Exposition that is tentatively scheduled for Spring 2022.

Commissioner Giesecke also reported attending the Transportation & Infrastructure Summit and Randy Weber Reception as well as the Warriors Refuge.

Commissioner Hoss noted he also attended the Transportation & Infrastructure Summit as well as the Randy Weber Reception.

12. Approval of financial reports presented for the period ending September 30, 2021

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

13. Approval of Amendment No. 1 to the Project Partnership Agreement between the Department of the Army and Port Freeport for Freeport Harbor Channel Improvement Project.

Mr. Hull stated this amendment to the PPA (Project Partnership Agreement) allows the Port to accelerate its non-federal cost share to the project in the event funding is interrupted and gives the Port flexibility to keep the project moving. The process to amend the PPA was initiated in March of this year.

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

14. Approval of extension of agreement with McGuireWoods Consulting, LLC for consulting services.

Ms. Saathoff stated that McGuire Woods was hired when the public affairs manager went on leave to bridge the need and support from the public affairs standpoint for media posting to supplementing the department. Staff has continued to use their services however with the public affairs manager position now vacant, it has become necessary for staff to expand the services of McGuire Woods to assist with editorial writings, press releases, media relations, social media and provide support to Ms. Saathoff until the position is filled. Ms. Saathoff added that McGuire has done an excellent job with recent press releases and other materials, and request the Board authorize her to sign the contract as well as a purchase order for six months of services. Commissioner Singhania expressed his concerns for the increase in fees and expenses as well as the number of consultants the Port has retained. Ms. Saathoff reiterated that she does not have the level of support in house at this time. After additional discussion, it was agreed to keep the monthly fee at \$5,000 fee for six months.

A motion was made by Commissioner Singhania to authorize Ms. Saathoff to execute a contract with McGuire Woods for a six-month period in the amount of \$5,000 per month. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

15. Approval of ABB Proposal for computer software upgrade for ZPMC Cranes.

Mr. Durel stated the proposal from ABB is to upgrade the ZPMC Cranes' computer system with both software and hardware. This update has been budgeted and will upgrade the system from XP to Windows 10. All items will be special ordered which will take 16-18 weeks. Mr. Robertson noted the update will allow ABB to remote in to assist with small issues that may arise. Mr. Don Mullett with operations added that without the system upgrade, the cranes will still work however, staff cannot determine what is going wrong when issues arise.

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

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

Ms. Campus stated that Texas Association of Counties is a pool of government entities that the Port has utilized for over 25 years for workers compensation. This policy will renew January 1 and staff requests approval to renew the policy for 2022 in the amount of \$34,750.

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

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

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

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

Mr. Lowe stated the capital reserve began in 2015 where the Port Commission approves a resolution to contribute to the reserve for capital improvements funds from operations in an amount equal to the M&O portion of the tax assessment for the year. Mr. Lowe shared a reconciliation of where the Port stands with the reserve. As of December 7, 2020, the reserve balance was \$24,004,940.00 with the Commission authorizing an \$18.8 million utilization of the reserve. To date, \$13,517,898.43 has been utilized toward the Berth 8 dredging. \$8,749.33 has been accrued in investment earnings bringing the balance to \$10,495,790.90. This year's proposed contribution to the reserve is \$3,627,381.00 which will bring the balance to \$14,123,171.90. Mr. Lowe noted that an additional \$1,052,288.98 will be paid for the Berth 8 dredging upon completion of the project. The additional payment will include the last 2% of the contract amount plus a 5% retainage. Staff recommends approval of the contribution. Commissioner Giesecke expressed his concern for the reserve and its purpose.

A motion was made by Commissioner Santos to adopt the resolution as presented. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion and Commissioner Giesecke voting no.

19. Adoption of a Resolution authorizing a contribution to the Port Freeport Retirement Plan.

Mr. Lowe stated that staff met and discussed the contribution with the Personnel Advisory Committee prior to today's meeting and it is staff's recommendation to maintain a 6% contribution to the retirement plan.

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

20. Adoption of a Resolution recognizing Gary Basinger for his years of service to the Economic Development Alliance for Brazoria County.

Ms. Saathoff stated this resolution recognizes Mr. Basinger on his retirement from The Alliance. Mr. Basinger has been instrumental in supporting economic development in our region., He has been extremely helpful in assisting Port Freeport with parties interested in this area and with tax abatement applications. Staff has drafted this resolution for Mr. Basinger to recognize the great work he has done for our community.

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

21. Adoption of a Resolution recognizing Dr. Millicent Valek for her years of service as President for Brazosport College.

Ms. Saathoff stated this resolution recognizes Dr. Valek on her retirement from the college and for her many contributions which includes expanding the college to a four-year program. A reception will be held in December and staff wants to present this resolution recognizing all her accomplishments.

A motion was made by Commissioner Pirtle to adopt the resolution. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

22. 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. Discussion regarding legal issues arising out of 408 permit application related to property located on Freeport Harbor Channel.
2. Consultation with attorney to discuss pending litigation.
3. Consultation with attorney to discuss potential litigation.

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

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

- 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.

D. Under authority of Section 551.076 (Deliberation of Security 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.

23. RECONVENE OPEN SESSION:

24. Approval of a purchase with Waypoint for Arctic Wolfs Managed Network Security Services, for an amount not to exceed \$144,073.84.

Mr. Robertson stated the Port received a security grant in the amount of \$148,000 for the purchase of managed network security services. Three quotes were obtained with Waypoint submitting the lowest GSA quote which satisfies the federal grant requirements. The grant is a 25/75 split. Staff recommends awarding the contract to Waypoint in an amount not to exceed \$144,073.84.

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

25. Adjourn.

With no further business before the Commission, the meeting adjourned at 6:01 PM.