

Minutes of Port Commission

Regular Meeting

September 23, 2021

A Regular Meeting of the Port Commission of Port Freeport was held September 9, 2021, beginning at 1:03 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

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:

Join Zoom Meeting

<https://us02web.zoom.us/j/85155906979?pwd=YlI5V0w5emhDWXhvQzJYbHhpVncxdz09>

Meeting ID: 851 5590 6979

Passcode: 267286

Dial by your location

- +1 346 248 7799 US (Houston)
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Meeting ID: 851 5590 6979

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Commissioner's present:

- Mr. John Hoss, Chairman
- Mr. Rudy Santos, Vice Chairman
- Mr. Dan Croft, Secretary
- Mr. Rob Giesecke, Asst. Secretary
- Mr. Ravi Singhania, 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. Jason Hull, Director of Engineering
Mr. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Brandon Robertson, Network Systems Manager

Also, present:

Mr. Bobby Fuller, Texas Port Ministry
Ms. Barbara Fratila
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 & Texas Flag
4. Roll Call – All Commissioners were present.
5. Public Comment – There were no public comments.
6. Approval of minutes from the Regular meeting held September 9, 2021.

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

7. Receive update from staff regarding Hurricane Nicholas.

Ms. Saathoff complimented the Port Freeport team and their efforts to always step up and appropriately prepare the Port to mitigate damage and in position to resume operations quickly and efficiently. Ms. Saathoff reported that gates 4 and 8 remained open throughout the event and the team was back out Tuesday assessing damages. The data center was down for a short time but corrected by mid-day Tuesday and power was restored to the Administration building Tuesday afternoon. Ms. Saathoff stated the biggest challenge was the damage to the transmission lines feeding into the substation in the Freeport area and affected the Freeport Harbor channel terminals. Critical infrastructures were powered by the back-up generators and ships began working on Thursday. CenterPoint restored power in the Port by Friday at 6:00 PM, and the cranes were re-energized to work the Chiquita vessel. Ms. Saathoff acknowledged Mr. Hogan for his coordination and communications with NWS, BC Emergency Management Team, state calls, supply chain calls and keeping everyone updated on the latest developments. Mr. Durel took the lead on the Freeport Harbor Channel

with the Port Coordination Team and working with USCG, Corps, and Pilots to make sure all was coordinated with the channel. Mr. Hull was ready to assist from an engineering standpoint and Mr. Robertson on call and monitoring the IT side of things and on-site Tuesday morning early. Mr. Hull shared pictures of damages to port-owned property from the storm and broke down cost on the following emergency repairs and since they do fall under emergency repairs, competitive bids are not required.

Roll-up doors (4) on Chiquita building - \$43,100 (Diver Door)

All roof repairs - \$755,444 (SRA Roofing)

- \$443,716 (Chiquita canopy, Chiquita maintenance building, Transit Shed #1)
- \$311,728 (Riviana Roof Repairs)

Chain-link fence repairs - \$1,908 (Foster Fence)

Total cost: \$800,452

Mr. Hull noted that Warehouse 2B is under lease by Riviana. The lease will be reviewed to determine if the Port is responsible for the repairs or Riviana. Mr. Durel shared photos of storm damage from port operations/tenant side including the transmission line Ms. Saathoff mentioned. He also shared photos of the areas where the backup generators and light towers were used throughout the port to continue operations. Mr. Hogan also gave a brief update regarding the railcar leak that occurred on the north side of Pine Street bridge the day after the storm and clarified it was not a Dow Chemical leak. Mrs. Saathoff noted that staff will debrief the events and report to the appropriate committees once all information is gathered.

8. 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 on the upcoming golf tournament scheduled for October 18 with 36 teams secured and the morning flight full. Sponsorships continue to come in with over \$60,00 committed to the event. Ms. Saathoff also reported on her current attendance at the National Waterways Conference in Baltimore.

B. Chief Financial Officer

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

C. Director of Engineering

Mr. Hull reported that dredging is complete, subject to approval from the Corps who is currently surveying the area. He also shared pictures of the new windows that were installed in operations this week (not storm related) as well as photos of the ongoing earthwork needed to raise the grade to accommodate the new Ro/Ro ramp and dock, and current photos of the Berth 8 construction. Mr. Hull also reported that the bid opening for Reach 2 is September 27 at 2:00 pm and the sediment sampling of Reaches 1 and 4 should be ready to send to the EPA next month. EPA generally takes 60 days to review.

D. Director of Operations

Mr. Durel reported on the vessel and cargo activity for the month of August stating the Port handled 47 vessels for the month and 99 vessels port wide. Total vessels handled this fiscal year is 491 (181 LNG and 310 Inner Harbor). In addition to coordinating events, Mr. Hogan continues to monitor the COVID situation. Mr. Quilty and Mr. Durel continue

to get more involved with ILA directly regarding safety. Ms. Saathoff noted the Port reached a milestone this month in moving 100,000 vehicle units through the port.

E. Director of Business & Economic Development

In addition to his written report, Mr. Miura stated the Breakbulk Americas Conference is scheduled for September 28-30 in Houston. Port Freeport will have a booth and will also host a Customer Appreciation Reception the evening of September 29. Mr. Miura also noted the Greater Houston Port Bureau Annual Maritime Dinner has been rescheduled for November 5.

9. Receive report from Commissioners on matters related to:

A. September 9 and 23 Finance Advisory Committee – Commissioner Croft reported the committee discussed proposed tariff revisions which is on the agenda for approval. Today's meeting included discussion regarding details of a lease under negotiation.

B. September 9 OSS Advisory Committee – Commissioner Pirtle reported the committee discussed the K9 contract which is on the agenda for approval.

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

Commissioner Croft reported participating virtually on the Brazoria County Economic Development Alliance meeting and will be attending a fundraiser for Southern Outdoor Dreams.

Commissioner Santos reported participating on a conference call with Senator Cornyn's office.

Commissioner Singhania reported attending Brazoria County Petrochemical Council meeting.

Commissioner Giesecke reported attending a fundraiser for VOW 22.

Commissioner Hoss also reported participating on the conference call with Senator Cornyn's office as well as a call with Stacey Brown at the Corps Headquarters Office.

At this time, Ms. Saathoff reported that she received confirmation that Austin Smithson (Senator Cruz) and Jason Fuller (Senator Cornyn) will be visiting the Port October 1.

10. Approval of financial reports presented for the period ending August 31, 2021.

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

11. Approval of proposed adjustments to Port Freeport Tariff No. 005.

Mr. Miura stated that staff recommends a 5% General Rate Adjustment to Port Freeport Tariff No. 005, with some rates being adjusted on a case-by-case basis. Staff also recommends streamlining parts of the tariff to remove some antiquated sections and some verbiage changes to improve clarity as outlined in the supporting documents. He shared a table of historical tariff adjustments compared to changes in the Consumer Price Index since 2015, noting the change in CPI is 15% while the Port is taking 10% total tariff adjustments. On July 13, the U.S. Bureau of Labor Statistics reported a 5.4% YOY increase in CPI for June 2021. Port Freeport is a member of the Gulf Seaports Marine Terminal Conference which suggests minimum rates for dockage, security on dockage and security on wharfage for member Ports. Mr. Miura stated the Port is recommending 5% increase on security and dockage rates and a 14% on bulk items. He also noted the Port is still behind the conference suggested rate but not exceeding the proposed 5% general rate increase. Commissioner Croft stated that staff met with the Finance Advisory Committee to review the proposed increase and considered it favorable. Mr. Miura also briefly went over the timeline in which staff presented the adjustment. Staff recommends a 5% general rate adjustment to Port Freeport Tariff No. 005 with some rates being adjusted on a case-by-case basis as presented in supporting documents. Staff recommends approval.

A motion was made by Commissioner Croft to approve the proposed adjustments to Port Freeport Tariff No. 005 as presented by staff. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

At this time, Commissioner Hoss stated that Item #12 will be considered for approval after discussion in executive session under Section 551.076 Deliberation of Security Matters.

12. Approval of a contract to Covenant K9 Detection Services for security K9 contract services.

Mr. Hogan stated the Port published a request for proposals to provide K9 screening services for 65 on-site visits per month totaling 390 hours for 3 years beginning October 1, 2021 and running through September 30, 2024. Covenant K9 Detection Services and Worldwide Canine were the only proposals submitted. Worldwide Canine submitted a Class A security license however a Class C license is required by the State. Covenant met all requirements of the proposal. Mr. Hogan stated that since Worldwide did not meet the license requirements and Covenant has proven to be a good partner over last three years, staff recommends awarding a 3-year contract to Covenant K9 Detection Services totaling \$234,000. Commissioner Pirtle clarified the 65 visits is per year, not per month.

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

13. 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 pending 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.

C. 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.

14. RECONVENE OPEN SESSION:

Commissioner Hoss noted that Commissioner Singhania left the meeting during Executive Session at approximately 5:00 PM.

15. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:13 PM.