

Minutes of Port Commission Regular Meeting
January 13, 2022
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held January 13, 2022, beginning at 1:00 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." 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 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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Commissioners present in person:

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

Commissioners present virtually:

- Mr. Rudy Santos, Vice Chairman

Staff Members Present:

Mr. Peter Nemeth, Interim 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
Mr. Brandon Robertson, Network Systems Manager
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Rico Arbolante, Help Desk Technician
Ms. Tricia Vela, Public Affairs Assistant
Mr. Jesse Hibbetts, Operations Manager
Mr. Nick Malambri, Engineering Specialist
Ms. Vicki Smith, Accounting Manager
Mr. Josh Seymour, Accountant
Ms. Araceli Milan, Accounts Payable Specialist

Also, present:

Mr. Lance Goodwin, Freeport LNG
Ms. Anne-Marie Suire, Freeport LNG
Mr. Sam Gregson, Cummings Westlake LLC
Ms. Wendy Mazurkiewitz, Freeport LNG
Mr. Bobby Fuller, Texas Port Ministry
Mr. Chris Moore, Texas Port Ministry
Mr. Henry Chambless
Ms. Barbara Fratila
Mr. Zach McGavitt, Kirby

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 noted that Commissioner Santos will be participating in the meeting virtually. All other Commissioners were present in the Board Room.
5. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.

There were no conflicts noted from Commissioners.

6. Public Comment – There were no comments from the public.
7. Approval of minutes from the Regular Meeting held December 16, 2021.

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

8. Adoption of a Resolution approving the application for tax abatement between Port Freeport and Freeport LNG Development, LP and FLNG Liquefaction 4, LLC regarding construction of a \$2.403 billion expansion of their natural gas liquefaction and LNG export facility for property located in Brazoria County Reinvestment Zone 21-01, approving Tax Abatement Agreement on the same terms and conditions as granted to Freeport LNG Development, LP and FLNG Liquefaction 4, LLC by Brazoria County and authorizing Chairman and Secretary to execute said agreement.

Mr. Lowe introduced Lance Goodwin with Freeport LNG who gave a brief history and overview of the project and was available for questions from commission members. Freeport LNG is requesting a 10-year, 100% abatement with the construction estimated to begin March 2022 and last approximately 42-45 months. The first full year of commercial operations is expected in 2026, and the estimated value after the abatement expires is \$1,872,969,000. Staff recommends approval of this application and agreement.

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

9. 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 gave a brief COVID update regarding the recent spike in cases stating the Port is closely monitoring inside the Port with everyone continuing safe practices within the labor operations. A few cases have been reported but none have caused any disruptions. Mr. Hogan stated that the U.S. Coast Guard recently announced the addition of a third security specialist to their team, Keaton Moore, who will focus on cyber security. Mr. Robertson introduced Rico Arbolante who is a new addition to the IT team. He also noted the new Artic Wolf system is up and running smoothly.

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

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

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

11. Presentation of Government Finance Officers Association Award of Financial Reporting Achievement for the FY 2020 Annual Comprehensive Financial Report.

Ms. Saathoff stated the Port recognizes the accounting staff and their achievement in receiving the Certificate of Achievement for Excellence in Financial Reporting by the

Government Finance Officers Association (GFOA) for its 2020 Annual Comprehensive Financial Report (ACFR) for the 32nd consecutive year. Ms. Saathoff recognized the finance department for the excellent work they do and congratulated them on obtaining the award.

12. Approval of a Professional Services Agreement with Montrose Environmental Solutions, Inc. for Asbestos Abatement Air Quality Monitoring for East End Properties 2021, for an amount not to exceed \$52,617.75

Mr. Hull stated this agreement is for the air quality monitoring during the abatement portion of this project. The air quality monitoring will include 9 properties. Staff recommends approval. Commissioner Pirtle inquired about Apex, who is associated with this contract. Nick Malambri explained that Montrose is the consultant handling the project management however, because of a timing issue with a name change and license status, Montrose had to sub-out a portion of the work. Apex is the subcontractor handling the monitoring with Montrose overseeing the project.

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

13. Approval of an Agreement between the U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), National Ocean Services (NOS), Center for Operational Oceanographic Products and Services and Port Freeport for the Quality Control and Dissemination of Data for NOAA's Freeport Physical Oceanographic Real-Time System (PORTS).

At this time, Ms. Saathoff requested Commissioner Hoss read agenda item 14 as well since it goes along with this item and the resolution prepared covers both agenda item 13 and 14.

Commissioner Hoss read agenda item 14 and noted that this is the Port's tide and current meter that will be placed near the mouth of channel (1- buoy offshore and 1- near Surfside bridge). Ms. Saathoff stated that Mr. Hull and Mr. Nemeth worked with NOAA to get the agreement in place for dissemination of data after the PORTS system is installed. It has been executed by NOAA. With this in place, the Port can move forward with the letter agreement with Freeport LNG which states that Freeport LNG will pay the cost to install the metering system and will also pay the Port, in advance, for two years of maintenance. Once the system is installed by Conrad Blucher Institute, the Port will present a maintenance agreement between the Port and Conrad Blucher Institute. Staff recommends approval of the resolution that authorizes staff to execute the agreement with NOAA and the letter agreement with Freeport LNG.

A motion was made by Commissioner Singhania to approve the agreement with NOAA and letter agreement with Freeport LNG as recommended by staff. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

Commissioner Hoss clarified the commission is approving both agenda items 13 and 14, which are included under the same resolution.

14. Approval of a Letter Agreement between Port Freeport and Freeport LNG Development, L.P. for Payment of Costs for Current Metering Systems Meeting Standards Established by National Oceanic and Atmospheric Administration's (NOAA) Center for Operational and Oceanographic Products and Services.

A motion was made by Commissioner Singhania to approve the agreement with NOAA and letter agreement with Freeport LNG as recommended by staff. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

At this time, Commissioner Hoss noted that the Commission will take up agenda item # 18.

15. Conduct Workshop to receive Transportation Workers Identification Credential (TWIC) Escort Training.

Mr. Hogan stated that in order to be a TWIC Escort, training must be completed every two years to stay in compliance. He introduced Lt. Monte Chance with Sunstates Security who conducts all TWIC Training classes for the Port's partners and users. Lt. Chance gave a presentation on the TWIC Escort Training.

16. 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 pending litigation.
2. Consultation with attorney to discuss contemplated litigation and settlement offer.
3. Consultation and discussion with attorney for legal advice regarding legal matters related to Industrial District Agreement between Port Freeport and Town of Quintana.

- 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 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.

17. RECONVENE OPEN SESSION to review and consider the following:

At this time, Commissioner Hoss noted those present including himself, Commissioners Pirtle, Croft, Singhanian and Giesecke. Commissioner Santos left the meeting at the conclusion of executive session.

Agenda item #18 was handled prior to executive session.

18. Approval of Second Amendment to the Second Lease Agreement between Port Freeport and Vulcan Construction Materials, LLC.

Mr. Miura stated that the second amendment will permit the operation of a hot mix asphalt plant on Vulcan's lease premises located on Parcel 14 subject to obtaining the required permits and the Commission's approval. Mr. Miura reviewed the summary of terms and noted that Vulcan has executed the amendment. Staff recommends approval. The Commission then discussed the project and concern surrounding possible opposition from the City of Freeport. It was noted that Mayor Bass, Councilman Muraira, and City Manager Tim Kelty toured Vulcan's Lockwood facility in Houston to observe operations. Port Commissioners Santos, Singhanian, and Giesecke also toured the site. Ms. Saathoff also stated that Brazosport ISD was also notified and invited to tour the Lockwood facility. She spoke directly with Superintendent Massey, Assistant Superintendent Whitehead and Jason Hull spoke with their engineer. They do not have concern about the operation or its location and understand the asphalt will be used in the Texas Department of Transportation SH36 widening project from FM1495 to the bridge of which is next to the school.

After discussion concerns, a motion was made by Commissioner Giesecke to table this matter for further consideration. The motion was seconded by Commissioner Singhanian with Commissioners Pirtle, Croft, Santos and Hoss voting no. Commissioners Giesecke and Singhanian voted yes.

After further comments, a motion was made by Commissioner Santos to approve the amendment as presented by staff. The motion was seconded by Commissioner Pirtle with Commissioners Croft, Singhanian and Hoss voting yes. Commissioner Giesecke voted no.

19. Approval and ratification of extension to the Industrial District Contract between Port Freeport and the Town of Quintana.

Ms. Saathoff stated the resolution is for the approval and ratification of an extension to the Industrial District Contract between Port Freeport and the Town of Quintana. This contract has been in place for a number of years however, the last record of extension would have expired in 2015, and staff has been unable to find documentation that an additional extension was approved. With tenants still operating under this agreement with the Town of Quintana, it is counsel's recommendation to adopt the resolution which will show record that the Port does desire and has continued an industrial district arrangement with the Town of Quintana. The resolution will also extend the agreement for an additional 7 years, expiring December 31, 2029. The Town of Quintana agrees with the recommendation and will adopt a similar resolution.

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

20. Adjourn.

With no further business before the Commission, the meeting adjourned at 4:17 PM.