

Minutes of Port Commission Meeting
August 27, 2026
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held August 27, 2026, beginning at 1:35 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present in person:

Mr. Rob Giesecke, Chairman
Mr. Rudy Santos, Vice Chairman
Mr. Kim Kincannon, Secretary
Mr. Dan Croft, Asst. Secretary
Ms. Barbara Fratila, Commissioner

Staff Members Present:

Ms. Heather Cook, Randle Law Firm
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Director of Administration/CFO
Mr. Jason Hull, Director of Engineering
Mr. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development
Mr. Brandon Robertson, Director of IT
Mr. Jesse Hibbetts, Director of Operations
Ms. Amy O'Brien, Controller
Ms. Missy Bevers, Executive Assistant
Ms. Christine Lewis, Safety Coordinator
Mr. Clinton Woodson, Sales Manager
Mr. Garrett Cook, Intern
Ms. Amanda Veliz, Public Affairs Manager
Ms. Danielle Allen, Procurement Manager
Ms. Chelsea Foster, Receptionist
Mr. Chas Gryseels, Project Engineer (virtual)
Ms. Danielle Simonds, Accounting Analyst (virtual)
Ms. Ruby Dunn, Public Affairs Assistant (virtual)

Absent:

Mr. Ravi Singhania, Commissioner

Also, present:

Mr. Chris Moore, Texas Port Ministry
Capt. Noah Niday, Brazos Pilots Association
Capt. Todd Tullis, Brazos Pilots Association
Mr. Aron Hitchcock, Brazos Pilots Association
Mr. Will Bohlen, GHD
Setareh Daneshgar (virtual)
Michael Miller (virtual)

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Chris Moore, Texas Port Ministry.

3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Giesecke noted that Commissioner Singhania was absent while all other Commissioners were present.
5. Safety Briefing – Ms. Christine Lewis spoke about Back to School and Storm Season Awareness.
6. 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 of interest noted.

7. Public Comment – There was no public comment.
8. Public Testimony – There was no public testimony.
9. Recognition of Brazos Pilot crewmembers, Captain Todd Tullis and Aron Hitchcock.

Commissioners Giesecke stated that the Port is recognizing Brazos Pilot crewmembers, Captain Todd Tullis and Aron Hitchcock for a rescue made in the channel a few weeks ago. Ms. Saathoff stated that they were being presented with the PORT Award which recognizes qualities that reflects excellence and a willingness to step forward when it matters most. Those qualities include being **Proactive**, **Observant**, **Resourceful** and **Tenacious**. Ms. Saathoff then explained how each quality is reflected in the PORT Award.

Proactive is to recognize what needs to be done and take action before being asked. While returning from a routine pilot assignment, Capt. Tullis noticed a shrimp boat approaching the Freeport Harbor Channel on a dangerous course toward an incoming commercial vessel. Rather than waiting for the situation to develop, he maneuvered the pilot boat alongside the shrimp vessel and directed its captain away from the shipping lane, helping prevent what could have become a serious maritime accident. Capt. Tullis's willingness to act demonstrates what it means to be proactive.

Observant is to remain alert and aware of what is happening around you and recognize when something isn't right. What began with Capt. Tullis observing a navigational danger quickly became something much more serious. The crew soon learned that a crewmember aboard the same shrimp boat was experiencing a medical emergency. Because Todd and Aron were attentive to the rapidly changing situation, they were prepared to assist when they were needed most.

Resourceful is to adapt, solve problems, and make effective use of the resources available. Getting help to the crewmember was not simple. When the shrimp boat could not immediately be brought to shore, Todd and Aron worked alongside the U.S. Coast Guard and Surfside EMS to find another way. They transported paramedics to the vessel, Aron boarded the shrimp boat to assist, and as the man's condition deteriorated, an AED was sent aboard. Todd and Aron then worked with the paramedics to transfer the patient between the vessels and transport him to shore for emergency medical care. Their ability to adapt as circumstances changed demonstrates true resourcefulness.

Tenacious is to remain determined and persistent, especially when circumstances become difficult. Todd and Aron stayed with the situation as it progressed from a potential navigational accident to a life-threatening medical emergency. They continued working alongside emergency responders until the patient was safely transferred to shore and into the care of a waiting ambulance. Their determination to see the response through exemplifies what it means to be tenacious.

Capt. Todd Tullis and Aron Hitchcock demonstrated what the PORT Award represents through their **Proactive, Observant, Resourceful and Tenacious** actions. Their professionalism, quick thinking, and willingness to act when someone needed help reflect the important role the Brazos Pilots Association plays in the safety of the Freeport Ship Channel and our maritime community. Ms. Saathoff and the Port Commission then presented Todd and Aron with the PORT Award.

10. Receive reports from Executive Staff on activities and matters related to administrative affairs, financial results, facility engineering matters, operations and vessel activity, safety matters, security matters, tenant updates, USCOE, and other related port affairs.

A. Executive Director/CEO

Ms. Saathoff stated that the Port celebrated the completion of the Freeport Harbor Channel Improvement Project on July 28 with a ribbon cutting ceremony adding that it couldn't have been done without support from every level at the U.S. Army Corps of Engineers, legislative delegations and local community participation, especially with the bond election. She also thanked the Port's Director of Engineering, Jason Hull, for shepherding the project for so many years. She also shared a recap video from the ribbon cutting event. She reported that the financial results for the month of July are very positive and continue to be on track with revenues while expenditures remain under budget, which means the Port's net operating income is above budget. The Port saw 56 vessel arrivals in July with cargo results tracking ahead of prior year. She also reported that the City of Freeport has completed the sewer lift station relocation in the expansion area, and the Port delivered the final \$1.8 million of the agreed upon \$8.9 million in the mediated settlement agreement that was executed in 2023. She noted there is still one other potential financial obligation stating that if the installation of the new sewer lift station cost exceeded \$1.2 million, the overage would be cost-shared 50/50. Staff is working to get this appropriately documented and agreed upon. Port Freeport also has the responsibility to put in the buffer zone along FM 1495 and Second Street which will occur in October when Houston Wilderness is on site to do the work. She noted the tribute that will be incorporated into the buffer zone to the East End area of Freeport. Staff is finalizing committee members and will be scheduling the initial meeting to get things moving along. Ms. Veliz reported on upcoming community events stating the community port tours will be held October 3 and to date, 154 people have reserved their spots. Additionally, the Port's annual golf tournament benefiting Texas Port Ministry will be held on October 26 and currently has 51 sponsors, 32 teams filled and \$86,000 committed in sponsorships. Ms. Veliz also reported that Ms. Saathoff was honored as one of the Top 30 Influential Women of Texas and shared pictures from the event. Lastly, Ms. Veliz introduced Chelsea Foster who recently joined the Port as the new receptionist. Ms. Saathoff also reported that the pilots have filed an application for a rate increase. She explained that the Transportation Code governs the way the process is handled by the Pilot Commission and has very strict timelines that have to be followed. She further explained that from the day the application is filed with the Port, legitimate interested parties have 20 days to file an objection. Although no objections are expected, staff has identified potential dates for the Pilot Board to hold a hearing if

needed. In the event there are no objections, the Pilot Board will still meet to consider the rate request. The next CAP meeting will be held September 1 at the Dude Payne Event Center. Lastly, Ms. Saathoff reported that she testified before the House Transportation Committee regarding certain interim charges related to seaports, the Ship Channel Improvement Revolving Loan Fund, the Maritime Infrastructure Program and Seaport Connectivity. Larry Kelly testified for the Texas Ports Association and Ms. Saathoff followed to explain how Port Freeport has taken funds available and put them to work in accelerating projects that helped overall to realize more benefit, more quickly on the Port's investments in wharves and docks as well as investments in the Freeport Harbor Channel, improved access and expanded storage capability and how investing in your seaports and that connectivity is critical in a state that's growing at the rate it is growing. She stated that there has been \$30 billion in new manufacturing facilities in the State of Texas announced since the last legislative session and still have roadway projects that haven't been completed with others needing attention. Now, there are communities in areas that will need improved access, transportation needs and port needs so investing in the state's transportation network can't stop if we want to stay competitive. Currently, the TxDOT legislative appropriation request does not have funding in it for the Maritime Infrastructure Program or increases for the Ship Channel Improvement Revolving Loan Fund. The Governor called for 10% reductions for agencies across the state, and that was their explanation as to why they had to cut their budget almost \$4 billion. Ms. Saathoff also noted she was reappointed to the Port Authority Advisory Committee for another term.

B. Director of Engineering

In addition to his written report, Mr. Hull shared pictures of the reinforced concrete pipe acquired by Velasco Drainage District for a drainage improvement project to the west of the Administration Building.

C. Director of Operations

Mr. Hibbetts reported on statistics for the July stating it was another good month and the second highest month of the year in vessels with the Ro/Ro sector seeing 19 vessels and leading the way in tonnage which is slightly ahead of this time last year. Steel is expected to continue to rise over the next three months and the Port's newest OEM rail cars are still solid. A snapshot for August shows 19 LNG vessels with 50 total vessels overall expected. Mr. Hibbetts also reported that the City of Freeport changed out a water meter in Riviana which caused a short water outage from 8:00 am to 11:30 am in the morning. Staff brought in extra hand wash stations and porta cans to accommodate what was originally supposed to be a 6-8 hour outage. Lastly, Mr. Hibbetts announced that Donnie Evans, the Port's foreman, will be retiring September 11 after 29 years of service

D. Director of Business & Economic Development

In addition to the written report Mr. Miura submitted, he invited the department's intern, Garrett Cook to the podium to talk about his experience and some of things he learned during this time at the Port. Mr. Cook will be completing his internship and returning to school for his senior year at Texas A&M Galveston. He shared some photos captured during this time and thanked everyone for the experience and opportunity at the Port.

E. Chief Financial Officer

Mr. Lowe presented the financial results for the month of July.

11. Receive reports from Commissioners on matters related to Port Commission-related meetings or conferences, Port presentations and other Port-related matters.

- A. August 13 Finance Committee Meeting – Commissioner Croft stated the committee reviewed the expense budget for FY 2026/2027.

August 13 Business Development Committee Meeting – Commissioner Giesecke reported the committee discussed the budget for the RILA (Retail Industry Leaders Association) Conference which is on the consent agenda for approval. The committee also discussed some of the planned expenditures on the business development side which will be covered as part of the budget.

August 13 Personnel Committee Meeting – Commissioner Kincannon stated the committee discussed budget and personnel plans for FY 2026/2027.

August 13 Capital Planning Committee Meeting – Commissioner Santos stated that the committee discussed the capital projects budget for FY 2026/2027.

August 13 OSS Committee Meeting – Commissioner Santos stated the committee the RFP for the EOC Generator and the crane spare parts, both of which are on the agenda for consideration.

Commissioner Croft reported attending FHCIP Ribbon Cutting, Alliance Industry Update and Lower Brazos River Coalition Luncheon. He also met with the Pilots to discuss proposed changes, attended the Top 30 Influential Women Gala and Brazosport Chamber Luncheon.

Commissioner Fratila reported also attending the Lower Brazos River Coalition Luncheon and had a meeting with the Pilots to discuss proposed changes.

Commissioner Santos reported attending events previously mentioned as well as the Chamber Luncheon held earlier in the day and the Greater Houston Ports Bureau Maritime event.

Commissioner Kincannon reported also attending the FHCIP Ribbon Cutting and Alliance Industry Update. In addition, he attend Chevron Phillips/Phillp 66 CAP Meeting, Highway 36 Board Meeting, BCCA Meeting and meeting with pilots to discuss proposed changes.

Commissioner Giesecke reported that he attended the Freeport City Council meeting and the Tenant and Vendor Workshop held earlier in the week.

12. Consent Agenda.

- A. Approval of Minutes from the Regular Meeting held July 23, 2026.
- B. Approval of financial reports for the period ending July 31, 2026.
- C. Approval of budget for the RILA Link 2027 Conference.
- D. Approval of Inter-Agency Cooperation Contract with Texas A&M University-Corpus Christi for maintenance of the NOAA PORTS sensors in the Freeport Ship Channel, for an amount not to exceed \$60,096.

A motion was made by Commissioner Fratila to approve the consent agenda. The motion was seconded by Commissioner Kincannon with all Commissioners present voting in favor of the motion.

13. Approval of Request for Proposal (RFP) for EOC Generator.

Mr. Hibbetts stated that the Port was awarded \$216,000 from the Port Security Grant in 2025 and with those funds, will purchase a generator that will supply the Emergency Operations Center (EOC). It will also supply backup power to Gate 8 infrastructure. The generator will be dual fuel which will use natural gas with propane as backup. Mr. Hibbetts shared the following scoring matrix that is included in the RFP and has been reviewed by the OSS Committee receiving full support.

Each qualified proposal shall be evaluated using a quantitative method for the following topics:

- Commercial Cost (60%)
 - Total installed cost, Generator, labor, and platform extension must be itemized for fair evaluation.
- Technical Compliance (20%)
 - Meets generator specifications, load calculations, fuel system requirements, and platform extension due diligence.
- Project Execution Plan (15%)
 - Schedule, milestones, outage management, commissioning approach
- Experience & Qualifications (5%)
 - Provide (5) specific install examples dealing with Emergency Centers, Maritime Industry, Port Authorities, Governmental Centers, or Data Centers. If installed examples are not provided, additional consideration will be given to demonstrated quality compliance documentation outlined.

Mr. Hibbetts stated that upon approval, the RFP would be released on Friday with bids due on October 8 followed by full board approval at the October board meeting.

A motion was made by Commissioner Kincannon to approve the RFP for the EOC Generator. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

14. Approval to purchase Crane Spare Parts for an amount not to exceed \$100,000.

Mr. Lowe stated that the Port Commission previously approved the purchase of \$800,000 of spare parts for the new ship to shore gantry cranes which was discussed with the OSS Committee. The spare parts had a very long lead time which followed the ordering of the cranes. Staff began receiving parts in 2026 and recently began receiving the last few orders; however, staff realized the spare parts invoice included various tariffs that were not known at the time of the original approval. He explained that they are not the IEEPA tariffs that were overturned but tariffs that are applicable and are different amounts based on the components of the parts and where the components come from noting that it is also very difficult for staff to get advanced information on what the tariffs are. Mr. Lowe stated that while the Port Commission previously approved the purchases, staff wants formal approval for the last \$100,000 for associated cost and freight. He went over the following reconciliation of the parts ordered...

Inventory - Spare Parts New Berth 8 Cranes Purchasing Detail

Planned Parts	748,814.40
Brokerage	9,379.58
Tariff	117,092.83
Freight	16,709.23
Contingency for unknown brokerage/tariff (ZPMC)	8,003.96
 Total	 900,000.00

He also stated that the tariffs have ranged anywhere from 58% down into the low teens, depending on the products themselves. He further explained that the contingency amount (shown above) was for an item that was not included in the original shipments. Staff was concerned there might be a holdover tariff on that particular item so \$8000 was included to cover the fees associated with it. Staff is requesting an additional \$100,000 for the \$800,000 of parts that were approved. This was discussed with the OSS Committee, and staff will continue doing this for the next two years to get the full allotment of spare parts that was previously discussed with the board.

A motion was made by Commissioner Santos to approve the purchase of crane spare parts for an amount not to exceed \$100,000. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

15. Adoption of a Resolution declaring items surplus and ordered sold separately for cash, after notice of sale and receipt of bids to the highest bidder; destroyed or otherwise disposed of if no bids are received; or offered as trade-in for new property of the same general type.

Mr. Hogan stated that he is requesting approval to surplus a 2014 Chevy Tahoe that has been in fleet at Protective Services since 2014, has 141,000 miles and approximately 11,000 engine hours. Upon approval, staff will trade this vehicle in for the item to be discussed on the following agenda item.

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

16. Approval to purchase a 2026 Ford Maverick Truck, for an amount not to exceed \$32,925.

Mr. Hogan stated that staff currently has \$40,000 in the budget for a new vehicle for Protective Services. He stated that staff has had a lot of success with the last three vehicles, which have been Ford Maverick Hybrids. The challenge they are facing is wanting the safety package on the vehicle which includes items like the backup beeping sensor or cross traffic sensors. Staff has been searching over the last few months and found one at Gulf Coast Ford who has offered a price of \$32,925 with \$2000 towards trade in on the 2014. Staff followed up with Yaklin who had units in stock but did not include the safety features. Auto Nation in Houston provided a quote that was over \$35,000 but did not submit a trade in value. Staff

recommends purchasing a 2026 Hybrid Ford Maverick from Gulf Coast Ford for an amount not to exceed \$30,925, which includes the \$2000 trade in.

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

17. Conduct workshop regarding Fiscal Year 2026/2027 Budget for Port Freeport.

Mr. Lowe stated that staff meet with the respective committees to discuss the budget and appreciates everyone's time and feedback during the meetings. He also thanked Ms. O'Brien for her significant time spent pulling it all together. Mr. Lowe began the workshop by stating that staff is proposing a budget of \$63.3 million in operating revenues, \$36.1 million in operating expenses, which produces an operating profit of \$27.2 million for an operating margin of 43%. Mr. Lowe noted that current budget would have been \$25.9 million and forecasting right now is \$28.6 million. This would produce an increase in net assets of \$31.7 million. Planned capital expenditures of \$104 million which will be addressed later in the budget, and the debt service interest expense is \$11.4 million with the total debt payments \$21.3 million. Total revenues amount to \$102 million with harbor revenues of \$48.2 million, lease revenues of \$15 million, \$0 ad valorem taxes, grant revenue at \$34.3 million and then other revenue of \$4.5 million. He noted that the \$104 million capital plan includes a lot of grant funded projects where the Port is making a partial match and is reported through the accounting system as revenues. Mr. Lowe stated that total operating revenues amount to \$63.2 million with harbor revenues increasing \$4 million or 9%. Tonnage is currently budgeted at \$21,387,968, which is slightly above the current forecast of \$21,285 million. A slight increase in ship calls of 742 with current forecast at 731. Volumes are forecasting to be level. Lease revenues of \$15 million which is a small decrease over 2026 forecast due to short term lease terminations. Operating expenses amount to \$36,106,761 with personnel, the security contract within professional services business insurance and depreciation making up the largest portion of expenses equating to \$28 million, which is 78% of the budget. To further break down each category, Mr. Lowe started with port salaries, wages and benefits, which has a budget of \$7.6 million and is an increase over the 2026 forecast of \$1.1 million or 18%. It includes a 3% increase in CPI / merit raises as well as filling three approved positions that are vacant plus two new positions. \$25,000 in available market adjustments and a 10% increase forecasted in group health, dental and vision versus current year rates. This would get group health to total wages and benefits of 16% and percent benefits to salaries and wages overall of 37%. It also assumes full participation. With regard to the group health, staff met with the Port's benefits broker recently and felt this was a reasonable number to what the market is seeing. Mr. Lowe reminded the board that this will come back to them later in the year when it's time for renewal and will be given the opportunity to hear what's available in the market and what staff is recommending for those costs. Professional services has a budget of \$4.7 million, which is an increase over 2026 of \$770,000 or 20% and includes a variety of areas with security fees making up the largest portion of this category at 65%. He noted that the majority of the increases have been presented by Mr. Hogan over the last couple of years to committee and full board sharing the struggles and challenges had with regard to the market with security pay so some of those items have been moved forward. The Finance Committee discussed a market study for Parcels 27 and 34, as well as Cold Storage, Phase III. He stated that the biggest driver in the delta versus the forecast is the EPA Grant Management and the engineering for the EPA Grant Management. He explained that it's in the current budget, however, most of the expenses about (\$500,000) have not been incurred yet and staff does not anticipate to hit in the 2026 fiscal year so it will roll forward to 2027. Also in this category is the underwater

inspections which includes the inspection of the inner harbor (every two years), Berth 7 (every four years) and the first inspection of Berth 8. Vessel simulation, underwater sonar, grant application (RIDER), election fees and legal services are also included in this category. Training, travel and promotion has a budget of \$1 million, which is an increase over current forecast of \$142,000 or 16% and is primarily driven by commercial events as staff focuses on growing the Port's container business. Trans-Pacific Maritime Conference, International Fresh Produce, RILA (approved today) and Texas International Produce are a few of the commercial events staff plans to attend in addition to support for the Port's ongoing businesses such as the Finished Vehicle Conference and Breakbulk which includes the Customer Reception event. Sales travel includes targeted carriers as well as visiting existing customers with seven domestic and one European trip which is the same as this year's budget. Mr. Lowe noted the European trip did not take place and is always evaluated for potential opportunities. Rounding out the category is Brazoria County Day, AAPA events, CAP meetings and traditional types of training needed by staff. Utilities of \$1.4 million, which is an increase over FY 26 of \$37,000. He stated that this is an area where staff uses the ongoing averages and adds a slight increase as they anticipate a 5% or more increase in water rates. Business insurance has a budget of \$2.4 million, which is a decrease of \$31,000 or 1% and is approved annually. Mr. Lowe noted that back in February, the Commission approved a 2 year property renewal which helped lower the rate and staff will likely see that again in FY 28 if all things stay the same. Staff budgeted a 5% increase in liability, which is now lined up with the property renewal and generally little movement. Other services and charges is budgeted at \$1.4 million, which is an increase of \$634,000 or 85% over 2026 forecast. Mr. Lowe stated that earlier in the week, he sent a reconciliation of items that were added to the budget since the committee meetings, noting that some of the items are commercially contracted services and can be discussed further in executive session but explains why the figure moved significantly both from the committee meetings and versus the current forecasts, as staff anticipates some new operating expenses. This category also includes dues through AAPA, TPA and PIERS membership as well as the Union Pacific property leases, NOAA PORTS System and cybersecurity subscriptions. Maintenance and repair budget of \$1.4 million, which is an increase of \$66,000 or 5% over 2026 with the grating repairs on cranes 1 and 2 being the most significant item in the category. Also included is security equipment, cleaning and maintenance of the office buildings, dust control and potholes (road repairs) that were previously mentioned as well as a change for a Gate 8 sewer line repair that was submitted after the first expense budget was presented in committee. Depreciation expense is projected to be \$15.1 million which is an increase of 1.6 or 12% over 2026. Mr. Lowe noted that this is one increase that brings joy because it means the Port is completing reinvestments back into its infrastructure and projects are being completed. He also noted this is a non-cash item with the Commission previously approving the cash. Commissioner Kincannon asked for clarification on depreciation and how its budgeted. Mr. Lowe explained that one of the first lessons accountants learn is matching principle which is matching revenues and expenses. There are accounting principles around this but from a practical standpoint if you buy an asset and that asset has a 20 year life, it's going to contribute to the revenue for the next 20 years. Rather than recognizing all the cash outflow of the asset in the year it was purchased, its broken up into 20 increments and try to match up. An example would be if you spent \$20 million on an asset and recognize \$1 million a year because it's generating revenue. He added that it's the best way to evenly spread the expenses of capital in regard to what you're generating on the revenue side. Another example is the Port's ribbon cutting recently held for Area 5. It went on the books at \$20 million. Staff will depreciate it over 30 years so every year that asset value is going to come down on the balance sheet and staff will recognize 1/30th of that expense in the expense budget. It's not cashflow. Ms. Saathoff noted that staff stills records the reduction in cash when the Port paid for and built the asset. It's recorded as an

asset but now moving it to expense ratably over the life of the asset to the expense statement. Mr. Lowe stated that the delta between the forecast and the budget was minimal when staff met with the committees, however, the operating changes he spoke to has moved the needle. He noted the budget versus forecast is about a \$5.1 million increase over current forecast and walked through what has been introduced which includes \$1.6 million in depreciation, \$1.1 million of personnel which always assumes fully staffed personnel. Grant Management will hit this year's budget as well as new operating expenses. He stated that the combination of the four items is about \$4.5 million with the total delta of \$5.1 plus another \$600,000 which is why he tried to provide a reconciliation for as much of it as he could. Moving on to Debt, Interest and Fees, Mr. Lowe showed a list of all the Port's outstanding bonds with the first three being the General Obligation Bonds equating to \$7,249,000. He explained that number reflects what the Port is covering in regard to the operating income going back into covering the general obligation debt, such that the tax rate can be zero. The remaining revenue bonds represent the additional \$14.1 million. He further explained that from the cash flow side, staff would take the operating income, add back in the depreciation which would get to the \$30 - \$40 million range, pay the debt and be left with \$20 - \$25 million to reinvest back into the capital plan. The proposed capital plan is \$104 million and includes \$30,750,000 for the Freeport Harbor Channel. He stated that the Port is responsible for a final 10% payment for the final overall project cost which is why the figure is still included for ongoing potential obligations. This does not impact any of the operating income spoken to earlier but would come strictly from the GO Bond fund. The buildout of the container handling facilities includes Area 4 or the future Berth 9. Cross Dock 2 is also included under this item as it's a component of the overall container business. Both items are heavily funded through grants. Development of warehousing and OEM facilities includes the non-TWIC yard, Parcel 19 rail development, public parking lot and Gate 12 RPM. Port infrastructure support includes safety, security and IT projects like crane spare parts, Cross Dock 2 inspection area, vehicles, EOC generator and a small amount remaining on the fender project. Also included here is the Greenbelt with tribute on Parcel 1 that has also been mentioned as well as the capitalized maintenance item. Finally, Mr. Lowe shared a graphic that depicts how the capital projects are funded. He explained that grant funding is broken into two sections with one showing that over half of the port's projects are grant funded with smaller piece being the portion that the port would contribute as a local sponsor on the grants. The other portions of the graph include traditional cash flow of \$11 million and GO debt spoken to earlier. Mr. Lowe noted that staff will take any feedback from today's presentation and incorporate it for September 15 meeting to approve the budget. The next agenda item will be to approve the proposed tax rate that will also be presented for final approval on September 15. Ms. Saathoff noted that staff will be making adjustments to include an increased membership with The Greater Houston Port Bureau which includes a position on the board. She added that the organization is speaking very heavily on representing the region at the state and federal levels and the Port does not want to left out of the conversation. Bay Area Transportation Group is another organization that not only represents Galveston and Harris County, but Brazoria County as well. Staff will make the adjustments and voice over it at our next meeting as a delta.

18. Adoption of a Resolution proposing the 2026 Tax Rate, to be adopted at a future meeting.

Mr. Lowe stated that although the Commission's direction is clear with regard to having a zero tax rate, the Port must go through the process every year to formally propose a tax rate as long as the GO bonds are outstanding. The roll call vote is recorded in a resolution and sent to the County which will dictate the language used for the advertisement in The Facts and what goes on the Port's website. Additionally, he explained that it will take a few more years before nothing shows under the no new revenue rate. He also noted that for the accounts that would

have been negligent or past due in the past, there's an ongoing process for it adding that the Port is not assessing a tax rate and has not assessed a tax for the last couple of years, but there is occasional tax revenue that comes in from outstanding debt accounts in the past. Staff asks the Commission to formally propose a tax rate of zero, take a roll call vote to be recorded in the resolution and sent to the County which will then lead to a newspaper ad telling the public when you will vote on the proposed rate.

A motion was made by Commissioner Giesecke to propose a zero tax rate. The motion was seconded by Commissioner Kincannon 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 under Government Code Section 551.071(1) (to seek or receive attorney's advice on pending or contemplated litigation).
2. Consultation with attorney under Government Code Section 551.071(2) (to seek or receive attorney's advice on legal matters that are not related to litigation).

B. Under authority of Section 551.076 (Deliberation of Security Matters):

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

C. Under authority of Section 551.087 (Economic Development Negotiations or Incentives):

1. To discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.
 - i. Business and Economic Development Report including potential offers of financial or other incentives to the business prospect.
2. To deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).

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

1. 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, 3, 5, 7 and 8.
2. The potential lease or value of real property located at Port Freeport or adjacent to Port Freeport, including but not limited to Parcel 1.
3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 14, 19, 25, 27, 34 and property on Quintana Island.

E. 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, Chief Financial Officer, Director of Engineering, Director of Protective Services, Director of Business & Economic Development, Director of Information Technology and Director of Operations.

20. RECONVENED OPEN SESSION:

21. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:12 PM.