

## Minutes of Meeting November 30, 2017

A Regular Meeting of the Port Commission of Port Freeport was held November 30, 2017 beginning at 3:21 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

### Commissioners present:

Mr. Paul Kresta, Chairman  
Mr. Shane Pirtle, Secretary  
Mr. Bill Terry, Asst. Secretary  
Mr. Rudy Santos, Commissioner  
Mr. Ravi Singhania, Commissioner

### Staff Members Present:

Mr. Jason Cordoba, Legal Counsel  
Ms. Phyllis Saathoff, Executive Director/CEO  
Mr. John Mannion, Chief Financial Officer  
Mr. Al Durel, Director of Operations  
Mr. Jason Hull, Director of Engineering  
Mr. Chris Hogan, Director of Protective Services  
Mr. Mike Wilson, Director of Economic Development  
Mr. Jason Miura, Director of Business & Economic Development  
Ms. Missy Bevers, Executive Assistant  
Ms. Mary Campus, Controller  
Mr. Brandon Robertson, Network Systems Manager  
Mr. Cecil Booth, Project Engineer  
Mr. Nick Malambri, Engineering Specialist  
Ms. Callie Cole, Accounting Clerk

### Absent:

Mr. John Hoss, Vice Chairman

### Also present:

Mr. Jason Foltyn, HDR  
Mr. Bobby Fuller, Texas Port Ministry  
Mr. Bob Arroyave, Brown & Gay Engineers  
Mr. Neil McLellan, HDR  
Captain Billy Burns, Brazos Pilots Association  
Captain Matthew Krohn, Brazos Pilots Association  
Ms. Ann Poninski, P66  
Mr. Roy Fiala, P66  
Ms. Melanie Oldham  
Mr. David Alston, Signal Electronics  
Mr. Delvin Dennis  
Mr. Gary Basinger, The Alliance  
Mr. James Nash, HTS  
Mr. Kevin Cadenhead, Kennemer, Masters & Lunsford  
Mr. Richard Przeworski, K-Bin, Inc.

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Bobby Fuller, Texas Port Ministry
3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call. – Commissioner Kresta noted that Commissioner Hoss was absent. All other Commissioners were present.
5. Safety Briefing – Mr. Chris Hogan, Director of Protective Services
6. Approval of minutes from the Regular Meeting held November 9, 2017 and a Special Meeting held November 20, 2017.

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

7. Reports from Executive Staff:
  - A. Receive report from Executive Director/CEO on activities and matters related to administrative affairs. Port tenant updates, USCOE, rail issues, AAPA Committees, leases, contracts, upcoming Port and civic events and other related administrative affairs.

Ms. Saathoff reported that Corps Headquarters has agreed to the Port's request the GRR approval not be contingent upon the 408 application for the stability feature in the bend of the channel. The Port has not received Corps approval for the drilling plan however work is proceeding on a more accelerated schedule for completing the 408 application. Ms. Saathoff reported on her trip to WDC to participate on the Ports Caucus panel to discuss the effects of Hurricane Harvey on ports and effects of hurricanes. Ms. Saathoff shared the slides used from the presentation prepared by Chris Frabotta from the Galveston District as part of her discussion on the panel. Staff also attending a meeting with Major General Jackson today who came to Houston to discuss recent policy guidance documents the Corps recently put out with regard to relocation of pipelines and other infrastructure when a channel project is more than 50 foot in depth. While in WDC, Ms. Saathoff also had follow-up meetings with Senator Cornyn and Senator Cruz offices. TxDOT has requested Ms. Saathoff participate on a panel in Corpus December 6 and the Tenaris Inauguration is December 11 in Bay City. Ms. Saathoff also reported that at the last Port Authority Advisory Committee she was elected Chair to the committee going forward.

- B. Receive report from CFO on monthly activity and matters related to financial results, investments, insurance, leases, real property matters and other related administrative affairs.

Mr. Mannion gave a brief financial presentation and update to the Commission.

- C. Receive report from Director of Engineering on activities and matters related to Freeport Harbor Federal Channel, capital projects and other projects, Hydrographic Report and other related facility engineering matters.

In addition to his report submitted, Mr. Hull shared several pictures of projects which included new house construction, Parcel 14 rail development, CBP building, dredge Newport, and Seaway point lights.

- D. Receive report from Director of Operations on activities and matters related to operations, vessel activity, tonnage and other related port operation matters.

Mr. Durel shared pictures of Tenaris' recent discharge of approximately 8,000 tons of steel bars as well as photos from the Clean Cities Conference attended where speakers shared their plans for alternative fuel or systems. Mr. Durel also reported attending the Junior Achievement Career Day at Brazosport College.

- E. Receive report from Director of Protective Services on matters related to safety meetings/injury report, security meetings, EMS update and other related safety, security and environmental matters.

Mr. Hogan was asked to serve on a sub-committee for Maritime Security Management created by the USCG Captain of the Port. This committee will share information to develop best practices, then develop recommendations back to the Captain of the Port and to the executive steering committee. No incidents to report for the month of October. As previously request, staff will be meeting with A&R Director of Environmental Health and Safety to discuss their processes.

- F. Receive report from Director of Business & Economic Development on activities and matters related to industry meetings and Port presentations, Port events, and other related trade development or community relation matters.

Matagorda County Economic Development Council will meet December 1 in Bay City. The Port's next CAP Meeting will be held December 7 at Columbia Lakes. The Tenaris Inauguration is December 11 in Bay City at 2:00 p.m. Port Freeport is a sponsor for the Petrochemical Supply Chain Logistics Conference December 12-13 and is partnering with A&R Logistics on a joint marketing effort for the conference. Additionally, the Port will attend the Angleton Chamber Awards Luncheon and Chairman Address December 14 in Angleton. Mr. Miura met with site director for A&R Logistics to confirm the dover equipment will be installed next Thursday (December 7). Mr. Miura also shared information from a recent report published by Greater Houston Port Bureau tracking the first three quarters of 2017 vessel movements showing Port Freeport with a 13.8 increase year over year. The article quoted, "*Port Freeport continues to shine as 2017's darling.*" Mr. Miura also reported that Mr. Earl Shipp recently joined the Rail District after Steve Hazelwood stepped down. The next meeting will be held December 15 in Richmond with the election of officers taking place. Additionally, staff is working on updates to the Port website. New information is expected to be completed at the turn of the year.

- 8. Receive report from Commissioners on matters related to:
  - A. November 9 and November 30 Finance Advisory Committee Meetings  
Commissioner Singhania reported the committee received a quarterly review of investment reports, portfolio allocation and investment strategies as well as discuss the

Port reserves for capital improvements which is on the agenda for approval today. The committee also discussed the status and findings of the annual audit.

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

Commissioner Pirtle reported attending the BCCA meeting and the meeting in Houston with General Jackson held earlier in the day. Commissioner Pirtle also noted Chris Frabotta's comments that Mr. Hull was a pleasure to work with.

Commissioner Singhanian reported attending the CP Chem ceremony November 10 and the Rail District meeting November 17.

9. Public Comment

There were no public comments.

10. Receive update from Kennemer, Masters and Lunsford regarding the annual audit.

Mr. Kevin Cadenhead updated to the Board regarding the annual audit. Mr. Cadenhead reported to the board they have no audit findings that need to be reported from the audit, nor do they have any management recommendations in advisory letter which means there are good controls in place and no improvements recommended. Field work was completed two weeks ago and the auditors are now assisting the Port to develop and write the annual financial report for submission to GFOA for Certificate of Excellence. Once the report is ready, KML will meet with staff to discuss the report in detail. Mr. Cadenhead thanked Ms. Campus and staff for their participation and availability during the audit for a smooth transition.

11. Adoption of a resolution authorizing a contribution to fund Port reserves for capital improvements.

The resolution before the Board is to fund the capital improvements by a separate reserve account established in October 2015. The resolution states the October 2017 maintenance and operations levy is expected to be \$3,887,346 for payment of maintenance and operations expenses and the Port desires to transfer and equivalent amount into the Port Reserve for Capital Improvements which are expected to be used in completing the Freeport Harbor Channel Improvements.

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.

12. Adoption of a Resolution approving the application for tax abatement with Shintech, Inc. (dba K-Bin) for property located in Shintech, Inc. Reinvestment Zone No. 10, approving Tax Abatement Agreement on the same terms and conditions as granted to Shintech, Inc. by Brazoria County and authorizing Chairman and Secretary to execute said agreement.

Mr. Mannion explained the application is for warehouse expansion and a production building for additional PVC compounding line. This is a \$17 million investment with an expected 20-year life. The abatement request is for \$15 million for 7 years and is expected to create 25 construction jobs at peak and retain 10 jobs overall. The estimated taxes to be abated by the Port is \$42,105. Mr. Mannion affirmed the application is complete and meets the Port's

criteria for tax abatement adding the County has approved the same October 24. Mr. Mannion introduced Richard Przeworski with K-Bin who further explained the project.

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

13. Discuss and consider clarification of motion authorizing Executive Director/CEO to proceed with implementation of the Port Freeport Compensation Plan as presented including annual performance based merit increases.

Ms. Saathoff stated at a previous meeting, the Commission made a motion to approve implementation of a compensation plan to include the annual performance based merit increases. This item is to clarify for the recorded minutes what the Board approved. The Port hired Management Advisory Group to assist management with the development of a compensation plan and perform a market study. The process began with staff interviews for input into job descriptions to ensure accurate descriptions were in place before completing the market analysis. Once completed and market information was obtained, the Management Group developed a classification-based compensation plan which was presented to the Board and authorization was given for staff to move forward with implementation. The implementation included recommendations to bring some positions within an appropriate classification range as well as certain equity adjustments. Ms. Saathoff also noted that the recommended top end of merit increases be at 3.5% which are awarded based on performance. The amounts presented for merit increases and compensation plan implementation are within the budget adopted in September. Ms. Saathoff will initiate implementation after the meeting. There were no questions or comments from Commissioners.

No action is necessary.

14. 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.

B. Under authority of Section 551.072 (deliberation of real property) for discussion regarding:

1. The potential purchase, exchange, lease or value of real property located at Port Freeport, including but not limited to Parcels 7, 8, 10, 26 and 37.
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. Discussion regarding the potential exchange, lease or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by the following streets: FM 1495; East 2<sup>nd</sup> Street; Terminal Street and East 8<sup>th</sup> Street in Freeport, Texas.

4. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 9, 14, 19, 27, 31, 34, and 38.

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: Executive Director/CEO.

15. RECONVENE OPEN SESSION:

16. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:34 p.m.

_____	_____
Paul Kresta, Chairman	Absent John Hoss, Vice Chairman
_____	_____
Shane Pirtle, Secretary	Bill Terry, Asst. Secretary
_____	_____
Rudy Santos, Commissioner	Ravi K. Singhania, Commissioner