

Minutes of Meeting January 11, 2018

A Regular Meeting of the Port Commission of Port Freeport was held January 11, 2018 beginning at 1:30 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

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

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
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. Mary Campus, Controller
Mr. John Mannion, Chief Financial Officer
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Marketing Specialist
Mr. Cecil Booth, Project Engineer
Mr. Jesse Hibbetts, Operations Manager
Ms. Callie Cole, Accounting Clerk

Also, present:

Ms. Ann Poninski, P66
Mr. Bob Arroyave, Brown & Gay Engineer
Mr. Jason Foltyn, HDR
Mr. Chris Noble, Dole
Mr. Neil McLellan, HDR
Ms. Citalli Martinez, WGMA
Mr. Robin, Warrick, LJA
Mr. Gary Basinger, The Alliance
Mr. Peter Nemeth, Crane, Caton & James

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Commissioner Pirtle

3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call. – Commissioner Kresta noted that all Commissioners were present.
5. Safety Briefing – Chris Hogan.
6. Approval of minutes from the Regular Meeting held December 13, 2017.

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

7. Receive report from Executive Director/CEO and/or Port staff 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.

The Tenaris vessel Bright Ocean is currently in Port discharging 25,000 tons of steel bar from the Tenaris facility and will be in Port approximately 6 days. Ms. Saathoff shared pictures from the operation. Mr. Hull gave a brief update on the Parcel 14 rail project stating steel cross ties were delivered around Christmas however due to inclement weather work has been delayed. The next USCOE quarterly executive meeting is February 19 in Galveston. A ceremony for the promotion of Colonel Owen will take place January 25 in Dallas. Mr. Hull will be attending. The Galveston District signed a sampling plan before Christmas to obtain necessary soil for testing around the Dow Thumb associated with the stability feature to be put in place. The land-based rig will sample January 15-19 while the barge will begin samples in the water January 29-February 2. It will take approximately 30 days or less to receive the results. HDR is currently working on a 408 application which is on schedule to be submitted by April. The GRR report is still under internal review. Schedule indicates legal review will take place mid-February with signature by Colonel Zetterstrom first week of April and Headquarters' final approval in May. Mr. Hull is working to get a schedule together and strategy to move forward with the preliminary engineering design for Reach 1 of the channel. Ms. Saathoff reported that Senator Cornyn and Senator Weber both provided letters to Secretary Chao at the Department of Transportation regarding the Port's INFRA Grant request. Topics of discussion in Washington include the Water Resources Development Act Bill 2018 and the Administration's infrastructure package. The Senate Environment & Public Works Committee had a hearing January 10 to discuss America's water infrastructure needs. The House Committee on Transportation & Infrastructure Subcommittee on Water Resources and Environment will hold a hearing to discuss challenges facing the USACE as well as 408 applications, acquisition and procurement issues, real estate issues and alternative financing. Dates for this hearing are forthcoming. Further subcommittee hearings on Corps projects and authorizations for WRDA 2018 are expected to take place in February, and a hearing to address navigation and flood control challenges is expected in March. Ms. Saathoff has a request on the agenda to approve travel for the first quarter of the year to attend these hearings or other meetings as needed. The AAPA Spring Conference is March 20-22 in Washington, DC. The Port Authority Advisory Committee met last week and discussed RIDER 45 grant funds as well as the production of the port mission and capital plan document that must be prepared for the legislature. The Senate Transportation Committee will have a hearing to discuss funding opportunities for

Texas ports on February 22 in Austin. The Texas Ports Association met last week to discuss common issues with USCOE including real estate and dredge material placement area management. Developing legislative priorities and legislation to be drafted for next session was also discussed. WGMA and MARAD are hosting the Strong Ports Workshop January 17. Both Ms. Saathoff and Mr. Wilson are scheduled to speak. The Rail District is holding a workshop January 13 in Pearland and the next regular meeting is January 19 in Richmond. Ms. Saathoff received word that Restore Act funds have been released. Additional information has not been provided but she will follow-up. Ms. Saathoff will also be speaking at the Brazosport Chamber Young Professionals Group January 12. The next Southern Brazoria County Traffic Safety & Control Committee meeting will be January 25. Mr. Hull reported on the bridge issue on FM 523 stating the last official word he received from the area engineer was they would be entering into an emergency contract to bolster or support existing bridge which will begin in January and be completed in March of 2018. Once those augmentations are made the bridge division from Austin will make an assessment and determine what the new load rating will be.

8. Receive report from Commissioners on matters related to meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Hoss reported attending the Lone Star Harbor Safety Committee held earlier today. Commissioner Singhanian reported attending the API Luncheon held January 9.

9. Public Comment.

There were no public comments.

10. Approval of a Purchase Contract in the amount of \$63,000 for property located at 503 E. Broad Street.

Mr. Mannion stated the contract before the Board is an East End property the Port has been working on for two years. Negotiations involved seven different parties but agreement has been reached and it is staff's recommendation that the Board approve this purchase contract and fees associated with closing for a total amount \$64,187.38.

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

11. Adoption of an Amended Resolution authorizing execution of a Tax Abatement Agreement between Port Freeport and Shintech, Inc. (dba K-Bin), with terms modified since Commission approval on November 30, 2017.

This item was tabled.

12. Adoption of a Resolution authorizing execution of an Assignment of a Tax Abatement Agreement between Port Freeport and Dow Chemical Company to MEGlobal Americas, Inc.

This item was tabled.

13. Approval of a contract with Cherry Demolition, Inc. which submitted the best proposal for the East End Properties 2017 Phase II Project, for an amount of not to exceed \$279,000.00.

As explained at the previous meeting, bids for this project were opened December 7 with the lowest bidder withdrawing their bid. Mr. Hull stated the second-best bid was Cherry Demolition who has successfully completed several projects for the Port in the past. It is staff's recommendation the Board approve this contract in the amount of \$279,000.00.

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

14. Approval of Amendment No. 1 to the Lease Agreement between Port Freeport and the United States of America for Customs and Border Protection office space (Lease No. HSBP-7116-L-DA0656).

Mr. Hull stated the Port Commission approved the original lease July 13, 2017 which contained the following verbiage, "*The commencement date of this lease estimated to be November 1, 2017 along any applicable termination and renewal rights shall be more specifically set forth in a lease amendment upon substantial completion and acceptance of the space by the Government*". Mr. Hull indicated we now have substantial completion of the space and are asking the Board to approve the lease amendment.

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

15. Approval of Executive Director/CEO & Commissioners travel for January, February and March 2018.

As mentioned in her report, Ms. Saathoff anticipates hearings and meetings will occur in Austin and Washington in the first quarter of the year; therefore, she is asking approval to travel as necessary to attend these events for port matters and to continue advocating for funding for our Port project and meet with USCOE as needed in working to get a WRDA bill passed. Additionally, the Port Authority Advisory Committee will meet in Austin March 1 and the AAPA Spring Conference is March 20-22 in Washington. An overseas sales trip to Europe will also potentially take place in the first quarter.

A motion was made by Commissioner Hoss to approve the travel with the addition of a Commissioner (if needed) for the Austin trip. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

16. Discussion regarding the dates for the CAP Meetings to be held in the first and second quarters of the year.

Mr. Miura stated that as previously discussed the CAP meetings will be held the Tuesday before the first Commission meeting of the month. Therefore, the first two meetings will be held February 6 and April 10. The venue for the February 6 meeting will be ABC and CP Chem will present.

17. 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) and Section 551.072 (Deliberations Concerning Real Property) for discussion regarding:
 - 1. Consultation with attorney regarding proposed Ground Lease and Development Agreement, covering approximately 1.171 acres of land out of Port Freeport Parcels 4,5,19 and 38, for a term of 49 years and 11 months.
 - 2. Consultation with attorney regarding proposed Development Agreement for development of the Cut-In-Berth Project, which would include without limitation, creation of a new slip over all or a portion of Port Freeport Parcels 27,34,35 and 35A.
 - 3. Consultation with attorney and discussion concerning bid received from FLNG Liquefaction 4, LLC in response to Request for Bids for Pipeline Right-of-Way and Easement published in The Facts newspaper on December 18, 2017 and December 25, 2017.

- B. Under authority of Section 551.072 (deliberation of real property matters) for discussion regarding:
 - 1. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 7, 8, 10, 26, and 37.
 - 2. 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 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
 - 3. 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.
 - 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 and Manager of Public Affairs.

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

19. Approval of bid for Pipeline Right-of-Way and Easement submitted by FLNG Liquefaction 4, LLC, and possible adoption of Resolution approving same.

This item was tabled.

20. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:24 p.m.