PORT OF GALVESTON
REQUEST FOR DISCUSSION AND
TRUSTEES ACTION

MINUTES

PREPARED BY: Angelina Ramirez Secretary, Board of Trustees January 15, 2020

SUBJECT: Minutes – Regular Monthly Meeting of the Board of Trustees of the Galveston Wharves held Tuesday, December 17, 2019

BACKGROUND: Attached are the minutes of the Regular Monthly Meeting of the Board of Trustees of the Galveston Wharves held Tuesday, December 17, 2019.

RECOMMENDATIONS: Port staff respectfully requests Board approval of the minutes from the Regular Monthly Meeting of the Board of Trustees of the Galveston Wharves held Tuesday, December 17, 2019.

Respectfully Submitted By:

[Signature]
Rodger Rees, Port Director/CEO

DATE ACTION TAKEN: □□□□□□□□□□

Approved: □□□□□□□□□□ Motion By: □□□□□□□□□□
Disapproved: □□□□□□□□□□ Seconded By: □□□□□□□□□□
Deferred To: □□□□□□□□□□ Unanimous: Yes □□□□□□□□□□ No □□□□□□□□□□
Incorporated into Minutes: □□□□□□□□□□ By: □□□□□□□□□□
Minutes of the Regular Monthly Meeting of the
Board of Trustees of the Galveston Wharves
Tuesday, December 17, 2019

Minutes of the Regular Monthly Meeting of the Board of Trustees of the Galveston Wharves held Tuesday, December 17, 2019, in the offices of the Port of Galveston on the 8th Floor of the Shearn Moody Plaza, 123 Rosenberg, Galveston, Texas.

Chairman Shannon called the meeting to order at 1:50 p.m., Tuesday, December 17, 2019.

The Secretary to the Board called roll.

Presiding Officer: Albert P. Shannon, Chairman, Board of Trustees

Present: Chairman Albert P. Shannon  Vice Chair Elizabeth Beeton
Trustee Craig Brown  Trustee Richard DeVries
Trustee Harry D. Maxwell, Jr.  Trustee E. L. "Ted" O'Rourke
Trustee Todd P. Sullivan

Others: Rodger Rees  Anthony P. Brown
Mark Murchison  Julio DeLeon
Laura Camcioglu  Brett Milutin
Jeffery Thomas  Angie Ramirez
Cristina Galego

Chairman Shannon declared a quorum of the Trustees present.

Chairman Shannon called for the declaration of conflicts of interest on today's agenda items. Trustee Sullivan voiced his conflict with DRC Emergency Services, Callan Marine, and Texas International Terminals.

Visitors, Board and Staff recited the pledge of allegiance.

Chairman Shannon called for comments from the public. No comments were voiced.

Chairman Shannon called for a motion on the minutes of the Regular Monthly Meeting of the Board of Trustees of the Galveston Wharves held Tuesday, November 19, 2019, and the Special Meeting of the Board of Trustees of the Galveston Wharves held, December 11, 2019. Trustee DeVries moved for approval as presented. Trustee Maxwell seconded the motion. Trustee Beeton questioned the agenda meeting where discussion was heard on the Board Management Policy. It was stated that discussion was heard in the Workshop Meeting. The Secretary clarified that discussion on the Board Management Policy was heard in the Workshop meeting, with no changes or revisions made to the Policy in the Workshop Meeting. Trustee Beeton asked for minutes of the Workshop Meeting from
November 19, and also from today’s Workshop Meeting, December 17 with discussion from both of those meetings. *Motion unanimously carried.*

Chairman Shannon called for Business Items.

**E.1 Consider and Approve CFO Report and Consent Agenda:** Vice Chairman Shannon called on the Chairman of the Finance Committee, Trustee Maxwell. **Trustee Maxwell moved to approve the CFO Report, and Consent Agenda, E.1.a. Board and Staff Expense Report, E.1.b. Financial Statements, E.1.c. Port Investments Report, E.1.d. Bank Reconciliation Report, E.1.e. Cash Flow Projections, E.1.f Monthly Delinquent Accounts Receivable, and, E.1.g. Vendor Check Register Report. No items were submitted under item E.1.h. Trade Development. Motion was seconded by Trustee Sullivan and unanimously carried.**

**E.2 Consider and Approve Galveston Wharves Strategic Master Plan:** **Trustee Maxwell moved, with the seconded of Trustee DeVries, to approve the Galveston Wharves Strategic Master Plan.** Trustee O’Rourke stated that as he discussed in workshop he would not vote on the item based on the fact there is not an attachment for Del-Monte. Trustee Brown asked Trustee O’Rourke if he was offering an amendment to the motion. Trustee O’Rourke stated that if the Trustees would allow Del-Monte then he would ask for an amendment to the motion to include the attachment for Del-Monte. Chairman Shannon asked if the Trustees would allow for an amendment to their motion. Trustee DeVries stated no, that it is covered in a basic footprint plan, although Trustee DeVries stated that he would like to see Del-Monte in the plan, noting that this is just a working plan, and is subject to change.

Vice Chairman Beeton asked if the Trustees would be agreeable to the language change she asked for in the Workshop Meeting, stating that under the Strategic Master Plan Objectives, on page 4, fourth bullet, revisions to the Master Plan would state, *the road map is intended to benefit the Citizens of Galveston by increasing both waterborne & waterfront trade and commerce.*

*Trustee Maxwell stated that he would amend his motion to allow for that language change proposed by the Vice Chairman.*

After further discussions amongst the Trustees, the Port Director stated that once the document is approved the document can be changed at any time. The document could even be changed at the next meeting. Trustee Brown asked if there could be some type of verbiage added that puts emphasis on increased cargo, and referencing as an example an arrangement for Del-Monte, and finding a way to keep Del-Monte if possible. Trustee DeVries stated that if you make those changes then it should not just focus on one entity, and should be broad for any company that wants to come to the Port. The Port Director stated that the Del-Montes Lease runs out in four years. Trustee Maxwell stated that if Del-Monte comes back to the Port in four years, and they want to remain at the Port and have a lease, the Port will not stop negotiations with Del-Monte just because a cruise ship is penciled in on the document. Trustee O’Rourke stated that he liked the original copy of the Master Plan with the option of keeping Del-Monte.

Regular Monthly Meeting
December 17, 2019
Trustee Beeton questioned the Mid Point Capital Improvements, and the 0-5 year projects between 2020-2005 and also the 5-10 year projects that are between 2025-2030. Trustee Beeton questioned if the improvements to Harborside Drive should be done sooner than 2025, and other projects like the Boardwalk Promenade that could be done before 2025. Chairman Shannon stated that prioritizing is the next step, and also making a list with the higher priorities. Trustee Beeton stated that she would like to revisit the top priority projects, and would like to see some of the projects not have to wait until after 2025. Trustee Maxwell stated that the Master Plan is a reference tool, and he did not want to get too hung-up on things in the ten to twenty-year range just yet. The Port Director stated again that the changes can be made in the text of the document, at any time.

Trustee Beeton requested that the minutes reflect her personal preferences to those changes in the Master Plan regarding Mid-Point Capital Improvements to the Harborside Drive Improvements and the Boardwalk Improvements to an earlier implementation in the Master Plan. Trustee Beeton stated that although her fellow Trustees are reassuring her that that can be reconsidered in terms of its implementation as we proceeded with the Master Plan, she would like the minutes to reflect that this is her goal.

Chairman Shannon stated that there is a motion and a second on the floor, and the motion is to accept the plan, with verbiage changes to page 4, benefiting the citizens of Galveston, and waterfront trade and commerce as requested by Vice Chairman Beeton. Trustee Maxwell and Trustee DeVries both agreed with the amended changes to the Master Plan.

Before Chairman Shannon called for the vote, Trustee Brown stated that under the Port Wide Vision Plan 2040, the East Port Projects mention movement of Del-Monte on existing premises referencing that on page 33 last paragraph of the Master Plan, first paragraph, wording be changed to “movement or relocation of Del-Monte from the existing premises.” Trustee Brown asked that this change be reflected in the minutes. Trustee Sullivan stated that diversity is good for the Port. Trustee Sullivan stated that there are other places to stick the other diversity business if Pier 16 becomes a cruise terminal. Trustee Sullivan wants to make sure that the Port does not lose the customers. Chairman Shannon stated that that’s why the Port is developing the West-End for Cargo. After further clarification of the verbiage changes, Chairman Shannon called for a vote on the motion. Motion unanimously carried, with Trustee O’Rourke out of the room. Trustee O’Rourke came back into the room, and the Port Attorney stated that a revision under the East Port Projects was made contingent to the “movement and the words for relocation of Del-Monte”. Trustee O’Rourke stated that he was in favor of that change. Motion unanimously carried.

E.3 Discuss and Consider Galveston Wharves Expense Control Policy: Trustee DeVries moved, with the seconded of Trustee Brown, to approve the Galveston Wharves Expense Control Policy as presented. Motion unanimously carried.

E.4 Consider and Approve Contract Management Policy of the Board of Trustees of the Galveston Wharves: Vice Chairman Beeton moved, to approve the Contract
Management Policy of the Board of Trustees of the Galveston Wharves as presented in the notebooks. Motion was seconded by Trustee Sullivan, and unanimously carried.

E.5 Consider and Approve Funding Policy as Required by the Texas Pension Review Board: Trustee Beeton moved for approval of the Funding Policy as required by the Texas Pension Review Board. Motion was seconded by Trustee Brown, and unanimously carried.

E.6 Consider and Approve Amendment No. Six to the Galveston Wharves Pension Plan Relating to a One-Time to Coast of Living Adjustment Effective January 1, 2020: Trustee DeVries move to approve Amendment No. Six to the Galveston Wharves Pension Plan Relating to a One-Time Cost of Living adjustment at a 2% increase effective January 1, 2020. Trustee Sullivan seconded the motion. Motion unanimously carried.

E.7 Discuss and Consider Approval of the Renewal of Stevedore Licenses of Existing Licensed Stevedores: Trustee Sullivan moved, with the seconded of Vice Chairman Beeton, to approve the renewal of the Stevedore Licenses of the existing licensed Stevedores. Motion unanimously carried.

E.8 Discuss and Consider Lease Agreement Between the Board of Trustees of the Galveston Wharves and Suderman Contracting Stevedores to Lease 4.6 Acres of Space at Pier 40 for a Month to Month Term: Trustee Brown moved, with the seconded of Vice Chairman Beeton, to approve the Lease Agreement between the Board of Trustees of the Galveston Wharves and Suderman Contracting Stevedores to Lease 4.6 Acres of Space at Pier 40 for a Month to Month Term. Motion unanimously carried.

E.9 Consider and Approve Award of Professional Services Agreement for Engineering Services for the Design of Utilities and Roadways for the Cruise Terminal 3 Development between the Board of Trustees of the Galveston Wharves and Freese and Nichols, Inc. for an amount not to Exceed $800,320.00: Vice Chairman Beeton moved to approve the of Award of Professional Services Agreement for Engineering Services for the Design of Utilities and Roadways for the Cruise Terminal 3 Development between the Board of Trustees of the Galveston Wharves and Freese and Nichols, Inc. for an amount not to exceed $800, 320.00. Motion was seconded by Trustee Maxwell, and unanimously carried.

E.10 Consider and Approve Consulting Agreement with Community Strategies LLC.: Trustee Maxwell move to approve the consulting agreement with Community Strategies LLC, subject to the final negotiations of the terms by the Port Director with the assistance of Port Counsel. Motion was seconded by Trustee Sullivan and unanimously carried.

E.11 Discuss and Consider Compensation Incentive Program Pre-Approved in 2019 Budget: Vice Chairman Beeton moved approval of the Compensation Incentive Program that was already pre-approved in the 2019 Budget. Trustee Maxwell seconded the motion. Trustee O’Rourke stated that he is in favor of this, but wants to keep focus on keeping the jobs on the waterfront, and believes that staff is working on that. Motion unanimously
carried. Vice Chairman Beeton questioned the Port Director on if this was subject to what was being allocated based on what’s available under the worst case scenario. The Port Director stated yes, that he would be conservative. Trustee O’Rourke questioned if the Port Director was going to mirror off of the Port Director’s Report. The Port Director stated that the proposal was brought forth at the last meeting in the Port Directors Report, with the suggestion of it being increased to $2,500. Trustee O’Rourke wanted clarification on which documents the Trustees were voting from. Vice Chairman Beeton stated that the vote was not on one specific document. Trustee Maxwell stated that the vote is allowing the employees to be paid in December instead of March. Chairman Shannon stated that he was going to ask for a re-vote. Vice Chairman Beeton stated that there was not a specific amount in her motion. Chairman Shannon clarified the motion was to give under the discretion of the Port Director. Trustee O’Rourke referenced the 2019 Compensation Philosophy page, stating that at the last meeting Vice Chairman Beeton’s recommendation was making it $2,500 instead of $1,500. Vice Chairman Beeton clarified that no amount is specified in her motion, and that $1,500 was the original amount, then it was realized that it would be possible to pay more than that, and staff has now ascertained that they could go over the $2,600 and still come with in the worst case scenario, and it will be left to the Port Director’s discretion to award. Chairman Shannon called for the vote again. Motion unanimously carried. Trustee Beeton questioned if the Port Director wanted the Trustees to give him an amount. The Port Director stated no, he just wanted a vote so that it is clear that the Board voted unanimously to approve the compensation and there wouldn’t be any question in the future. Trustee O’Rourke stated that in that case he would abstain from the vote. On the tape after the vote Trustee O’Rourke stated that he was in favor of giving $2,500.

E.12 Consider and Approve Dates of the 2020 Regular Monthly Board Meetings:
Trustee Brown moved to approve the dates of the 2020 Regular Monthly Meetings as presented. Motion was seconded by Trustee Sullivan and unanimously carried.

Trustee Beeton asked to revisit E.11 to see if there could be a unanimous vote from the Trustees, if an amount of $2,500 is specified that the Port Director may distribute as much as up to $2,500 per employee.

Vice Chairman Beeton asked for authority for a re-vote from the Trustees on E.11. Trustee Brown seconded Vice Chairman Beeton’s motion for a re-vote.

Vice Chairman Beeton moved to give the Port Director authority to give up to $2,500 per employee that has been at the Port for a full year pursuant to the Incentive Program, and payable in December, 2019. Trustee Maxwell seconded the motion. Chairman Shannon questioned if that was the final amount. Vice Chairman Beeton stated that the Port Director can go up to $2,500, and then in March, 2020 the actual difference will be paid. Motion passed unanimously.

Chairman Shannon called for comments from the Trustees.

Trustee Sullivan stated that everyone wants to reinvest in the Port, and does not see the concerns or evidence of pushing cargo out. Trustee Sullivan believes that all Trustees would vote on reinvesting in the Port, which will bring more opportunity to the citizens of
Galveston, the Professional staff and Labor on the water-front. Trustee Sullivan hoped that the Port continues to stay on track.

Trustee Brown and Trustee Maxwell both wished everyone a Merry Christmas and Happy New Year.

Chairman Shannon stated that he has asked the Port’s Attorney to send out the evaluation forms for the Port Directors evaluation, and asked the Trustees to bring them to the January meeting to review.

Chairman Shannon stated that the next Workshop and Regular Monthly Meeting of the Board of Trustees will be held on Tuesday, January 28, 2020 at the Port’s offices. The Finance Committee Meeting will be held on January 27, 2020.

Chairman Shannon called for a motion to adjourn.

On motion duly made and seconded, the Regular Monthly Meeting of the Board of Trustees of the Galveston Wharves stood adjourned at 2:36 p.m., Tuesday, December 17, 2019.

[Signature]
Angelina Ramirez, Secretary
Board of Trustees of the Galveston Wharves