PORT OF GALVESTON
REQUEST FOR DISCUSSION AND
TRUSTEES ACTION

MINUTES

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

SUBJECT: Minutes – Workshop Meeting of the Board of Trustees of the Galveston Wharves held Tuesday, November 19, 2019

BACKGROUND: Attached are the minutes of the Workshop Meeting of the Board of Trustees of the Galveston Wharves held Tuesday, November 19, 2019.

RECOMMENDATIONS: Port staff respectfully requests Board approval of the minutes from the Workshop Meeting of the Board of Trustees of the Galveston Wharves held Tuesday, November 19, 2019.

Respectfully Submitted By:

[Signature]
Rodger Rees, Port Director/CEO

DATE ACTION TAKEN: 

Approved: 
Disapproved: 
Deferred To: 
Incorporated into Minutes: 

Motion By: ________________________
Seconded By: ________________________
Unanimous: Yes ______ No ______
By: ________________________
Minutes of the Workshop
Board of Trustees of the Galveston Wharves
Tuesday, November 19, 2019

Minutes of the Workshop Meeting held Tuesday, November 19, 2019 on the 8th floor of the Port offices at 123 Rosenberg, Galveston, Texas.

Chairman Shannon called the Workshop to order at 8:34 a.m., Tuesday, November 19, 2019.

The Secretary to the Board called roll.

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

Present: Vice Chairman Albert P. Shannon
Trustee Craig Brown
Trustee Harry D. Maxwell, Jr.
Trustee Todd P. Sullivan

Vice Chair Elizabeth Beeton
Trustee, Richard DeVries
Trustee E. L. “Ted” O’Rourke

Others: Rodger Rees
Merk Murchison
Cristina Gulego
Angie Ramirez
Julio DeLeon

Anthony P. Brown
Brett Milutin
Laura Camcioglu
Jeff Thomas
Kenneth Brown

Chairman Shannon called for conflicts of interest. Director Sullivan noted his standing conflicts on Texas International Terminals, Callan Marine, and DRC Emergency Services.

Chairman Shannon called for Presentations and Announcements.
The Trustees heard presentations from the U.S. Army Corps of Engineers and Bermello Ajamil & Partners, Inc., an audio and video are made available on the Port’s Website for viewing of this Workshop.

Chairman Shannon called for the CFO Report – Consent Agenda. Chairman Shannon stated that all Trustees were present at the Finance Committee yesterday, and reviewed the CFO Report and Consent Agenda thoroughly, and asked if any of the Trustees needed more discussion. No additional discussion was voiced on the CFO Report and Consent Agenda.

Chairman Shannon called for Comments from the Public.

Comments were heard from Marguerite Shiflett on VIP Parking Difficulties. Comments were also heard from Jami Fairly on Parking at CT2.

Chairman Shannon Called for the Port Director’s Report for November 19, 2019.
The Port Director outlined the details of his report, noting financials, tonnages, and other information that was provided to the Trustees in their notebooks.
D.1 **Update on FEMA Projects:** Mr. Clifton Hebert with Wit O’Brien’s gave a brief update to the Trustees on the status of the FEMA projects that are still outstanding.

D.2 **Discuss and Consider Proposed Agenda Preparation Policy:** Trustee Maxwell asked, with Trustee Brown’s help, to mirror the City’s policy on agenda preparation. Vice Chairman Beeton questioned when the Trustees would receive a copy of the agendas. Trustee Maxwell stated that the Trustees would receive a draft of the agenda on Thursday, by 5 p.m. Trustee Maxwell stated that the Trustees will have until Wednesday, noon, to deliver their agenda items to the Secretary of the Board, then the Secretary will send a copy of the draft agenda to the Board on Thursday, by 5 p.m. Trustees will have until noon on Friday to make any changes to the agenda before it is posted. The Trustees will receive their notebooks on Friday afternoon.

D.3 **Discuss a Memorandum of Understanding between the Galveston Wharves Board and the City Related to Payments to the City Associated with Increased Cruise Passenger Usage in the Future:** Trustee Brown stated that City Council had an open session last Thursday where they discussed the Memorandum of Understanding with the Port on payments from the Royal Caribbean contract. Council gave direction to the City Attorney to accept a payment of the sum of $300,000 that would be the minimum payment, and if the .25 cent payments of passengers going on and going off the ship totaled more than 300,000 then the City would receive whatever that payment is. Payments will be made on a quarterly basis and, the Port would work on the Port’s fiscal year to set up a payment schedule on future payments to the City. Trustee Brown stated that unfortunately a document was not ready for the Board to review, but a Special Meeting could be set to review, and a MOU would be available for that meeting. The Port Director stated that a summary was received by Mr. Glywasky, and that this is to reimburse the City for infrastructure costs they may have in conjunction with the new terminal. This is an ongoing thing based on the number of passengers. This item will be deferred until a special meeting is scheduled.

D.4 **Discuss Status of Cruise Terminal No. 2 Parking Plans:** Trustee O’Rourke noted that the wording has changed a little from the wording he submitted, but that it would do. Trustee O’Rourke felt friction when the people made public comments got up and spoke. Trustee O’Rourke stated that he wanted to make it clear that he has never spoken to those people in his life, and people can believe him or not. Vice Chairman Beeton questioned if this was the agenda item. Trustee O’Rourke stated yes, that this is the topic of the VIP parking lot, and that his wording was changed. Vice Chairman Beeton believed that now Trustee O’Rourke is speaking of public comments and that the people who make public comments are not inviting the Trustees to talk about their relationship with them. Trustee O’Rourke felt that he always gets the blame for stuff, and wanted the Chairman and the Board to know that he has not influenced those people to speak at today’s meeting. Trustee O’Rourke read from the Master Service Agreement that was adopted on June 26 and when it was adopted the Port would spend $47,258 on the VIP parking, it was amended to increase $71,462 and that on the bottom line on the total service agreement it doesn’t change the number, but money was switched around to add to the VIP parking lot. Chairman Shannon asked what Trustee O’Rourke was reading from. Trustee O’Rourke stated that the Master Service Agreement. Trustee Maxwell questioned what the Master Service Agreement was.
The Port Director stated that it is the agreement that was made with Associated Parking to purchase the parking equipment for all of the various locations on the Port. Trustee O’Rourke stated that he does not have a problem with the increase or changing the dollar amounts. Trustee O’Rourke noted that dedicated out of this is $71,000 to put into the VIP parking per this contract. Trustee O’Rourke stated that this was brought up back in September when Mike Nelson came to the Port and addressed the Board. The additional things that the ladies spoke of today, came to light after this fact a month ago or three weeks ago, after a parking meeting with the Port moving them to a lot and having them pay, etc. Trustee O’Rourke stated that we are under contract with the cruise lines. Trustee O’Rourke read aloud from a contract, and stated that this is a land use operation and that makes this a Board decision, and stated that this is not a procedure decision, or an operational decision, this is a contractual discussion that is made by the Board. Trustee O’Rourke stated that this is why he asked for this to be on the agenda, and stated that he wanted the Board to be aware that this is a contractual issue dated June 1, 2014 and terminates in December 31, 2022, with a renewal term of 6 years terminating in 2028.

Trustee Maxwell stated that the Board has not been asked to do anything. Trustee O’Rourke stated that we just heard today from the public that they were notified that they were going to have to pay money to park in a lot, and be shuttled. Trustee O’Rourke said he has received calls, and there was an article in the paper stating that he has been involved with Port operations. Trustee O’Rourke stated that the Board has obligations to deal with these customers fittingly as a partner.

Trustee Maxwell asked Trustee O’Rourke if he called Royal Caribbean about the parking plan. Trustee O’Rourke questioned about what and when? Trustee Maxwell stated last week. Trustee O’Rourke stated no, he had not talked to RCI about the parking plan. Trustee O’Rourke stated that he talked with Mike Nelson. Chairman Shannon asked Trustee O’Rourke if he spoke with Russel Benford. Trustee O’Rourke stated yes, he spoke with Russel Benford, but not last week. Chairman Shannon asked Trustee O’Rourke if he notified Russel Benford about the parking lot. Trustee O’Rourke stated that Mr. Benford already knew about it, and that they talked about it. Trustee O’Rourke stated that Mike Nelson talked to Mr. Benford about it. Chairman Shannon stated that he called Mr. Benford and that Mr. Benford stated that Trustee O’Rourke notified him about it. Trustee O’Rourke stated that Mike Nelson called him also. Trustee Maxwell questioned Trustee O’Rourke on why we have Board Policies if Trustee O’Rourke is not going to follow them. Trustee O’Rourke stated that he does not need to follow policy when it comes to that. Trustee Maxwell stated that this is Port operations. Trustee O’Rourke stated that this is not Port operations this is a Board decision. Trustee Maxwell explained to Trustee O’Rourke that he called an executive at Royal Caribbean then who called Miguel at Royal Caribbean, who works with the Port Director questioning what’s going on at the Port. Trustee Maxwell stated that the Port is in the middle of the biggest negotiation for a lease that the Port has ever had, and Trustee O’Rourke is saying there is a problem in Galveston. Trustee O’Rourke questioned if Trustee Maxwell doesn’t think there is a problem with that, we just heard today, noting that there was a problem. Trustee Maxwell stated no, the problem is Trustee O’Rourke not following procedures. Trustee O’Rourke stated that he has the ability talk to anybody he wants to whether he is a board member or not. Chairman Shannon stated that he takes exception to that, and will bring that up in the next meeting agenda item.
Chairman Shannon stated that the work being done is part of the automation for parking. The Port Director explained that regardless of who is parking there, going forward they will need a parking keycard that will allow them to park there. Trustee O’Rourke stated that that is not what has been told to customers out there using that facility. Trustee O’Rourke stated that this can be smoothed over, but the customer was told they were going to have to move, pay and walk. After debate on whether this is an operational issue, Trustee O’Rourke felt strongly that this is not an operational issue. Vice Chairman Beeton questioned why Trustee O’Rourke feels like this is not an operational issue. Trustee O’Rourke stated because this is land use, and the Board is in control of the land use. Vice Chairman Beeton stated that the Board has delegated operations at the port to the Port Director. The fact that there is a contract in place, most of the operations are subject to contractual agreements. Trustee O’Rourke stated that the Board is in charge of the land use, and will send and prove it to the Board.

Trustee O’Rourke questioned Counsel, Mr. Brown, if the Board is not in charge of the land use. Mr. Brown stated that it is governed by the Board’s policy where items have been delegated to the Port Director, and are his responsibility. The Policy states that when dealing with customers, or the public, or community that the Port speaks with one voice, as the Port. Upon completion of all discussion, Chairman Shannon stated that Trustee O’Rourke is getting into the next agenda item, the responsibilities of the Port Director.

Chairman Shannon read from the current policy page 3., item 3., and read the Development of Plans by Port Director aloud. The Chairman feels that Trustee O’Rourke is taking exception to the policy. Chairman Shannon stated that this is the policy, and that this is responsibility of the Trustees who have delegated this responsibility to the Port Director, and that this is exactly what is being done by the Port Director. This is part of the Port Director’s duties, and if the Board doesn’t agree with it, then the Board would vote against it, but as a Board we respect what he does as his job. Trustee O’Rourke stated that he will not change his ways.

Trustee O’Rourke stated, that he has been on the waterfront for over 50 years, and when people come to him with concerns that he will do what he has always done, he will call the Chairman first, and if he doesn’t answer, then he will call Trustee Maxwell, and he will call the Port Director every time, but noted that he did not call the Port Director this time, because he had been in an accident.

Trustee O’Rourke stated that if a person comes to him with concerns with the Port that have to do with anything that he believes needs to be addressed he will take it to the Port Director and the Chairman. Trustee O’Rourke stated that he has been doing business with the cruise lines since 2000. Trustee O’Rourke stated that he would talk to the cruise lines with issue at the Port. Trustee O’Rourke stated that he would talk to anybody that wants to talk to him with an issue about the Port. Trustee O’Rourke stated that he feels he didn’t do anything wrong by talking to anybody.

Chairman Shannon questioned if Trustee O’Rourke talked with Mike McGarry about the parking issue. Trustee O’Rourke could not recall. Chairman Shannon questioned if Trustee O’Rourke talked with Tandy Bondi about parking. Trustee O’Rourke stated no. The Chairman stated that with the Port Director’s permission, he called both Mr. McGarry and
Ms. Bondi, and in both cases, they did not say where they had heard this, but were being
called by the newspaper for a story about parking. The cruise lines mentioned to the
Chairman that this is internal affairs at the port and that they typically do not get involved
with these kind of things. Trustee O’Rourke stated that he did not talk to Mr. McGarry or
Ms. Bondi about the cruise parking.

D.5 Consider Approval of Revision to Policies Regulating Performance of Duties-
Board of Trustees and Port Director of the Galveston Wharves (Board Management
Policy): Trustee O’Rourke stated that he hastily voted on this agenda item at the last Board
meeting. Trustee O’Rourke stated that a redline version of the policy was handed out at the
meeting without ample time for review. A copy of Trustee O’Rourke’s handout was read
aloud and is attached as part of these minutes. Trustee O’Rourke wants to see when any of
these benefits are given out under the new policy. Trustee O’Rourke does not agree with the
changes on page 2 of the redlined copy in the policy. It changes h. and it changes j. Trustee
Maxwell stated that he voted for it, because he thought it was a good policy. Trustee
Maxwell stated that things are changing. Trustee DeVries questioned why Trustee
O’Rourke wanted to see so much detail. Trustee O’Rourke stated he wants to see who
receives those benefits. Trustee DeVries believes that this is micro managing.

Vice Chairman Beeton noted that the authority to the Port Director is restricted to $150, 000
per year and that’s total compensation. Any employee paid over that amount has to be
approved by the Board. The Board clearly defined compensation to include any employee
who’s paid total compensation over that amount must be approved by the Board. The Board
simply includes a1 W-2 compensation. It’s not unlimited delegation of the Port Director’s
authority. Trustee Maxwell stated that the Port Director has always had the authority, and
this was a change just to clarify compensation.

Trustee Brown stated that if the City approves the budget for salaries, then like the Port, the
Port Director would have the authority to function within the policy and spend that money
accordingly. Trustee Brown clarified that what Trustee O’Rourke is asking for is to see
those amenities that are given, and wants to be notified. Trustee O’Rourke stated that he has
never seen some of these new practices at the Port.

Vice Chairman Beeton stated it is subject to the cap under the Port Director’s authority.
Trustee Brown agreed that under the cap, the Port Director has the ability to do what he
would like, and feel is in the best interest, and within W-2 compensation.

Chairman Shannon revisited the Board Management Policy and read from the first page
under the second paragraph which focuses on the responsibilities of the Port Director and
the Board. A copy of the Board Management Policy is attached. After reading the statement,
Chairman Shannon stated that he would like to see a few things added to the policy, if a
Trustee is going to talk to a customer, that he/she take the Port Director with the Trustee,
or someone of his choosing, along with that Trustee. It is important in clarity and
transparency that the Port Director needs to know what is going on. Chairman Shannon
stated that also on page seven, item number 15, Relations with News Media, the Chairman
wanted to see this enforced and to replace the word from should to shall. Under item 16
sentence starting with they, they shall also deal openly and equally with all representative
of the news media. The Port Director may delegate to members of the Public Relations staff the handling of press inquiries. The Chairman would like to see that sentence moved up to item 15 under Relations with News Media. Trustee Maxwell suggested that the Port Attorney present a redline version to the Board to consider those changes.

Vice Chairman Beeton feels that once they become Trustees, then Trustees are not free thereafter to have communications on Port business with officials from our cruise partners or the Port’s major tenants, those conversations, regardless of who initiates them, need to be acknowledge and then politely referred to the Port Director. Trustee Sullivan agreed with both Vice Chairman Beeton and Trustee O’Rourke that all appointed public officials have a duty to answer anybody in the public, they have the right to ask the Board questions, and feels that if you have some knowledge that you should be able to speak about it. Trustee Sullivan acknowledged that Trustee O’Rourke has a great passion for the Port, but the Vice Chairman is right. The emphasis should be added on Official Port Business, and needs to be one position.

Trustee O’Rourke stated that in the By-Laws you can talk to any customers, you just could not make any commitment. Chairman Shannon stated that it’s initiating operations and operational decisions without the Port Director knowing about them. Vice Chairman Beeton stated that we are addressing calling high-level executives with Royal Caribbean and Carnival, informing them of changes at the Port regarding parking of employees who service their ships, and that this could be trouble for you, and encourages the cruise lines to get involved. Vice Chairman Beeton stated that she believed that this is a violation of policy. Vice Chairman Beeton stated that we hear a lot about policy where the Port Director is concerned from the same Trustee whom we are talking about, who is overstepping the bounds of the Trustees roll under the Port policy.

Chairman Shannon agreed with Trustee Maxwell that we are in the middle of some serious negotiations, with one of the largest investments of the Port, and any interference with those negotiations does not help the Port Director’s position with negotiations. Chairman Shannon stated, that we need to speak with one voice and be unified when it comes to the Port Director’s duties and responsibilities and support them. If the Board doesn’t support them, and votes against them, that’s fine, but we are not to hold that against the Port Director. Chairman Shannon stated that he will take Vice Chairman Beeton’s advice, and the Chairman will make some changes to the policy, and bring those changes back to the Board.

D.6 Discuss Amendment No. Six to the Galveston Wharves Pension Plan Relating to A One-Time Cost of Living Adjustment Effective January 1, 2020: This item was deferred until the December meeting.

D.7 Discuss Funding Policy as Required by Texas Pension Review Board: This item was deferred until the December meeting.

D.8 Discuss and Consider Preliminary Plan to Relocate Wallenius Wilhelmsen Ocean (WWO) To West End of the Port and Approve Initial Expenditures on Engineering and Infrastructure Improvements Necessary for the WWO Relocation: Vice Chairman Beeton asked if this item could be deferred until after executive session, and be discussed in the Regular Monthly Meeting. All Trustees agreed.
Chairman Shannon announced that the Trustees were going into Executive Session in room 204, pursuant to Texas Government Code Section 551.071 – Consultation with Attorney, Section 551.074 – Personnel, Section 551.072 - Real Estate, and Section 551.087 – Economic Development Negotiation.

The time was 1:37 p.m., Tuesday, November 19, 2019.

Chairman Shannon convened the Executive Session at 1:40 p.m. on Tuesday, November 19, 2019.

Chairman Shannon adjourned the Executive Session at 4:11 p.m., Tuesday, November 19, 2019.

Chairman Shannon reconvened the Workshop at 4:13 p.m., Tuesday, November 19, 2019.

Chairman Shannon called for a motion to adjourn. On motion duly made and second, the Workshop stood adjourned at 4:14 p.m., Tuesday, November 19, 2019.

Angelina Ramirez, Secretary
Board of Trustees of the Galveston Wharves
DUTIES POLICY (POLICIES REGULATING PERFORMANCE OF DUTIES BOARD OF TRUSTEES AND PORT DIRECTOR OF THE GALVESTON WHARVES) – Effective October 29, 2019

- At the last regular meeting, the board changed the duties policy to allow the port director to give “total compensation” and not just salary up to $150,000. This “compensation” does not include medical or other group benefits.

  ➢ This new definition of “compensation” appears to conflict with a section of the port bylaws: (Article 6, 2) review and approve all retirement, health insurance and other employment-related benefits provided to employees in addition to their salaries or wages), and hasn’t reconciled the term “benefits”. Bylaws trump policies.

- The board also changed the duties policy to allow the port director to settle claims specifying an amount under the purchasing policy and enter into severance agreements not to exceed 3 months when terminating an employee.

I am against these changes as:

1. These practices have already been used without board approval by the current staff.

2. It is an attempt to make wrong right by policy changes.

3. It takes the policy that has been under the boards’s purview and required a public vote and allows a hidden process to give extra benefits and termination payouts without fully disclosing these payments to the public.

If the board keeps this change, I would like to:

1. Request that the duties policy be amended to include that the port director will include in the monthly report any compensation - other than salary - and any claim settlements.

   OR

2. Request this information be provided to me monthly until I’m off the board. If other members are not interested in the information that is their prerogative.

E. L. “Ted O’Rourke, Trustee