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, December 17, 2019

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

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

Respectfully Submitted By:

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, December 17, 2019

Minutes of the Workshop held Tuesday, December 17, 2019, on the 8th floor of the Port Offices at 123 Rosenberg, Galveston, Texas.

Chairman Shannon called the Workshop to order at 9:00 a.m., Tuesday, December 17, 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  
Mark Murchison  
Cristina Galego  
Angie Ramirez  
Julio DeLeon

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

Chairman Shannon declared a quorum.

The Board, Staff and Visitors recited the Pledge of Allegiance.

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

Chairman Shannon called for Presentations and Announcements. The Port Director stated that there would not be a presentation this month from Pilot LNG, LLC, but that they will make a presentation at the January meeting.

Trustee O’Rourke asked if comments from the public could be move to the front of the agenda, before the CFO and Port Director’s Reports.

Chairman Shannon called for Comments from the Public. Chairman Shannon announced that he only had one comment and called on Mr. Benny Holland. Mr. Holland thanked the Trustees for their time, noting that the Trustees volunteer their time and understood the Trustees duties of balancing revenues and jobs. Mr. Holland stated that he has a few concerns about the Master Plan that he would like to ask the Board about. Mr. Holland stated...
that he has been approached by a couple of companies and by the Union, stating that these companies are afraid of losing their customers. Two companies stated that they had to be off of the premises by March 1, 2020. Another company stated that the Port doesn’t want them anymore. Mr. Holland stated that that is between 200,000 thousand-man hours made to feed their families that will be lost between the three companies. Mr. Holland stated that when the Master Plan came out, the ILA was invited to come to the Port to sit down with the consultants and the Port Director, and the ILA was reassured that no business would be lost. Mr. Holland stated that they were told that they would move WWO from Pier 10 to the West-end, but that there were leases on some properties where they could continue to keep the existing customers. Mr. Holland noted that now he is finding out that there is a possibility that these customers will be gone. Mr. Holland referenced a call he received from the stevedore, saying that they received an email stating that they had to leave the premises by March 1st, and that had Mr. Holland concerned. Mr. Holland stated that it’s difficult to tell these individuals, who have to feed their families and pay bills every month, that March 1st you’re not going to have a job. Although Mr. Holland was very concerned he would like to know what has driven this, and why ILA was not invited back up to the Port to hear that the issue had changed. Mr. Holland questioned the Board on why this change has occurred, and if this change is permanent. Chairman Shannon stated that he appreciates Mr. Holland’s comments, and that the Master Plan will be discussed a little later on the agenda, and welcomed Mr. Holland to stay and hear those comments. Mr. Holland stated that he has been on the Port since 1960 and has come from the waterfront and knows how important the jobs are on the waterfront to every one of the people here. Mr. Holland stated that after researching, 70% of longshoremen work on the Island, and that that income is turned over seven times in the community. Mr. Holland stated that he is in favor of the Master Plan, but that he doesn’t want to see jobs run off, and people have to go home and tell their families they don’t have a job. The Port Director responded, saying that things are changing, stating that information is being released prematurely and stated that the Port did notify some of the tenants that they would have to vacate and that we are looking at other locations on the Port. The Port Director stated that jobs are very important to the Port, and he believed that we are working together, and that we will continue to come up with some kind of resolution. Mr. Holland referenced the email that was sent, and said that the email he read stated that they had to move by March 1st.

Mr. Milutin, Director of Operations, clarified that he has been working hand-in-hand with a lot of the stevedore companies to see what can be done to keep the business at the Port. Mr. Milutin stated that after the signing of the agreement with Royal Caribbean, Mr. Milutin texted one of his contacts to give him a heads up, that the Port will be drafting a letter to the companies that will be sent out sometime next week advising them that by March 1st the Port will need that property. Mr. Milutin stated that this was just giving a heads up to the stevedores so that they are aware of this, and are usually the first people to know. Trustee Brown questioned how many companies were we talking about. Mr. Milutin confirmed two carriers. Mr. Milutin noted that no one has received an email, this was just a text. Mr. Milutin stated that he has always been in contact with the companies working on alternate arrangements and continuing to have on going conversations with the companies. Mr. Milutin showed the Board on the Boardroom wall the locations of cargo that is going to need to be relocated. The Port Director stated that the Port will continue to have conversations and keep the communications open with these companies. The Port Director stated that the Port certainly wants to keep everyone here, because these companies bring

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revenue and jobs to the Port. The Port Director stated that there are some issues with the City on some property that is being worked out, and Mr. Milutin is continuing to have ongoing conversations with these companies. Mr. Holland stated that he appreciates the Board, and knows the difficulties of the decisions of the Board, and asked the Board to consider when they are making decisions to take into count how many people’s lives this will affect. Trustee O’Rourke read aloud the text that Mr. Milutin sent to the stevedore. Trustee O’Rourke stated that all Trustees should be notified when major decisions are being made, both now and in the future.

Chairman Shannon thanked Mr. Holland for his comments. Chairman Shannon stated that he shares Mr. Holland’s concerns, and that the Chairman has many friends that work on the waterfront, and he does understand how important it is to this community to keep jobs on the waterfront. These jobs circulate money in the community that is good for businesses. The Chairman commended Mr. Milutin for getting out in front of the situation, and stated that you have to notify customers in advance, and work through these issues, with communication face to face.

Chairman Shannon was sorry that Trustee O’Rourke left the room, because he has concerns about the procedures at the Port. Chairman Shannon stated that the Port Director does the normal day-to-day business at the Port. Chairman Shannon stated that we need to work with respect and trust for each other here on the Board, and in the community, and with the people that work in this Port. We need to take these things a step at a time. The transition over the next twenty years will be quite a change. The port is making more money, stating that in the past the Board has kept the port operating on very thin ice. The Port has great opportunity to build this Port, and it will take a few growing pains along the way. It is going to take working together, and we have to do it. We have to bring the business to get the jobs. This will take time and communication, and working together.

Trustee Brown asked for an update on the status of relocating the companies at the January meeting. Trustee DeVries stated that as long as he has been on the Board, and previous to that, he can never recall anyone saying that they wanted to eliminate cargo or Port jobs. That has never been a goal of this Board. It is unfortunate that misinformation from this Board, a person, releases wrong information out. Trustee DeVries stated that he would dispute the fact that this Board has never tried to run Del-Monte off. Trustee DeVries understands that working with Del-Monte is in their part on what their wants and needs are, and the Port is working on that. Trustee DeVries does not want labor or the community to think that this Board is trying to get rid of jobs. That is not the case. Mr. Holland stated that he negotiates the contracts with Del-Monte and Del-Monte told him that the Port does not want them anymore. Mr. Holland stated that he did not receive that information from any Board member, but that he heard it straight from customers themselves, because they wanted to negotiate a contract in Freeport. Mr. Holland stated that he agrees, the Board has never talked about eliminating job, and this is the only reason Mr. Holland is at today’s meeting, because of the talk of eliminating jobs. The Trustees disagreed with Mr. Holland. The Port is not talking about eliminating jobs. Vice Chairman Becket wanted Mr. Milutin to reiterate that the text sent was as a courtesy to inform that a formal letter would be forthcoming, because of legal necessity of giving that notice, and now has been taking out of contents. Mr. Milutin stated that there is no lease with these companies, and does not know if the Port has any legal obligation to notify the companies, and that he just wanted to give them the
courtesy and let them know. After lengthy discussion, Chairman Shannon moved to the next agenda item.

Chairman Shannon called on the CFO and Consent Agenda.

The Finance Director briefed the Trustees on Consent Agenda Items that were discussed at the Finance Committee Meeting yesterday. Items a. Board and Staff Expense Report, b. Financial Statements, c. Port Investments Report, d. Bank Reconciliation Report and Schedule of Internal Fund Balances, e. Cash Flow Projections, f. Monthly Delinquent Accounts Receivable Analysis, g. Vendor Check Register Report as submitted. No items were submitted under Item h. Trade Development.

Chairman Shannon called on the Port Directors Report.

The Port Director briefed the Trustees on his monthly report that was furnished to the Trustees in their notebooks. After all meaningful discussion was heard and questions answered, Chairman Shannon thanked the Port Director for his report.

Chairman Shannon called for Business Items.

**D.6 Discuss Funding Policy as Required by the Texas Pension Review Board, D.7 Discuss Amendment No. Six to the Galveston Wharves Pension Plan Relating to a One-Time Cost of Living Adjustment Effective January 1, 2020:** After review of the Funding Policy and review of the funding procedures for the Galveston Wharves Pension Plan, and hearing detailed discussion on the One-Time Cost of Living adjustment for retirees. The Port Attorney stated that under the plan, no annual percentage increase could exceed the annual percentage increase of the B.L.S., Bureau Labor Statistics cost of living index, which currently year over year is 2.1%, which currently constrains what the Board can do at any particular time. Mr. Brown stated that either the 1% or 2% option is available, and the only other requirement is that the plan will be actuarially sound after providing the cola, and still be at the 85%, which is good. Chairman Shannon moved forward to the next agenda item.

**D.1 Discuss Master Plan:** Mr. Rees understood that the Board was okay with the Master Plan at the last meeting. Mr. Rees stated that pending approval, there will be a presentation tonight at Cruise Terminal 1 and another public meeting at Cruise Terminal 1 tomorrow showing the final Master Plan to the public. Trustee O’Rourke stated that he would not vote unless there was another alternative for Del-Monte. Trustee O’Rourke stated that he would have liked to see the option of keeping it in the final Master Plan. Vice Chairman Beeton had one minor suggestion that she would like a change in the language under Master Plan Objective which is that she would like it to say, to increase waterborne trade and commerce, adding *benefiting the citizens of Galveston*. Vice Chairman Beeton would also like to see where it says waterborne trade and commerce, say *waterborne and waterfront trade and commerce*. With all discussion heard and recommendations of revised on verbiage by the Trustees, Chairman Shannon asked for additional comments from the Trustees. No comments were voiced.

**D.2 Update on FEMA Projects:** Ms. Camcioglu stated that they had a productive meeting with the City, discussing work plan issues, as discussed in the Port Director’s
report. Ms. Camcioglu stated that a joint effort coordinating meetings between TDEM, the Port, UTMB, and the City to discuss stalls in the project workflow to FEMA. Mrs. Camcioglu stated that the City would be providing reporting support in the development of post disaster policies and procedures. Mrs. Camcioglu stated the Port would also be coordinating a meeting with the State looking at accounting procedures, hosting yearly rotation meetings between the City, UTMB, and the Port. Mr. Hebert, with Wit O’Brien, stated that he had a good meeting with the City, noting that the City and UTMB are having the same issue as the Port. Mr. Hebert believed that the Port is getting good feedback from TDEM, and is seeing good progress made with the movement of the current 48 projects. Mr. Hebert explained the closeout process to the Trustees, and felt that the Port is starting to see progress.

D.3 Discuss Galveston Wharves Expense Control Policy/Procedures: Mr. Murchison stated that the Finance Department has been reviewing and going over all of the Finance Policies and Procedures, noting that is just a continuation of reviewing the Expense Control Policy and Procedures. No requested changes were made by the Trustees on this item.

D.4 Discuss Policies Regulating Performance of Duties of Board of Trustee and Port Director of the Galveston Wharves (“Board Management Policy”): Chairman Shannon stated that this is important to go back over the Board Management Policy and set the tone for day-to-day operations and respect of the duties of various management and the separation of duties of the Board. Chairman Shannon read from the first paragraph, second sentence of the Board Management Policy to the end of the second paragraph. Chairman Shannon then read from page 3 section 2. Administrative Decisions by Port Director. Page 3, Section 3 Development of Plans by Port Director. Chairman Shannon stated that he was sorry to say that he feels Trustee O’Rourke has not gone about his responsibilities as a Trustee in a manner that is respectful, and recognizing the duties of the Port Director, and allowing the Port Director to fulfill his duties without interfering in those duties. The Board sets policy, and does not carry out the policy as it carries on to the day-to-day jobs and performance. Chairman Shannon stated that there has been interference in parking, the property of the used car export business, and the text forwarded to Trustee O’Rourke getting involved without consulting the Port Director. Because of there negotiations and resolutions, it has become difficult and undermines the authority of the Port Director. Trustee O’Rourke responded to Chairman Shannon’s comments saying that he would not stop doing his duties as a Trustee. Trustee O’Rourke feels that he is being singled out to keep him quiet. Trustee O’Rourke stated that that would never happen. Chairman Shannon questioned if Trustee O’Rourke called BNSF. Trustee O’Rourke stated yes, that he wanted to know where the Port stands. Trustee O’Rourke stated that the Port has been working on the railroad for over a year, and wanted to know why we cannot get them the property and get the deal done. After further discussion amongst the Trustees, Trustee O’Rourke asked Chairman Shannon what he wants to do about the situation. Chairman Shannon asked that Trustee O’Rourke follow procedure and be respectful to the Port Director, and other Board members. Trustee O’Rourke stated that that is fine. Day-to-day business is to be conducted by the Port Director.

Vice Chairman Beeton stated that once we become Trustees we agree to abide by the policies and the Board can no longer make some of the calls that can be made as private citizens. Vice Chairman Beeton referenced calling the railroad to try to begin negotiating
acquisition of property that the Port Director is trying to acquire, pursuant to the direction of the Board. So, the policies work both ways. Vice Chairman Beeton stated that discussions with staff are another example of what happened on Thursday, with Trustee O’Rourke complaining directly to the Harbor Master the Port Director’s efforts to relocate WWL, which resulted in a police report filed by the Harbor Master against Trustee O’Rourke, because of the threatening nature of the conversation. The topic was inappropriate from the outset. If the Board has questions about the Port Directors approach, the Trustees must direct that to the Port Director or put that on the agenda for the Board to address.

Trustee O’Rourke stated that now that this is out in the Public, Trustee O’Rourke denies threatening anybody, and false report was filed. Trustee O’Rourke stated that he never threatened anybody. He had a general discussion during the function, noting that Trustee O’Rourke had stated that he was in a good mood the whole evening. Trustee O’Rourke stated that all he said was that it was going to be upsetting if we lose those jobs, and Mr. Milutin stated that he hopes to get additional property to be able to keep the jobs. Trustee O’Rourke stated that he never said one word threatening. Trustee O’Rourke stated that he will take charge of the matter, because a false report was made and he will meet with Port Police this afternoon and he will take care of that. Trustee O’Rourke stated that he doesn’t appreciate people making up stories and smearing him, at the direction of the Port Director, and really feels bad that staff is doing that, and no one would want that done to them. Chairman Shannon stated that he has great concerns on Trustee O’Rourke’s comments about staff. Chairman Shannon stated that it is disrespectful to challenge Port staff when they took serious steps to move forward, and it was the Chairman’s recommendation to file a report, due to the nature of the comments made. Chairman Shannon stated that the statements needed to be documented. Chairman Shannon asked for this to be on the agenda to reiterate what the Trustees responsibilities are and to give the Port Directors the confidence to move ahead.

Trustee Maxwell stated that things are going so good at the Port, and wished that the Board could concentrate efforts on all the good work, and try to get passed what has been going, and continue all the good work that the Port Director has started. Trustee O’Rourke stated that he is telling the truth, and that he will not stand by without defending himself. Trustee O’Rourke feels that the Port Director is out to get him. After further comments made by the Trustees, Trustee DeVries stated that the Board takes an Oath of Office for this position to abide by the rules and policies and the regulations set forth in it. Trustee DeVries stated that Mr. O’Rourke is immune to this and that he is going to do whatever he wants. Trustee DeVries stated that that is not acceptable to this Board, and that he does not think that the City would put up with a Board member saying that they are going to do whatever they want to do.

**D.5 Discuss Galveston Wharves Contract Management Policy/Procedures:** Mrs. Camcioglu stated that the Port has not had this policy before and that she felt that it was important to develop a Contract Management Policy to implement the best practices and the management of the contracts. Trustee Brown questioned if the Port has to go through a competitive bidding process. Mrs. Camcioglu stated yes, that the state threshold is currently at $50,000 and anything over the $50,000 is required to come to the Board for approval.

**D.8 Consider Approval of the Renewal of Stevedore Licenses of Existing Licensed Stevedores:** Mr. Milutin stated that this item is to renew the Licenses of the current
Stevedores. No new Stevedore licensees were added this year. The Port Director questioned if this is something that the Board would like to continue to approve. Chairman Shannon stated yes, that the Board has approved them in the past, that it is good to know who our Stevedores are, and to know that they are keeping up with all the requirements.

D.9 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: Mr. Milutin briefed the Trustees on the on the month to month term of the 4.6 acres that will be leased to Suderman Contracting Stevedores. Mr. Milutin stated that the Port needs to give 30-day notice before any move or transition is made.

D.11 Discuss 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: Mr. Jeff Thomas stated that now that the ground lease has been executed there is an aggressive scheduled to meet. The Professional Services Agreement in the amount of $800,320, includes Preliminary Engineering as well as the Geotechnical Engineering, a Hydraulics and Hydrology Study, Detailed Design for professional services for the design of utilities and roadways for Cruise Terminal 3 development. Mr. Thomas stated that preliminary engineering would be over the next ninety days.

Trustee DeVries stated that one item that he has in his mind is the trolley, and questioned if this is part of the Master Plan. Trustee DeVries questioned if Royal Caribbean is expecting the trolley to run down to the terminal. Mr. Thomas stated that there are two trolley designs, one rubber wheeled, and a rail mounted trolley. Mr. Thomas explained to the Trustees the concepts of the trolley systems that are in the Master Plan.

Trustee Maxwell questioned how long the contract is for. Mr. Thomas stated 120 days plus 150 days for a total of 270 days. Trustee Maxwell questioned if the contract could be terminated the before the detailed design work is completed. Mr. Thomas stated yes, there is a clean cut off if the contract needed to be terminated. Chairman Shannon stated that Royal Caribbean has the right in the first 120 days if they find something that they are not happy with, to terminate the agreement. The Port could be out some money, but not a lot of money. The Port Director stated that this is work needed to be done on Pier 10 for a long time. After all questions were heard and answered, Chairman Shannon thanked Mr. Thomas, and moved to the next item.

D.11 Discuss Consulting Agreement with Community Strategies LLC: The Port Director stated that Ms. Thomas, who does communication work for the Port, has a contract that is getting ready to expire at the end of the year, and the Port Director wanted to bring the contract back to the Board for renewal. Chairman Shannon stated that Ms. Thomas has really helped with PR and has produced many good articles for the Port, getting more articles out in the community. Chairman Shannon stated that Ms. Thomas has really helped the Port image wise. Ms. Thomas is hired as a consultant. The contract was handed out to the Trustees at the meeting, and after a review of the agreement with Community Strategies, Mr. Brown asked that the Board authorize the Port Director, and Legal Counsel, to finalize
the agreement with Community Strategies LLC in an maximum amount not to exceed $45,000, at the hourly rate of $140 per hour. Mr. Brown stated that there are a few things that still need to be negotiated. The Port Director wanted to move forward, and bring this back to the Board if needed.

**D.12 Discuss and Consider Compensation Incentive Program Pre-Approved in 2019 Budget:** Chairman Shannon stated that he had asked for this agenda item on the agenda and felt that this information be transparent in the public talk about it, and move ahead. Mrs. Camcioglu stated that the Board approved last year the Port's Compensation Philosophy. Mrs. Camcioglu stated that there are two pieces to the Merit and Incentive Program that is based on evaluation and how the Port does overall for the year. The recommendation is to have a distribution, now in December, and in March after the books have closed, distribute the balance. The Port Director explained to the Board how the numbers were projected in the budget. Trustee Maxwell stated that the amount has already been approved, at an amount not to exceed 2% of net income from operations, and instead of paying the full amount out in March of 2020, accelerate and pay some of this in December with the final payment in March, so that the employees can have the money for the holidays. After considerable discussion on this item and hearing staff's recommendation, Trustee Maxwell stated that the motion would be to accelerate payment from March, and pay part of it in December before Christmas. There will be a cap not to exceed 2%. In March, the rest of the payment will be paid out based on the balance of the net income of 2019.

**D.13 Discuss Dates of 2020 Regular Board Meetings:** A copy of the Board Meeting schedule for 2020 was given to the Board in their notebooks. No changes were made to the meeting schedule.

**D.14 Update on Trustee Travel for 2020:** Chairman Shannon asked for this item on the agenda for the Port Director to recommend the conferences for the Trustees to attend in 2020. The meetings include the AAPA Commissioners Seminar and the AAPA Annual Meeting.

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 12:28 p.m., Tuesday, November 19, 2019.

Chairman Shannon convened the Executive Session at 12:45 p.m. on Tuesday, December 17, 2019.

Chairman Shannon adjourned the Executive Session at 1:48 p.m., Tuesday, December 17, 2019.

Chairman Shannon reconvened the Workshop at 1:50 p.m., Tuesday, December 17, 2019.

Chairman Shannon called for a motion to adjourn. *On motion duly made and second, the Workshop Meeting stood adjourned at 1:51 p.m., Tuesday, December 17, 2019.*
Angelina Ramirez, Secretary
Board of Trustees of the Galveston Wharves