

**PORT OF GALVESTON  
Request For Discussion And  
Trustees Action**

**BUSINESS ITEM – E-10**

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PREPARED BY: Roger Quiroga      Director of Economic Development      January 30, 2018

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**SUBJECT: Discuss and Consider Lease Agreement Between the Board of Trustees of the Galveston Wharves and Ports America Texas, Inc. to Lease Approximately 11,614 Square Feet of West End Port Property for a Two-Year Term and Accept the Changes Negotiated by Port Staff and the Port's Attorney**

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**BACKGROUND:** This item is being placed back on the agenda due to changes requested by Ports America's Legal Counsel. The requested changes are materially different than the Lease Agreement approved by the Trustees at the December 18, 2017 Board Meeting. (The Lease was sent to Ports America well before the Board of Trustees meeting, but their requested changes were not sent until after that meeting.) The Port's legal counsel is negotiating these requested changes. This this item is being placed on the Agenda in case material changes remain that would require approval by the Board of Trustees.

If necessary, the Port Attorney will brief the Trustees in Executive Session.

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**RECOMMENDATIONS:** The Trustees are respectfully requested to review the attached information, to listen to the briefing from the Interim Port Director and to approve the Agreement with Ports America Texas, Inc. to Lease approximately 11,614 square feet of west-end Port property for a two- year term, and accept the changes negotiated by Port staff and the Port's attorney.

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**Respectfully Submitted By:**

  
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**Rodger Rees, Port Director/ CEO**

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**DATE ACTION TAKEN:** \_\_\_\_\_

Approved: \_\_\_\_\_  
Disapproved: \_\_\_\_\_  
Deferred To: \_\_\_\_\_  
Incorporated into Minutes: \_\_\_\_\_

Motion By: \_\_\_\_\_  
Seconded By: \_\_\_\_\_  
Unanimous: Yes \_\_\_\_\_ No \_\_\_\_\_  
By: \_\_\_\_\_

**PORT OF GALVESTON**  
**Briefing**

**DISCUSS AND CONSIDER LEASE AGREEMENT BETWEEN THE BOARD OF TRUSTEES OF THE GALVESTON WHARVES AND PORTS AMERICA, TEXAS, INC. TO LEASE APPROXIMATELY 11,614 SQUARE FEET OF WEST END PORT PROPERTY FOR A TWO-YEAR TERM AND ACCEPT THE CHANGES NEGOTIATED BY PORT STAFF AND THE PORT'S ATTORNEY**

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**Background**

This item is being placed back on the agenda due to changes requested by Ports America's Legal Counsel. The requested changes are materially different than the Lease Agreement approved by the Trustees at the December 18, 2017 Board Meeting. (The Lease was sent to Ports America well before the Board of Trustees meeting, but their requested changes were not sent until after that meeting.) The Port's legal counsel is negotiating these requested changes. This this item is being placed on the Agenda in case material changes remain that would require approval by the Board of Trustees.

If necessary, the Port Attorney will brief the Trustees in Executive Session.

**Current Situation**

Ports America, Texas, Inc. has been doing business with the Port of Galveston since 1991. They were the successor corporation to Fairway Terminal Corporation through the purchase of that stevedore company who was doing business in Galveston at that time.

Ports America, Texas, Inc. is currently leasing property from the Port at the south end of Pier 40, on the south end of Wharf Road consisting of 8,314 square feet. The permitted use of the property is to store supplies and equipment relating to stevedoring services performed by the Lessee and to repair and service Lessee's stevedoring equipment.

In addition to the 8,314 square feet currently leased, an additional 3,300 square feet will be added to the new lease for the use of a trailer currently used for office space. This will bring the total number of square feet to 11,614.

This Lease Agreement was discussed and approved by the Board of Trustees at the December 18, 2018 Board Meeting. The only change that was made to the Lease requested by staff was to reduce the term of the agreement from three- years to two- years. After the Lease Agreement was sent for signature, the Port's Attorney received correspondence from Ports America's Legal Counsel wanting to change the Agreement. The changes discussed were worked out by Port staff and the Port's Attorney and now the Lease Agreement is acceptable to both Ports America and the Port.

**Fiscal Impact**

***Monthly rental payments will be increased to \$3,259.95 or \$39,119.40 annually.*** This compares to a current monthly payment of \$2,120.93 or \$25,451.16 annually. On each anniversary of the Effective Date, the rent will be adjusted on that date and each anniversary of such date to reflect

increases in the CPI for All Urban Consumers (CPI-U) for Houston-Galveston-Brazoria, Texas, All Items (1982-84=100). These monetary terms are the same as those originally approved by the Trustees in December.

**Staff Recommendation**

The Trustees are respectfully requested to review the attached information, to listen to the briefing from the Interim Port Director, and to approve the Agreement with Ports America Texas, Inc. to lease approximately 11,614 square feet of west-end Port property for a two-year term and accept the changes negotiated by staff and the Port's attorney.



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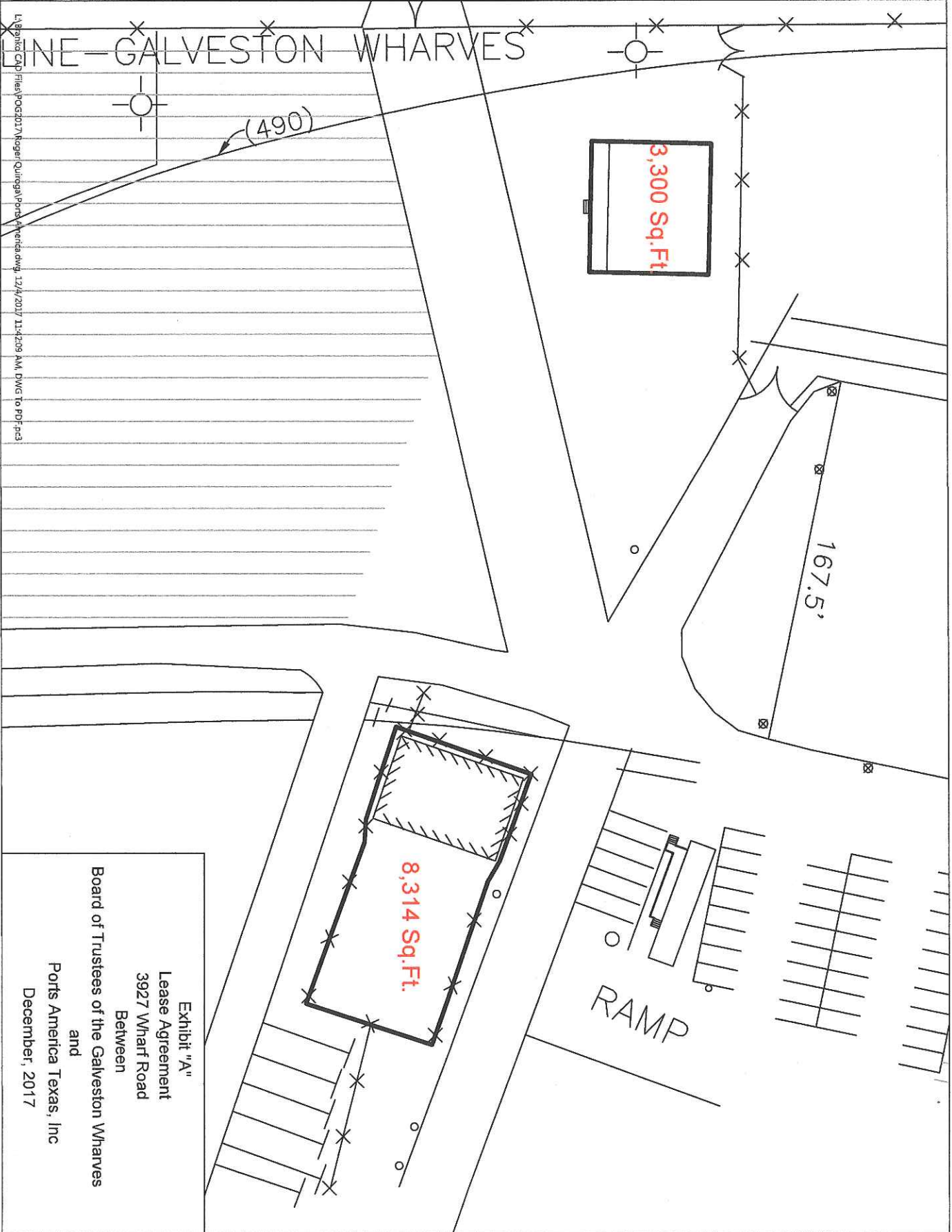


Exhibit "A"  
Lease Agreement  
3927 Wharf Road  
Between  
Board of Trustees of the Galveston Wharves  
and  
Ports America Texas, Inc  
December, 2017