

**CALHOUN PORT AUTHORITY  
REGULAR MEETING  
April 10, 2019**

A regular meeting of the Calhoun Port Authority was held on Wednesday, April 10, 2019 at 9:00 a.m. in the Calhoun Port Authority Board Room, Calhoun Port Authority Office, Point Comfort, Texas

Board Members attending were:

Commissioner # 1 – Tony Holladay  
Commissioner # 2 – Dell R. Weathersby  
Commissioner # 3 – J.C. Melcher, Jr.  
Commissioner # 4 – Randy L. Boyd  
Commissioner # 5 – Johnny Perez  
Commissioner # 6 – H. C. Wehmeyer, Jr.

Staff Members present were:

Charles R. Hausmann – Port Director  
Forrest Hawes – Deputy Port Director  
David Knuckey – Director of Engineering Services  
David Roberts – Roberts, Odefey, Witte & Wall  
Miranda Malek – Administrative Assistant

Others Present were:

Bill Cobb – Cobb & Counsel  
Rob Muil – Texas General Land Office  
Jack Wu – Formosa Plastics Corporation  
Clint Cox – Devall Towing  
Debra Boyd – Public Citizen  
Pam Lundin – Public Citizen  
Luis De La Garza – Public Citizen  
Jay Cuellar – Public Citizen  
D.D. Turner – The *Wave*

**Agenda Item No. 1: Call to Order:**

Board Chair Randy L. Boyd called the Regular Meeting to order at approximately 9:00 a.m. He announced that the agenda of the meeting was posted in accordance with the provisions of the Texas Open Meetings Act.

The Pledge of Allegiance was led by Board Chair Randy L. Boyd.

**Agenda Item No. 2: Approve the minutes of the Wednesday, March 13, 2019 Regular Meeting and the Monday, March 25, 2019 Special Meeting.**

The Board Members reviewed the minutes from the Wednesday, March 13, 2019 Regular Meeting and the Monday, March 25, 2019 Special Meeting. Pursuant to further review and discussion, a motion was made by Board Member Tony Holladay to approve the minutes of the Wednesday, March 13, 2019 Regular Meeting Minutes and the Monday, March 25, 2019 Special Meeting Minutes. The motion was seconded by Board Secretary H. C. Wehmeyer, Jr. and the motion carried unanimously.

**Agenda Item No. 3: Review of Financial Reports: All Funds.**

Deputy Director Forrest Hawes presented the following financial information to the Board Members for Review:

## Fund Balance Report as of March 31, 2019:

- 1.) Accounts Receivable Report as of March 31, 2019
- 2.) Mr. Hawes reported to the Board Members that the accounts receivable report specified that the accounts receivable were 95% current as of March 31, 2019.

**Agenda Item No. 4: Approval of Disbursements and Transfers: All Funds**

The Board Members reviewed the April 10, 2019 Port Operations Account disbursements. Pursuant to review, a motion was made by Board Member Tony Holladay to approve disbursements and the corresponding transfers for April 10, 2019. The motion was seconded by Board Member J. C. Melcher, Jr. and the motion carried that the disbursements and the corresponding transfers be approved.

<b><u>TRANSFER NO</u></b>	<b><u>FUND ACCOUNT</u></b>	<b><u>AMOUNT</u></b>
<b><u>GROSS REVENUE FUND</u></b>		
2019-030	To Port Operations Fund	\$ 64,009.84
2019-032	To Port Operations Fund	57,658.89
2019-034	To Port Operations Fund	212,545.91
	Total	\$ 334,214.64
<b><u>MAINTENANCE AND OPERATIONS FUND</u></b>		
2019-030	To Port Operations Fund	\$ 4,946.82
2019-032	To Port Operations Fund	4,248.75
2019-034	To Port Operations Fund	51.06
	Total	\$ 9,246.63
<b><u>BUSINESS DEVELOPMENT FUND</u></b>		
2019-034	To Port Operations Fund	\$ 92.50
	Total	\$ 92.50
<b><u>DEPRECIATION &amp; MAJOR REPAIR FUND</u></b>		
<b><u>AN/NH3 OPERATING FUND</u></b>		
2019-034	To Port Operations Fund	\$ 31,963.74
	Total	\$ 31,963.74
<b>TOTAL TRANSFERS TO PORT OPERATIONS ACCOUNT</b>		<b>\$ 375,517.51</b>

**INTERFUND TRANSFERS**

<b><u>DATE</u></b>	<b><u>FROM</u></b>	<b><u>TO</u></b>	<b><u>AMOUNT</u></b>
4/10/19	AN/NH3 Operating	AN/NH3 Dep. M/R	\$7,500.00
	Total		<u>\$7,500.00</u>

**Agenda Item No. 5: Port Director's Report.**

Charles R. Hausmann, Port Director, reported the following:

A. Harbor Traffic Statistics for the month of March:

That a total of 105 vessels had arrived at the public port facilities during the month of March; 25 deep draft arrivals and 80 inland barges and a total of 229 invoices were issued. Further, that 10 deep draft vessels were already on schedule for April arrival.

Total revenue tons for the month of March were 382,845.2 short tons. Total revenue tons for the first nine months of FY 2019 were 3,986,899.1.

B. NGL loaded out 14 crude oil barges totaling 44,800.9 short tons.

C. Seadrift Coke lightered 6 barges of needle coke totaling 9,991.4 short tons to 1 ship for export.

D. Harvest loaded out 6 crude oil barges totaling 21,399.9 short tons.

**Agenda Item No. 6: Public Comment.**

Mr. Luis De La Garza of Port Lavaca, Texas spoke for 5 minutes concerning the ongoing lawsuit and a recent lobbying trip to Washington, D.C.

**Agenda Item No. 7: Review and Consideration of Extending the Depository Services Agreement for the Period of June 1, 2019 through May 31, 2021.**

Prior to any discussion, Board Member J. C. Melcher, Jr. exited the Board Meeting. The remaining Board Members reviewed a copy of the depository agreement that the Port had with First National Bank in Port Lavaca. The Port has the right to extend the term of the original agreement by two years if it so chooses and the Port staff recommended exercising that option. Pursuant to further review and discussion, a motion was made by Tony Holladay to approve the extension of the Depository Services Agreement for the Period of June 1, 2019 through May 31, 2021. The motion was seconded by Board Secretary H. C. Wehmeyer, Jr. and the motion carried unanimously. Board Member J. C. Melcher, Jr. re-entered the meeting upon the conclusion of the vote.

**Agenda Item No. 8: Review and Consideration of Ratifying Insurance Coverage Acquired for April 1, 2019 to March 31, 2020.**

The Board Members reviewed a copy of the Port Property and Liability Package 2019 Insurance Proposal. The cost of our insurance coverage for the period of April 1, 2019 to March 31, 2020 was \$324,027.00. This was an increase of \$10,206.00 over our 2018 coverage costs due to the Ports FY2018 operating revenue being \$3,250,603.00 higher than our FY2017 operating revenue. The AN/NH3 fund will pay \$225,000.00 of the coverage with the port gross revenue fund paying the remaining \$99,027.00. Pursuant to further review and discussion, a motion was made by Board Member Tony Holladay to approve Ratifying Insurance Coverage acquired for April 1, 2019 through March 31, 2020. The motion was seconded by Board Member Johnny J. Perez and the motion carried unanimously.

**Agenda Item No. 9: Review and Consideration of an Approval of a Resolution Approving Additional Homestead Exemption for Tax Year 2019 as Allowed by Texas Property Tax Code §11.13 (n).**

The Members of the Board reviewed a copy of a letter from Chief Appraiser Jesse Hubbell of the Calhoun County Appraisal District stating that the Board May adopt a local option percentage homestead

exemption not to exceed 20% nor be less than \$5,000.00. The Port had adopted this resolution at the 20% rate in the previous years. Pursuant to further review and discussion, a motion was made by Board Member J. C. Melcher, Jr. to approve the Resolution approving Additional Homestead Exemption for Tax Year 2019. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

**Agenda Item No. 10: Review and Consideration of Approval of Payment to the Texas Department of Transportation in the Amount of \$300,000.00 as the Local Government's Share of the Cost of the FM 1593 (Rider 48) Rehabilitation Project in Accordance with the Advanced Funding Agreement Executed on December 3, 2018.**

The Board Members reviewed a copy of an interoffice memo regarding this project from David Knuckey, Director of Engineering Services. The Port's share of the \$4.0+million FM1593 rehabilitation project is \$300,000.00 as agreed to previously in the advanced funding agreement executed December 3, 2018. Pursuant to further review and discussion, a motion was made by Board J. C. Melcher, Jr. to approve the payment to the Texas Department of Transportation in the amount of \$300,000.00 as the Local Government's Share of the cost of the FM 1593 (Rider 48) Rehabilitation Project. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

**Agenda Item No. 11: Review and Consideration of Approval of a Proposal from G&W Engineers for Professional Services on the Dry Bulk Dock Re-Feed Project.**

The Board Members reviewed a memorandum for David Knuckey that reviewed the proposed professional Services Agreement for repowering the Dry Bulk Dock. Power was currently being provided by Formosa Plastic's CFB Power Plant and Formosa has requested that the Port repower the dock with power from AEP now that other users are utilizing the Dry Bulk Dock. Pursuant to further review and discussion, a motion was made by Board Member Dell R. Weathersby to approve the proposal from G&W Engineers for professional services on the Dry Bulk Dock Re-Feed Project. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

**Agenda Item No. 12: Review and Consideration of Execution of (1), a Letter of Support and (2) the Non-Federal Sponsor's Self-Certification of Financial Capability for Decision Documents for the Matagorda Ship Channel Feasibility Study Report and Environmental Impact Statement.**

The Board reviewed copies of the drafts of the letter of support and non-federal sponsor self-certification that were required to be included in the feasibility study report. Pursuant to further review and discussion, a motion was made by Board Member Tony Holladay to approve the Non-Federal Sponsor's Self-Certification of Financial Capability for Financial Documents for the Matagorda Ship Channel Feasibility Study Report and Environmental Impact Statement. The motion was seconded by Board Member Johnny J. Perez and the motion carried unanimously. The Letter of Support was not ready for review at the time of the meeting, so this portion of the agenda item was tabled.

**Agenda Item No. 13: Review and Consideration of Authorizing the Board Chair to Execute a Certificate of Authority between the Calhoun Port Authority and the Department of the Army, Matagorda Ship Channel Project, Calhoun County, Texas REIN 19-021; Real Estate Division, Letter of Permission DACW64-9-19-0289 for the Berthing Area Maintenance Dredging Project.**

The Board Members reviewed a copy of the letter from the Corps of Engineers that the Port was required to sign in order to place our berthing area maintenance dredge material into PA-19. Pursuant to further review and discussion, a motion was made by Board Member Tony Holladay to approve signing the letter from the Corps of Engineers in order to place our berthing area maintenance dredge material into PA-19. The motion was seconded by Board Member Dell R. Weathersby and the motion carried unanimously.

**Agenda Item No. 14: Review and Consideration of a Request from Formosa Plastics Corporation, Texas of a Possible Transfer or Assignment of the Calhoun Port Authority's 594.0 Acre-Foot of LNRA Water Supply for the Port Authority to Formosa Plastics Corporations, Texas.**

The Board Members reviewed a letter from Mr. Jack Wu, Vice President of Formosa Plastics Corporation, Texas requesting the Calhoun Port Authority to consider transferring or assigning the Port's LNRA water rights to Formosa. To transfer the 594.0-acre feet of LNRA Water supply would result in a complete loss of the acreage whereas to assign the acreage would allow the Port Authority to reclaim the rights with appropriate notice to Formosa Plastics Corporation. Pursuant to further review and discussion, a motion was made by Board J. C. Melcher, Jr. to approve the Port Director the authority to begin working on a contract to assign the Calhoun Port Authority's 594.0 acre-feet of LNRA Water supply to Formosa Plastics Corporation. The motion was seconded by Board Member Tony Holladay and the motion carried unanimously.

**Agenda Item No. 15: Review and Consideration of the "Mutual Compromise Settlement Agreement," proposed by the Victoria Advocate on March 28, 2019, regarding Cause No. 2018-CV-3354-DC, Victoria Advocate Publishing Co. v. Calhoun Port Authority; In the District Court of Calhoun County, Texas; 135<sup>th</sup> Judicial District.**

Prior to any discussion on this agenda item, Board Member J. C. Melcher, Jr. exited the meeting. The Board Members reviewed a copy of the Mutual Compromise Settlement Agreement which was prepared by the Victoria Advocate's attorney. Attorney Bill Cobb reviewed the settlement agreement with the Board Members by pointing out the highlights of the agreement. The agreement stated that the Port would acknowledge the importance of the issues brought forth by the lawsuit; that the Port would pay The Victoria Advocate \$97,500.00 and that both parties would be responsible for their own legal fees. Pursuant to further review and discussion, a motion was made by Board Member Dell R. Weathersby that the Board reject the offer of the Mutual Compromise Settlement Agreement which was proposed by The Victoria Advocate on March 28, 2019, regarding Cause No. 2018-CV-3354-DC, *Victoria Advocate Publishing Co. v. Calhoun Port Authority*; In the District Court of Calhoun County, Texas; 135<sup>th</sup> Judicial District. The motion was seconded by Board Secretary H. C. Wehmeyer, Jr. and the motion carried unanimously. Board Member J. C. Melcher, Jr. returned to the meeting after the votes were cast.

**Agenda Item No. 16: Closed Session:**

**As Authorized by Tex. Gov't Code §§551.072 for the purpose of discussion with respect to the purchase of or value of real property located in the Alamo Beach area because the deliberation in open meeting would have a detrimental effect on the position of the governmental body in negotiations.**

Board Chair Randy L. Boyd announced that as Authorized by Tex. Gov't Code §551.072 for the purpose of discussion with respect to the purchase of or value of real property located in the Alamo Beach

area because the deliberation in open meeting would have a detrimental effect on the position of the governmental body in negotiations.

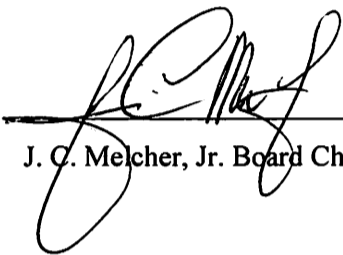
“No action or consensus would be taken in closed session”. The Board convened in Closed Session at 9:33 a.m.

**Agenda Item No. 17: Return to OPEN SESSION and take any action deemed necessary based upon discussion in closed session.**


The Board adjourned the Closed Session at 9:52 a.m. Board Chair Randy L. Boyd announced that “No action or consensus had been taken in closed session”.

**Agenda Item No. 18: Adjourn.**

There being no further business to be brought before the Board, a motion was duly made that the meeting be declared adjourned at approximately 9:53 a.m. on Wednesday, April 10, 2019.

  
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J. C. Melcher, Jr. Board Chair

ATTEST:

  
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Tony Holladay, Board Secretary