

MINUTES OF MEETING

BE IT REMEMBERED that the Commissioners of the Port of Bay City Authority met Wednesday, April 13, 2022, at the Office of the Authority, 1305 Seventh Street, Bay City, Texas. The following Commissioners and staff were present:

George Harrison	Chairman
Joey Sliva	Vice-Chairman
Matt Ashcraft	Secretary
Lee Weathers	Commissioner
Buddy Treybig	Commissioner
Trey Treybig	Commissioner
Craig Hlavinka	Harbor Master
Sharron Perez	Office Manager
Allen Cumbie	Port Attorney
Visitors:	
Scott Hardwick	MCEDC Executive Director
Alyssa Dibbern	City of Bay City Engineering Tech
Mark Holland	Harbor Bait & Tackle
Clay Cook	Matagorda VFD
Gail Cook	Matagorda VFD
Craig Hinton	Waterfront Restaurant
Brandi Ryman	Visitor
Ry Ryman	Visitor
Russell Durham	Visitor
Debbie Durham	

The meeting was called to order at 6:30pm by Commissioner George Harrison.

Item 1 – The Commissioners discussed the minutes from the regular meetings of February 10, 2022 and March 10, 2022 and the workshop of March 10, 2022. On motion of Commissioner Joey Sliva, seconded by Commissioner Matt Ashcraft, the Commissioners unanimously approved the minutes of the February 10, 2022 meeting, March 10, 2022 meeting, and March 10, 2022 workshop as read.

Item 2 - On motion of Commissioner Matt Ashcraft, seconded by Commissioner Lee Weathers, the following disbursements were unanimously ratified and approved:

A&A BAR-B-QUE	285.78
--OPERATING SUPPLIES	
AQUA MARINE SUPPLY	3,118.45
--REPAIRS & MAINTENANCE - HARBOR	
AQUA-ZYME SERVICES INC	480.00
--PUBLIC UTILITIES	
AQUA-ZYME SERVICES INC	320.00
--PUBLIC UTILITIES	
AT&T	613.26
--TELEPHONE EXPENSE	
AT&T	613.33
--TELEPHONE EXPENSE	
AT&T	69.18
--TELEPHONE EXPENSE	
AT&T	804.81
--TELEPHONE EXPENSE	
CASCO	7,270.12
--OPERATING SUPPLIES	
B ALLEN CUMBIE	11,255.25
--ATTORNEY'S FEES	
DIRECT ENERGY	41.27
--PUBLIC UTILITIES	
DIRECT ENERGY	2,907.69
--PUBLIC UTILITIES	
DIRECT ENERGY	21.34
--PUBLIC UTILITIES	
DIRECT ENERGY	90.11
--PUBLIC UTILITIES	
DIRECT ENERGY	216.24
--PUBLIC UTILITIES	
DIRECT ENERGY	20.99
--PUBLIC UTILITIES	
ELLEN DODD	1,360.00
--SPECIAL DISTRICT ACCOUNTING FEE	
GFL	722.70

--PUBLIC UTILITIES	
GRAINGER	996.57
--OPERATING SUPPLIES	
HDR ENGINEERING INC	6,109.50
--PROFESSIONAL SERVICES	
HDR ENGINEERING INC	12,000.00
--MATAGORDA HARBOR IMPROVEMENTS	
LOWES	1,155.97
OPERATING SUPPLIES	
MATAGORDA COUNTY APPRAISAL DISTRICT	7,245.09
--APPRAISAL DISTRICT FEES	
MATAGORDA COUNTY SELF-INSURANCE POOL	123,535.00
--INSURANCE & BONDS (PROPERTY)	
MATAGORDA LAWN SERVICE	110.00
--REPAIRS & MAINTENANCE – HARBOR	
MATAGORDA WD&WSC	108.60
--PUBLIC UTILITIES (HOUSE)	
MATAGORDS WD&WSC	568.75
--PUBLIC UTILITIES (SPRINKLER)	
MATAGORDA WD&WSC	214.70
--PUBLIC UTILITIES (TRAILER PARK)	
MATAGORDA WD&WSC	243.40
--PUBLIC UTILITIES (BOAT SHED)	
MATAGORDA WD&WSC	300.10
--PUBLIC UTILITITES (TENT AND FISH CLEANING)	
MATAGORDA WD&WSC	47.50
--PUBLIC UTILITIES (PUMP)	
MATAGORDA WD&WSC	86.10
--PUBLIC UTILITIES (MEETING HOUSE)	
MATAGORDA WD&WSC	99.70
--PUBLIC UTILITIES (RESTROOM)	
PURCHASE POWER	500.00
--OPERATING SUPPLIES	
JAY SCHOLTEN	1,600.00
--REPAIRS & MAINTENANCE – HARBOR	
SHARRON’S BOOKKEEPING AND TAX SERVICE	5,883.42
--OFFICE MANAGER – CONTRACT SERVICES	
--PROFESSIONAL SERVICES	
--OPERATING SUPPLIES	
--TELEPHONE EXPENSE	
--TRAVEL	
SHORELINE CONSTRUCTION	20,607.58
--REPAIRS & MAINTENANCE – HARBOR	
SUTHERLANDS	1,159.74
--REPAIRS & MAINTENANCE - HARBOR	
TEXAS PORTS ASSOCIATION	5,000.00
--SEMINARS & DUES (2021)	
TEXAS PORTS ASSOCIATION	5,000.00
--SEMINARS & DUES (2022)	
THE BAY CITY SENTINEL	970.24
--ADVERTISEMENTS	
THE HOME DEPOT	1,615.32
--OPERATING SUPPLIES	
VERIZON	99.62
--TELEPHONE EXPENSE	
WILLSCOT	264.25
--MISCELLANEOUS EXPENSE	
WEST MARINE PRO	520.58
--REPAIRS & MAINTENANCE – HARBOR	
CRAIG HLAVINKA	3,736.45
--TRAVEL	
--VEHICLE EXPENSE	
--OPERATING SUPPLIES	
--REPAIRS & MAINTENANCE - HARBOR	

Item 3 – Sharron Perez reviewed the Billing, Collection, Accounts Receivable, and Financial Reports for February and March 2022. There were no significant items to report on at this time, and Sharron Perez asked if there were any other questions regarding the financial information. George Harrison discussed the possible contingencies that would affect the fund balance. If the jetties can be dredged, the Port Authority could be looking at a potential match of \$8 million on a \$50 million project. The local match is 16% of the total project cost. Sharron Perez explained the insurance paid to the

Matagorda County Self-Insurance Pool. George Harrison discussed the cost of over the water insurance, as it was a few years ago, and why the Port self-insured for a period of time. The committed funds were also reviewed. On motion of Commissioner Matt Ashcraft, seconded by Commissioner Trey Treybig, the Commissioners unanimously approved the financial reports for February and March 2022. Detailed copies of these reports are kept as part of the current records of the Port of Bay City Authority.

Item 4 – Sharron Perez also presented a report on past due accounts and actions taken on these accounts. There were twelve tenants to which a ten-day letter will need to be sent this month. A detailed copy of the report is kept as part of the current records of the Port of Bay City Authority.

Item 5 - Craig Hlavinka reported on activity at the Port of Bay City. GulfMark is continuing to ship three shipments per month. An AEP contractor was inside the gate; however, no one was notified.

Craig Hlavinka reported on the activity at Matagorda Harbor. Occupancy is up. The asphalt has been cut, and the frame has been started for the new tournament pavilion. The Texas Trio tournament has expressed concern regarding if the pavilion would be completed in time for their tournament. Matt Ashcraft question if ZPI Industrial has access to the materials needed for the pavilion. Craig Hlavinka will verify. The building is required to be completed by June 8th or penalties will start to accrue. The electric will not be installed; however, the Port Authority will provide necessary lighting for the pavilion.

Item 6 – Joey Sliva reported on the subcommittee meeting regarding the Waterfront Restaurant lease. It is the recommendation of the subcommittee that the Port of Bay City Authority move forward to lease the land to Brandi Ryman, Ry Ryman, Russell Durham, and Debbie Durham. Craig Hinton thanked the Port Authority for the opportunity to have the restaurant at Matagorda Harbor. Brandi Ryman has worked for Craig Hinton for ten years, and Craig Hinton is excited for her to take over the restaurant. Craig Hinton discussed with Joey Sliva having Brandi Ryman assume the lease with a five-year option. George Harrison asked Allen Cumbie regarding the assumption clause. Allen Cumbie advised that the current lease has an assumption clause. The Commissioners discussed a five-year lease with a five-year option, and the security of a long-term agreement. George Harrison views the assets as an added charm to the harbor and advised that it is important to the Port Authority that the restaurant is successful. George Harrison thanked Craig Hinton for all he has done for the Port of Bay City and for Matagorda Harbor. Craig Hinton advised that he was lucky to have put together a great team over the years was grateful for the team that he had put together. Craig Hinton thanked the Port Authority for twenty-one years. Joey Sliva will follow-up with a call to Craig Hinton.

Item 7 – The Commissioners discussed the assumption of the current Waterfront lease. On motion of Commissioner Joey Sliva, seconded by Commissioner Lee Weathers, the Commissioners unanimously approved a five-year lease with a five-year option for the Waterfront Restaurant between the Port of Bay City Authority of Matagorda County, Texas and Brandi Ryman, Ry Ryman, Russell Durham, and Debbie Durham with a three percent escalator.

Item 8 – Mark Holland thanked the Port Authority for their time. Due to the silting of Matagorda Harbor, the bait shop is having issues with their live bait tanks. The intakes are as far in the harbor as they can be due to the silting which is causing the water being pulled in to the tanks to be warmer. It is hard for the bait shop to keep their fresh bait alive due to this issue. George Harrison has discussed this issue with the Corps of Engineers which will dredge under their contract. Craig Hlavinka advised that the issue with dredging is the placement area. George Harrison thought the TXDOT placement area may be used. Craig Hlavinka advised that the entire harbor is silting. George Harrison, with the direction of the Port Authority, will contact the Corps of Engineers regarding the dredging of Matagorda Harbor. Craig Hlavinka asked Mark Holland if he could use the shrimp boat to prop wash the area by the intakes. Matt Ashcraft asked what the depth of the Harbor should be. Craig Hlavinka advised that the harbor has a hard clay base at twelve feet and the silt is on top of that.

Item 9 – The Commissioners discussed Amendment No. 1 to the City of Bay City and the Port of Bay City Authority Agreement to Participate in Tax Increment Reinvestment Zone Number Two, City of Bay City, Texas. On motion of Joey Sliva, seconded by Commissioner Matt Ashcraft, the Amendment No. 1 to City of Bay City and the Port of Bay City Authority Agreement to Participate in Tax Increment Reinvestment Zone Number Two, City of Bay City, Texas based on Allen Cumbie's review and approval of the documents.

Item 10 – George Harrison advised that there have been multiple discussions with Air Liquide regarding the rail easement. A meeting will be held with PCCSE, Celanese, BNSF, Air Liquide, and Matagorda County Economic Development when the rail gets to the point of finalizing. Every entity's needs and future plans will be taken into consideration. Celanese owns the rail from their switch located north of the Port of Bay City to their facility. Air Liquide and Celanese have reached an agreement that would facilitate Air Liquide's needs but may not support future endeavors for the Port of Bay City or their tenants. George Harrison recommended that the Port Authority not approve the easements until all

entities are satisfied. The Commissioners discussed the possibility of a switch on Union Pacific's line to bypass BNSF if needed. Allen Cumbie advised that there is an issue with granting a rail easement as the AEP transmission line easement has never been agreed to. This easement could affect the location of the possible rail easement; therefore, the transmission line easement may not be able to be granted until the rail easement is approved. This matter will be discussed further with OQ and PCCSE.

Item 11 – No action was taken in regards to the possible rail spurs and rail access for the Port Authority and other possible users of the Port property.

Item 12 – Allen Cumbie advised the easements for the AEP transmission line, substation, and access easements are not finalized. The parties are going back and forth on various items of the easement agreements. There is no question as to the consideration or duration of any of these easements. Joey Sliva questioned if AEP will service other users thru the substation. Allen Cumbie advised that AEP has certain requirements under the Public Utility Commission. George Harrison feels that the parties are close to an agreement. Allen Cumbie discussed the indemnification and the option of increasing the insurance coverage with the Port Authority being an additional insured on the policy. The Port Authority would need to discuss this possible resolution to indemnification. George Harrison would rather have strict indemnification rather than the increased coverage as \$10 million in coverage today would not be the same amount in twenty years. Allen Cumbie advised that the Port Authority would never have access to the substation. Air Liquide signed their lease agreement with the Port Authority which included an indemnification clause. George Harrison reached out to AEP last week but has not received a response.

Item 13 – Roehm America LLC has reviewed the proposed lease and sent a revised copy back to Allen Cumbie. Allen Cumbie restored the sections revised by Roehm and sent back the lease to them. Roehm has yet to respond. Scott Hardwick will reach out to his contact with Roehm.

Item 14 – The Commissioners will discuss the possible hiring of outside counsel in regards to the Big Hill project in executive session.

Item 15 – The Commissioners discussed the tax abatement policy. George Harrison advised that the Port Authority's tax abatement policy is more simplistic than the County's policy and is valid for two years. The guidelines and criteria for granting tax abatement need to be approved prior to the resolution being approved. George Harrison advised Scott Hardwick that the Port Authority has granted limited tax abatement in prior years due to the tax rate of the Port Authority being so nominal. Few prospects have requested tax abatement from the Port of Bay City Authority. George Harrison advised the Commissioners that the Port Authority can have a policy in place; however, the Port Authority would not be required to grant tax abatement. This is a good tool to have in place when prospects are looking at the area. There was one company that was interested in Matagorda County but did not pursue due to tax abatement policies not being in place. This item will be discussed at the next meeting to allow the Commissioners time to review the guidelines and criteria prior to voting on such.

Item 16 – The Commissioners reviewed the proposed new tariffs as prepared by Craig Hlavinka. The Commissioners discussed that the Port Authority does not undercut the locals. Matagorda Harbor is still the cheapest marina on the coast. The Commissioners discussed several items, including the effective date of the new tariffs and allowing tenants to lock in the old rate for one year. Sharron Perez will update the tariffs and provide a copy of the new tariff to the Commissioners to review. This item will be placed on the next agenda.

Item 17 – Craig Hlavinka discussed the cap rail repairs for the area at the fuel docks. This was Phase 3 of the bulkhead repairs. Craig Hlavinka discussed this with Marcus Michna with Shelmark Engineering. The piling does not need to be replaced on this section, and there is a way to work around the intake. Craig Hlavinka advised that the A-frame would have to come out. Mark Holland asked if it can be put back in and what time frame would the project take. Craig Hlavinka advised that engineering would have to be done, and the project would have to be put out for bid. The notice to proceed would likely be issued in October. Craig Hlavinka met with J&S Contractors, and the fuel dock can be open the entire time. The project can be completed with shutting one pump down at a time. There are two gas pumps and one diesel pump. The engineering fees would be approximately \$30,000. Craig Hlavinka feels the lead time would help provide competitive bids. Shelmark Engineering provided the engineering services for the other bulkhead repairs at Matagorda Harbor. On motion of Commissioner Joey Sliva, seconded by Commissioner Lee Weathers, the commissioners unanimously approved entering into an agreement with Shelmark Engineering for the cap rail repairs by the fuel dock at Matagorda Harbor.

Item 18 – Craig Hlavinka provided the history regarding the Port Authority donating equipment to the Matagorda Volunteer Fire Department. Clay Cook with the Matagorda Volunteer Fire Department advised that there are five or six new fire fighters that they are trying to get outfitted. The total cost is approximately \$25,000. The Matagorda Volunteer Fire Department is asking for \$7270.12 for helmets and boots. Clay Cook advised that the quote is higher due to supply chain issues. This equipment should

last for ten years. Matt Ashcraft advised that the fire fighters cannot do their job without the proper equipment. On motion of Commissioner Joey Sliva, seconded by Commissioner Buddy Treybig, the Commissioners unanimously approved the equipment donation in the amount of \$7270.12 for helmets and boots. The Port Authority will issue the check directly to the vendor, Casco, and contact Clay Cook to pick up the check and invoice from the Port office in order to get the equipment.

Item 19 – There was an update on the website. Craig Hlavinka will contact Insyteful and/or Karl Deadrick regarding emails for the Commissioners and the process for accessing the emails. An idea regarding the intake of DC Dunham, with Lynn Group, presented the projected layout of Valor Park and the additional acreage to be added to the tax increment reinvestment zone. The amendment will only add acreage. There is no increase in budget or the timeframe. The items that will qualify for reimbursement would include infrastructure, electric lines, roads, water, and sewer. The City of Bay City, Matagorda County, and Matagorda County Hospital District have all approved the amendment to the Tax Increment Reinvestment Zone Number One adding approximately 54 to 56 acres for the Valor Park housing addition.

Item 20 – Scott Hardwick, Executive Director of Matagorda County Economic Development Corporation, updated the Commissioners on various projects and prospects. Roehm is moving forward with lease, workforce, and rail access. OQ is working with Roehm to address their needs. HIF is moving forward with 313 agreements and should make an announcement by the end of the month. This would be a \$6 billion project. There was discussion regarding the rail storage facility in El Maton that could be utilized by HIF. The terminal covers five hundred acres. HIF would utilize one hundred to one hundred fifty acres. The Matagorda County Commissioners have approved the members of the Rail District Board that will start operations. There have been discussions to enhance the internet service in rural areas. There has also been activity at the Bay City Municipal Airport.

Item 21 – There were no public comments or Commissioner comments at this time.

Item 22 – There was no new or unfinished business to discuss at this time.

Item 23 – At approximately 7:48pm, the regular meeting was closed and the Commissioners adjourned to Executive Session to:

1. Discuss the commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations;
2. Deliberate the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third party;
3. Conduct a private consultation with its attorney when:
 - a. When the governmental body seeks the advice of its attorney about:
 1. Pending or contemplated litigation;
 2. A settlement offer; or
 3. On a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter;

Item 24 – The meeting was called back into regular session at approximately 8:11pm with no action being taken in Executive Session. On motion of Commissioner Trey Treybig, seconded by Commissioner Lee Weathers, the Commissioners unanimously approved entering into an agreement with Norton, Rose, Fulbright for legal counsel to represent the Port of Bay City Authority of Matagorda County, Texas in regards to the Public-Private Partnership venture.

The Commissioners discussed the May meeting. The May meeting will be held on Monday, May 16, 2022.

There being no further business to come before the meeting, the Commissioners adjourned the meeting at 8:14pm.

Attest:

Approve:

/s/ George Harrison

/s/ Matthew Ashcraft