

## MINUTES OF MEETING

BE IT REMEMBERED that the Commissioners of the Port of Bay City Authority met Thursday, February 9, 2023, at the office of the Authority, 1305 Seventh St, Bay City, TX 77414. 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	Office Manager
Visitors:	
Mike Estlinbaum	Matagorda County Commissioner Pct 2
Dimitri Millas	Norton Rose Fulbright
Leslie Bacon	Norton Rose Fulbright
Hayden Smith	Anchor QEA
Trey Cash	Masterson Advisors
Taylor Ashcraft	A-Team Landscaping
Donna Huitt	Visitor

The workshop was called to order at 5:30pm by Commissioner George Harrison. All attendees were introduced.

Leslie Bacon and Dimitri Millas provided information to the Commissioners regarding the upcoming bond election. The guidelines for the bond election were reviewed to inform the Port Authority Commissioners and staff of state law requirements related to and other relevant facts associated with bond elections in the State of Texas.

The benefits of issuing tax-backed and tax-exempt bonds were discussed. The ballot language was reviewed by the Commissioners. Tax-backed bonds are secured by the levy of ad valorem tax within the Port Authority's boundaries. A proposition for approval of issuing these bonds must be submitted to the qualified voters of the Port Authority. These bonds generally have a more favorable interest rate because the levy of ad valorem tax is a safer investment than using project revenues as security for repayment of the bonds. Tax-Exempt bonds will be used for public works and infrastructure. Investors who purchase the bonds will not be subject to Federal income tax on their investment. Tax-exempt bonds are more favorable investments and provide a lower cost of capital to the Authority.

On the May 6, 2023 ballot, the bond language will be "The Issuance of \$68,000,000 Port of Bay City Authority Bonds for the Purpose of Improving, Constructing, or Developing Port Improvements and the Levy of a Tax for the Payment of the Bonds and the Cost of any Credit Agreements Executed in Connection with the Bonds".

Next, Leslie Bacon and Dimitri Millas discussed the conducting of a bond election. The Commissioners were advised that the election laws often change with every legislative cycle. Each legislative cycle brings proposed legislation aimed at limiting the discretion of local governments in conducting a bond election. If the voters approve the propositions at the bond elections, a transcript of the bond proceedings, submitted by the Bond Counsel including a transcript of the bond election proceedings will be reviewed by the Texas Attorney General ("OAG"). The review will include confirmation of compliance with uniform election dates, separate proposition requirement deadlines (calling, noticing, canvassing, etc.), contents of the order calling for the election and notices of election,

and canvassing the election. The bond counsel's involvements in all aspects of conducting the election is crucial to ensure the election conforms with law and the proceedings are complete in anticipation of the OAG review.

The general timeline was reviewed including the responsible party for each step. The Port Authority board will adopt the order calling the election at the regular meeting following this workshop. Bond counsel will order translations of the order once adopted. The Bond Counsel will deliver the ballot language to the election official at a time determined by the election official. The Bond Counsel will then deliver notice of the election to the county election official no later than March 7, 2023. The Port Authority will publish notice of election in English, Spanish, and other applicable languages by April 6, 2023. The last day for an individual to register to vote is April 6, 2023. The Port Authority will post notice of election in all applicable languages and a sample ballot prominently on the Port Authority's website on April 14, 2023. Also, the Port Authority will post notice of election in all applicable languages at three public places in the Authority on April 14, 2023. Early voting will begin on April 24, 2023 and end on May 2, 2023. Election day is on May 6, 2023 with the board canvassing the election returns between May 9, 2023 and May 17, 2023. The tentative date to canvass the election returns is May 16, 2023. There does not need to be a quorum to canvass; however, at least two Commissioners need to be present. The end of the election contest period will be no later than June 16, 2023.

The ethics considerations when conducting a bond election were then discussed. The Port Authority must lead an "information-only" effort. It is the Port Authority's responsibility to inform voters about the election but can not use Port funds or resources to advocate for the bond. The use of public resources for advocacy campaigns is a direct violation of election law. Leslie Bacon advised the Commissioners that there are different ethics considerations for the Commissioners versus the Port Authority staff. Bond Counsel should review bond election materials that will be circulated to voters as well as information provided by other advisors to the Port Authority. The use of Port resources includes but is not limited to the use of Port office equipment, buildings, email, website, posting flyers on Port property, and accessing social media during work hours or on Port computers are prohibited. Permissible actions would be statements made outside of normal business hours, not on Port property, and not using Port resources. Staff would have to have daily designated hours to provide a clear delineation between business hours and personal time. Commissioners can not make oral presentations in support of the election measures since they receive salaries. Letters to the editor and op-ed articles where no payment is provided to the publisher are permissible. Also, statements made by a PAC or other organization if the materials were generated by the outside organization and not utilizing Port resources are permissible.

The use of Port resources includes the use of Port Authority facilities. Some violations would include utilizing Port personnel or equipment for the distribution of political advertising, utilizing the Port Authority's email, posting flyers on port property, etc. Port resources can be used only to provide factual statements with no tone of advocacy. The statements cannot include motivational slogans, calls to action, or factual statements with a tone of advocacy. Leslie Bacon provided examples of permissible and impermissible statements. Leslie Bacon also provided examples of violations.

Leslie Bacon reviewed key points. When acting in an official capacity and utilizing Port resources, an individual can only inform and encourage voter registration, not advocate for a particular outcome. The First Amendment Right to Free Speech is retained as long as no Port Authority resources are being used. Any social media postings and emails should include a disclaimer that the posting is a personal opinion and not Port resources were used to communicate the message.

George Harrison advised that Hayden Smith, with Anchor QEA, will be manning a booth at the Matagorda County Fair and Livestock Show. Norton Rose Fulbright will review the flyers and approve the information provided prior to the livestock show. George Harrison also advised that the Port Authority has some sunglasses that have "Port

of Bay City Authority” and “Matagorda Harbor” on them but do not have “Matagorda Harbor Expansion” on them. Leslie Bacon advised that these will be okay to hand out. The public can be encouraged to vote just not how to vote.

Hayden Smith discussed the possibility of having a Facebook page operated by a member of the general public. Hayden Smith feels like people in the County would operate this outside of the Port Authority without using Port resources. Dimitri Millas stressed that the operator of the Facebook page could not be anyone that the Port Authority is paying, such as an employee of Anchor QEA. Karen Restivo had reached out the George Harrison regarding operating a Facebook page. Karen Restivo has no affiliation with the Port Authority and would not be utilizing Port resources. Leslie Bacon stressed not using Port Authority facilities, office equipment, emails, or other resources. Only factual information can be utilized with no advocacy.

There will be three public informational meetings held prior to the bond election. Hayden Smith will provide factual information that Norton Rose Fulbright has approved. Since the public information meetings are being held utilizing Port resources, no advocating can be done at these meetings. Commissioners can answer questions based on facts. George Harrison stressed that the Port Authority does not want to put the bond election at risk. The formation of a Political Action Committee was discussed. Due to the timing, formation, filing requirements, and subsequent closing of the PAC, a PAC is not feasible prior to the bond election. Leslie Bacon advised that if there were more questions regarding the project, then this may be a route to look into; however, the project appears to be accepted by the community. The use of Port Authority letterhead and public funds being used to request letters of support for the project as well as submitting letters of support for grant applications prior to the bond election was discussed. This could cause an issue for the bond election. Private businesses can provide letters of support; however, any letters on governmental letterhead could cause issues. The possibility of waiting on the obtaining of letters of support until after the bond election were discussed. Norton Rose Fulbright will review any letters of support prior to submission.

On motion of Commissioner, Joey Sliva, seconded by Commissioner Matt Ashcraft, the Commissioners adjourned the workshop at 6:17pm.

Attest:

Approve:

/s/ George Harrison

/s/ Matthew Ashcraft