

MINUTES OF MEETING

BE IT REMEMBERED that the Commissioners of the Port of Bay City Authority met Thursday, November 14, 2024, at the office of the Authority, 1305 7<sup>th</sup> 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
Leslie Bacon	Norton Rose Fulbright
Dimitri Millas	Norton Rose Fulbright
Virtual:	
Luke Cressman	HDR Engineers Inc
Glenn Escovedo	LPL Financial
Elizabeth Bonorden	HWU LLP
Visitors:	
Mike Ferdinand	Executive Director - MCEDC
Hayden Smith	Anchor QEA LLC
Ian Fisher	Anchor QEA LLC
Jessica Sheppard	The Bay City Sentinel

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

Item 1 – Those in attendance recited the pledge of allegiance to the flags led by George Harrison.

Item 2 – Joey Sliva led those in attendance in prayer.

Item 3 – The minutes for the regular meeting of October 17, 2024 were provided to the Commissioners prior to the meeting. On motion of Commissioner Matt Ashcraft, seconded by Commissioner Lee Weathers, the Commissioners unanimously approved the minutes of the regular meeting of October 17, 2024 with one change. Item 15 was changed to indicate the attorney’s report was deferred.

Item 4 – On motion of Commissioner Matt Ashcraft, seconded by Commissioner Trey Treybig, the following disbursements were unanimously ratified and approved:

ACE HARDWARE	1,513.86
--REPAIRS & MAINTENANCE – MATAGORDA HARBOR	
ALLISON CUSTOM HOMES LLC	42,900.00
--MATAGORDA HARBOR IMPROVEMENTS	
ANCHOR QEA LLC	12,365.25
--PROFESSIONAL FEES	
AQUA-ZYME SERVICES INC	320.00
--PUBLIC UTILITIES	
AQUA-ZYME SERVICES INC	320.00
--PUBLIC UTILITIES	
AT&T	75.27
--TELEPHONE	
AT&T	44.99
--TELEPHONE	
AT&T	764.32
--TELEPHONE	
AT&T	85.31
--TELEPHONE	
A-TEAM LANDSCAPING	200.00
--REPAIRS & MAINTENANCE – OFFICE BUILDING	
BAUER VISUAL GRAPHICS INC	6,784.61
--REPAIRS & MAINTENANCE – MATAGORDA HARBOR	
BAY CITY CHAMBER OF COMMERCE	375.00
--PROMOTION & DEVELOPMENT	
BAY CITY JANITORIANL AND BEST CARPET CARE	519.89
--OPERATING SUPPLIES	
BAY CITY LIONS CLUB	80.00
--PROMOTION & DEVELOPMENT	
CERTIFIED PAYMENTS	3,025.00

--RENT REFUND	
B ALLEN CUMBIE	112.50
--ATTORNEY FEES	
DIRECT ENERGY	29.61
--PUBLIC UTILITIES	
DIRECT ENERGY	107.22
--PUBLIC UTILITIES	
DIRECT ENERGY	4,561.46
--PUBLIC UTILITIES	
DIRECT ENERGY	444.79
--PUBLIC UTILITIES	
ELLEN DODD	1,600.00
--SPECIAL DISTRICT ACCOUNTING FEES	
GFL ENVIRONMENTAL	1,190.94
--PUBLIC UTILITIES	
HDR ENGINEERS INC	1,843.50
--PROFESSIONAL FEES	
HDR ENGINEERS INC	3,224.50
--PORT OF BAY CITY IMPROVEMENTS	
KLEPAC PEST & TERMITE CONTROL	74.00
--REPAIRS & MAINTENANCE – OFFICE BUILDING	
LOWES	4,432.93
--REPAIRS & MAINTENANCE – MATAGORDA HARBOR	
MATAGORDA WASTE DISPOSAL & WATER SUPPLY CORPORATION	47.50
--PUBLIC UTILITIES – PUMP	
MATAGORDA WASTE DISPOSAL & WATER SUPPLY CORPORATION	210.80
--PUBLIC UTILITIES – TRAILER PARK	
MATAGORDA WASTE DISPOSAL & WATER SUPPLY CORPORATION	75.00
--PUBLIC UTILITIES – HOUSE	
MATAGORDA WASTE DISPOSAL & WATER SUPPLY CORPORATION	298.15
--PUBLIC UTILITIES – BOAT SHED	
MATAGORDA WASTE DISPOSAL & WATER SUPPLY CORPORATION	413.20
--PUBLIC UTILITIES – TENT AND FISH CLEANING TABLE	
MATAGORDA WASTE DISPOSAL & WATER SUPPLY CORPORATION	756.90
--PUBLIC UTILITIES – SPRINKLER	
MATAGORDA WASTE DISPOSAL & WATER SUPPLY CORPORATION	110.30
--PUBLIC UTILITIES – RESTROOM	
MATAGORDA WASTE DISPOSAL & WATER SUPPLY CORPORATION	91.70
--PUBLIC UTILITIES – MEETING HOUSE	
NORTON ROSE FULBRIGHT	5,583.49
--ATTORNEY FEES	
NORTON ROSE FULBRIGHT	11,656.25
--ATTORNEY FEES	
NORTON ROSE FULBRIGHT	7,381.25
--ATTORNEY FEES	
NORTON ROSE FULBRIGHT	3,707.50
--ATTORNEY FEES	
NORTON ROSE FULBRIGHT	4,802.50
--ATTORNEY FEES	
NORTON ROSE FULBRIGHT	11,250.28
--ATTORNEY FEES	
QUILL LLC	308.12
--OPERATING SUPPLIES	
SAFETY-KLEEN SYSTEMS INC	271.07
--REPAIRS & MAINTENANCE – MATAGORDA HARBOR	
JAY SCHOLTEN	1,600.00
--REPAIRS & MAINTENANCE – MATAGORDA HARBOR	
SHARRON'S BOOKKEEPING AND TAX SERVICE	7,938.30
--OFFICE MANAGER – CONTRACT SERVICES	
--PROFESSIONAL SERVICES	
--TRAVEL	
--OPERATING SUPPLIES	
SHORELINE CONSTRUCTION	28,435.81
--REPAIRS & MAINTENANCE – MATAGORDA HARBOR	
SOUTH TEXAS CORRUGATED PIPE	875.00
--REPAIRS & MAINTENANCE – MATAGORDA HARBOR	
THE HOME DEPOT	2,110.98
--REPAIRS & MAINTENANCE – MATAGORDA HARBOR	
THRYVE	29.00
--PROMOTION & DEVELOPMENT	
VERIZON WIRELESS	179.79
--TELEPHONE	
STEVEN WEINHEIMER	650.00
--SECURITY DEPOSIT REFUND	

CHARLES PHELPS	150.00
--SECURITY DEPOSIT REFUND	
PAUL DAVEY	512.00
--SECURITY DEPOSIT REFUND	
RANDOLPH POLAK	1,500.00
--PREPAID RENT REFUND	
CRAIG HLAVINKA	6,868.32
--OPERATING SUPPLIES	
--TELEPHONE	
--VEHICLE EXPENSE – GAS & OIL	
--TRAVEL	
--MISCELLANEOUS EXPENSE	

Item 5 – The financial reports and monthly billing and collection reports for October 2024 were provided to the Commissioners. Sharron Perez reviewed the financials for October 2024 and asked if the Commissioners had any questions. There were no questions at this time. On motion of Commissioner Matt Ashcraft, seconded by Commissioner Trey Treybig, the Commissioners unanimously approved the financials for October 2024.

Item 6 – Sharron Perez advised that there are fourteen delinquent accounts that ten-day letters will be sent to. There are no accounts that she is concerned about this time. On motion of Commissioner Matt Ashcraft, seconded by Commissioner Trey Treybig, the Commissioners unanimously approved the delinquent account report.

Item 7 – Craig Hlavinka gave a report on the activity at the Port of Bay City Turning Basin. The dredge has finished the river from the Port Turning Basin to the locks and is now in Gulf Intracoastal Waterway. HDR had T Baker Smith surveying areas on the west side of the Port Turning Basin.

Craig Hlavinka gave a report on the activity at Matagorda Harbor. Minor maintenance projects are being done during the off-season.

Items 8 – Glenn Escovedo, with LPL Financial, reviewed the Port of Bay City's investment portfolio. The main difference in the past year is the change in investments to Treasury Bills. Seven percent was moved to Treasury Bills to stabilize the reduction in interest rates. Of the ninety-three percent invested in CMOs, sixty-three percent of these are in Ginny Maes which are one hundred percent backed by the federal government. George Harrison advised that as bonds came open the funds were then invested in Treasury Bills. Glenn Escovedo continues to look at the best returns, cash availability, and conservative investments adhering to the Port Authority's investment policy. The priced market principal is \$846,000 higher since January 1, 2024. The average interest rate on the portfolio is four percent annually with the average maturity being 2.78 years. The convexity of 0.168 shows the speed that portfolio pricing will change with the change in interest rates. Glenn Escovedo advised that the yields were 3.6% in January, 4.25% in April, 3.6% in September, and are currently 4.44%. George Harrison advised that he does not have any concerns or risks and is comfortable with the portfolio's position. Glen Escovedo advised that LPL Financial has a couple of investors that specialize in CMOs. The coupons are not volatile based on interest rates. The bonds that are invested in are sustained. The Commissioners had no questions at this time. There was no action required at this time.

Item 9 – Elizabeth Bonorden, with HWU LLP, presented the outside auditor's report for the year ending December 31, 2022. The Port of Bay City Authority was given an unmodified opinion. Elizabeth Bonorden reviewed the management discussion. On page five, the net position containing the pension and OPEB shows 73% of the funds being unrestricted. GASB 87 was implemented and shows the future rentals as receivables with the offset being deferred inflows. Page six shows the decreased net position of one percent from the prior year relating to the unrealized net loss marking the investments to fair market value. The increase in expenses resulted primarily from an increase in professional fees. Page eight shows the net position in more detail. Page eleven shows the fund balance is accordance with the governmental fund which shows \$7.4 million in committed funds and \$13.5 million in unassigned funds. The unassigned funds are 680% of the actual expenses. Page thirteen shows the income statement. The overall revenue increased six percent although tax rates decreased for 2022. Services increase seventeen percent. The investment loss was driven by unrealized losses. The net change in fund balance was \$168,122. The total fund balance as of December 31, 2022 was \$21,006,823. Page twenty-seven shows a detail of the lease receivable totals through 2087. Page 28 shows the changes in total capital assets including the pavilion and small dock/bulkhead project. Page thirty-eight shows the budget-to-actual variances. The unrealized loss on investments and professional fees that were reclassified due to the Matagorda Harbor Expansion Project not being viable were the main differences. George Harrison thanked Elizabeth Bonorden for completing the audit and apologized for any delays in submitting information to HWU LLP. There were no questions or other comments from the Commissioners. On motion of Commissioner Joey Sliva, seconded by Commissioner Matt Ashcraft, the Commissioners unanimously approved the outside auditor's report for the year ending December 31, 2022.

Item 10 – The Commissioners reviewed the outside auditor’s engagement letter submitted by HWU LLP for the year ending December 31, 2023 not to exceed \$11,925. The engagement letter is a standard engagement letter similar to the one for the previous audit. On motion of Commissioner Matt Ashcraft, seconded by Commissioner Trey Treybig, the Commissioners unanimously approved the outside auditor’s engagement letter submitted by HWU LLP for the year ending December 31, 2023 not to exceed \$11,925.

Item 11 – Craig Hlavinka advised the Commissioners that Roehm Americas current lease extension expires on November 30, 2024. Roehm Americas would like to extend the lease for two additional months. The Commissioners discussed the fees charged during the lease and extension. The initial rate was \$333 per month. The rate for the extension was \$1000 per month. Matt Ashcraft advised that he would support an extension based on the same terms of the current extension. This extension would expire on January 31, 2025. Leslie Bacon inquired if the timeline would allow Roehm Americas to complete their facility construction. Mike Ferdinand advised that the additional time would be sufficient for Roehm Americas to complete their build out. On motion of Commissioner Joey Sliva, seconded by Commissioner Matt Ashcraft, the Commissioners unanimously approved the extension of Roehm Americas lease for an additional two months at the same terms as the existing extension.

Item 12 – Luke Cressman, with HDR Engineering Inc, updated the Commissioners on the Port of Bay City Turning Basin West Basin Bulkhead Improvements. T Baker Smith surveyed the area for the earth work. The Geotech drilling will occur next week. HDR is advancing the NEPA document report and final cultural assessment. There will be a meeting on Monday with MARAD to ensure coordination. The Title VI plan is near draft completion and will be sent for review next week. George Harrison asked Luke Cressman to reschedule the meeting with MARAD due to our attorneys not being available. Luke Cressman advised that HDR is working on the technical aspects for NEPA. George Harrison asked if any actions are currently required of the Port Authority. Luke Cressman advised that there were none at this time. Luke Cressman will be sending the community participation plan out for review. George Harrison asked if Luke Cressman can prepare an action log for all parties to ensure everyone is proceeding forward. Luke Cressman advised that a page can be added to the MARAD log. Luke Cressman will prepare and send to the Port Authority.

Item 13 – Luke Cressman, with HDR Engineering Inc, updated the Commissioners on the dredging of Caney Creek. Luke Cressman reached out to Seth Jones with the US Army Corps of Engineers. The permit is being reviewed by operations. Section B is being drafted regarding soil sampling, and then it will be signed. The permit is close to approval, then the contract dates can be updated.

Item 14 – Hayden Smith, with Anchor QEA, updated the Commissioners on the Matagorda Harbor Maintenance Dredging project. The permit is being reviewed by the US Army Corps of Engineers Real Estate Division. Anchor QEA will have the ninety percent design ready to review soon. Tim Nelson, with the US Army Corps of Engineers, does not see any issues with dredging to a twelve-foot depth. Anchor QEA will have Scope of Work for the budget and preconstruction phase ready for the Commissioners to review at the December meeting. George Harrison inquired about the anticipated timeline. Hayden Smith advised that moving from the ninety percent design phase to one hundred percent will not take long. A month after completion of the one hundred percent design phase, the project will be ready to go out for bid. Once the bid is awarded and a dredge is onsite, the project should take approximately seven days to complete. Hayden Smith feels March 1, 2025 is an attainable goal. Hayden Smith advised that emergency dredging would have been quicker; however, putting the project out for bid will take longer.

Hayden Smith also discussed the proposed new boat ramp at Matagorda Harbor. The Matagorda Bay Mitigation Trust grant application has been submitted and will be awarded in early January. If the grant is awarded, then the Port Authority could apply for a boating access grant. If the trust grant is not awarded, then the Port Authority would need to apply for full funding through the boating access grant. Hayden Smith reviewed the matching funds required with these grants. Joey Sliva inquired regarding the projected cost of the project. George Harrison advised it will be over a million including the boat ramp, road access, electric, security cameras, and restrooms. The Texas Parks and Wildlife Boating Access Grant’s maximum award is \$1 million. The Port Authority would have a twenty-five percent match of \$250,000. Joey Sliva asked Hayden Smith’s opinion regarding the Port Authority being awarded this grant. Hayden Smith advised there is a good chance due to public access. The Port Authority had previously been awarded a grant based on the potential expansion of Matagorda Harbor; however, when the bond election did not pass, the changes to the project were too significant to receive the grant.

Item 15 – Hayden Smith, with Anchor QEA, updated the Commissioners on the Colorado River Diversion Channel and Parker’s Cut Phase 1. There was an initial meeting with the US Army Corps of Engineers on Friday, November 8, 2024 to discuss the project. The project covers the Diversion Channel, Bragg’s Cut, and Parker’s Cut. This is more of a federal project, and there may be some funding available. Buddy Treybig inquired if there was any discussion regarding dredging the Mouth of the Colorado River.

George Harrison advised the dredging of the Mouth of the Colorado River was discussed in a different meeting. The US Army Corps of Engineers has taken over the Sargent Beach project from the Texas General Land Office. The sand that will be dredged from the Mouth will be barged to Sargent to refurbish the beach once the groins and breakwaters are constructed. Seth Jones advised that the Corps will have a hopper dredge clear out the channel starting in 2025 with an ending date in 2026. Hayden Smith is working to schedule a joint meeting with US Fish and Wildlife Service and NOAA and a separate meeting with Texas Parks and Wildlife Department to discuss the Diversion Channel and Parker's Cut Phase 1. Texas Parks and Wildlife Department had a new contact, and Hayden Smith is waiting for a response from them. Once these preliminary meetings are held, there will be a joint meeting with all entities and the US Corps of Engineers in early February depending on availability. George Harrison advised that this meeting will be held at the Bay City Civic Center.

Item 16 – Leslie Bacon, with Norton Rose Fulbright, congratulated the Commissioners on the purchase of the property adjoining the Port of Bay City office. Leslie Bacon advised the Commissioners that she is still waiting for Matagorda County regarding the conveyance of the 1.7 acres located under the bridge in Matagorda.

Item 17 – Michael Ferdinand, Matagorda County Economic Development Executive Director, updated the Commissioners on the various prospects interested in Matagorda County. The past month has been challenging. Typically, inquiries slow during election. Wednesday before the election inquiries picked up. Five prospects have requested more information. Solar farm inquiries have slowed; however, battery storage facilities have increased. Geothermal projects are still active.

Item 18 – There were no other public or Commissioner comments at this time.

Item 19 – At approximately 7:21pm, on motion of Commissioner Trey Treybig, seconded by Commissioner Matt Ashcraft, the Commissioners unanimously closed the regular meeting and adjourned to executive session to discuss the purchase, lease, or value of real property. All members of the general public exited the meeting.

Item 20 – The meeting was called back into regular session at approximately 7:28pm with no action being taken in Executive Session.

The Commissioners discussed making an offer on the property located behind the Port office on eighth street. On motion of Commissioner Trey Treybig, seconded by Commissioner Buddy Treybig, the Commissioners authorized George Harrison to extend an offer of \$40,000 plus closing costs and survey expense. Commissioner Matt Ashcraft abstained from voting.

The Commissioners discussed utilizing the existing office as short-term office rentals for new businesses once the Port Authority constructs a new Bay City office.

Item 18 – On motion of Commissioner Matt Ashcraft, seconded by Commissioner Trey Treybig, the Commissioners unanimously adjourned the meeting at 7:31pm.

Attest:

Approve:

/s/ George Harrison

/s/ Matthew Ashcraft