

**MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND
CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF
CAMERON COUNTY, TEXAS HELD FEBRUARY 1, 2017 AT 5:30 P.M.**

The Board of Navigation and Canal Commissioners of the Brownsville Navigation District of Cameron County, Texas, held a regular meeting on **Wednesday, February 1, 2017 at 5:30 p.m.** The following individuals were present and absent:

PRESENT: John Wood, Chairman
John Reed
Sergio Tito Lopez
Ralph Cowen
Carlos R. Masso

ABSENT: None

ALSO PRESENT: Eduardo A. Campirano, Port Director and CEO
Daniel Rentfro Jr., District Counsel
William J. Irwin, Associate District Counsel

STAFF MEMBERS: Donna Eymard
Bea Rosenbaum
Ariel Chavez
Steve Fitzgibbons
Jaime Martinez
Chief Carlos Garcia
Michael Davis
Tony Rodriguez
Debby Duke
Margie Recio
Lieutenant Mario Esquivel
Patty Gonzales

OTHERS PRESENT: Rev. Andreas Lewis
Ryan Lawlor
Kris Wood
Kevin Garcia
Bob Renbarger
Robert Schulte
Chad Smith
KBSD

1. Meeting Called To Order

The Chairman called the meeting to order at 5:34 p.m. Reverend Lewis offered a prayer. The Chairman then led those present in the Pledge of Allegiance to the United States and Texas flags.

2. Public Audience

Ryan Lawlor, of Hilco Global, addressed the Board regarding HRP Brownsville, LLC and in support of Agenda Items 5(2) and 5(4).

3. Receive Director's Report

a. Receive Port Monthly Operations Summary Report

The Board received the reports. Mr. Chavez addressed the Board and discussion followed regarding progress on Oil Dock Nos. 3 and 6 and the Foust Road Canopy Project.

CONSENT AGENDA

4. Consideration and Action on the Following Consent Agenda Items:

- a. Approval of the Minutes of the Regular Board Meeting of January 18, 2017.
- b. Approval to authorize payments over \$25,000.00:
 1. G&T Paving, the amount of \$49,846.50, for harbor crane pad and 105 SY at Dock 15 road aluminum sliding gate entrance;
 2. RK Johns & Associates, Inc., the amount of \$36,238.20, for professional services on Market plan project and "Strategic Market Analysis; Port Waterborne Trade Forecast, 2017-2021"; and
 3. Roberto J. Ruiz Architect, Inc., the amount of \$198,835.00, for architectural services on the Administration Building.
- c. Approval of the following leases:
 1. Bluewing One, LLC (New lease)
 2. Captain Memo Corp. (New lease)

Commissioner Reed moved to approve all consent agenda items, Commissioner Masso seconded, and the motion passed unanimously.

5. Consideration and Action on Assignments, Negotiations, Easements, Subleases, and Contracts in General.

Mrs. Rosenbaum addressed the Board regarding the following items:

1. Interlube Corporation, Inc. (**Authority to negotiate**)

The lease with Interlube Corp., Inc. under BND Contract 2498 expired on January 14, 2017, and Interlube is requesting a new lease. The purpose is for a tank farm for base lube oil. Commissioner Lopez moved to authorize the Staff to negotiate a new lease with Interlube Corp., Inc., Commissioner Cowen seconded, and the motion passed unanimously.

Chairman Wood then announced that he had recused himself from discussion and action on Items 5(2) through 5(4) and had filed the required affidavit with the Port's legal counsel. Chairman Wood then left the meeting.

Vice-Chairman Reed presided over the meeting during discussion and action on Agenda Items 5(2) through 5(4). The Board considered Items 5(2) through 5(4) at the same time. Ryan Lawlor addressed the Board once more and discussion followed regarding HRP Brownsville, LLC's plan for the site and the principals' experience in their industry.

2. Brownsville Acquisition, Inc. **(New Lease)**

This new lease to Brownsville Acquisition, Inc. includes property leased by ESCO Marine, Inc. under BND Contracts 3034, 3443, 3474 & 3763. The purpose of the lease is for dismantling and processing of ships, barges, vessels, scrap, metals, plants, railroad stock, railroad track and any other material suitable to dismantlement and/or processing; to load and unload barges of materials owned or controlled by Lessee or Lessee's customers; to receive, unload, process, store and warehouse package and load, recyclable materials, aggregates, ores, alloys, ferro-alloys, steel products or composite materials; and to load and unload barges.

3. Callidus Capital Corporation. **(Assignment of Lease)**

The Order Approving Sale entered by the United States District Court – Southern District of Texas – Corpus Christi Division on July 30, 2015 provided that any real property leases between ESCO Marine, Inc. and the BND shall be assumed and assigned by Callidus Capital Corporation, only upon the consent of the BND. Callidus Capital Corporation has requested that, in lieu of an assignment of the real property leases between ESCO Marine, Inc. and the BND, the BND enter into a new lease with Callidus' affiliate, Brownsville Acquisition, Inc., and consent to a sublease between Brownsville Acquisition, Inc. and HRP Brownsville, LLC.

4. HRP Brownsville **(Approval of Sublease)**

Brownsville Acquisition, Inc., an affiliate of Callidus Capital Corporation, has requested that the Board consent to its proposed sublease with HRP Brownsville, LLC or its affiliates. HRP Brownsville, LLC intends to use the site for the purposes described in Item 5(2).

Commissioner Lopez moved to table Items 5(2) through 5(4) until after Executive Session, Commissioner Masso seconded, and the motion passed unanimously.

Chairman Wood then returned to the room and presided over the meeting.

6. Consideration and Action to waive the provision of Policy C250 Policy for Disposition of Surplus, Salvage or unclaimed Property that precludes employees from bidding on sales of surplus, salvage or unclaimed property in regard to the salvage sale to be held in February, 2017.

Mrs. Duke addressed the Board requesting approval to waive the provision of Policy C250 Policy for Disposition of Surplus, Salvage or unclaimed Property that precludes employees from bidding on sales of surplus, salvage or unclaimed property in regard to the salvage sale to be held in February, 2017. At the last meeting of the Salvage Auction Team, the issue of allowing the District's employees to participate in the salvage sale was discussed and the SAT agreed that the request should be taken to the Board for consideration. The request is not intended as a change to the District's policy, as the waiver would only be in effect for any salvage sale held in the month of February, 2017. Discussion followed and the Board reiterated that this action was a one-time exception to the District's policy. The Board also ordered that the bids be opened by legal counsel. Subject to the foregoing requirements, Commissioner Lopez moved to waive the provision of Policy C250 Policy for the Disposition of Surplus, Salvage or Unclaimed Property that precludes employees from bidding on sales of surplus, salvage or unclaimed property at any salvage sale(s) to be held in February, 2017, Commissioner Masso seconded, and the motion passed unanimously.

7. Consideration and Action on bids received January 10, 2017 for Fishing Harbor security services.

Mrs. Duke addressed the Board requesting the approval or rejection on bids received January 10, 2017 for Fishing Harbor security services. Five bids were received. A summary of the bids was provided to the Fishing Harbor Advisory Committee. The Staff did not receive any comments back from the committee, so the Staff made a recommendation to the Board. Century Security Group had the lowest total bid with an annual cost of \$79,949.70 (Base hourly rate of \$10.80). Unfortunately, Century Security Group failed to include bid security as required by specifications. Therefore, the Staff is recommending that the Board reject this bid as non-responsive. The Staff recommends that the Board award the contract to American Surveillance Company, Inc., the next lowest bidder. This vendor had the second lowest total bid with an annual cost of \$83,455.08 (Base hourly rate of \$11.00). This vendor complied with the RFP requirements, including providing a bid security and a signed agreement. This will result in an increase of 19% annually for the Fishing Harbor lessees. Commissioner Masso moved to reject the bid from Century Security Group as non-responsive and to award the contract to the next lowest bidder, American Surveillance Co., Inc., Commissioner Lopez seconded, and the motion passed unanimously.

8. Consideration and Action to authorize the Port Director & CEO, Eduardo A. Campirano to enter into a Marketing Consultant Agreement with Stephen Garifalos.

Mr. Campirano requested that this Item be tabled until the next meeting when Mr. Tyndal would be present to address the Board. Commissioner Masso moved to table this Item, Commissioner Lopez seconded, and the motion passed unanimously.

9. Consideration and Action to accept proposal from 360factors to prepare a Sediment Mapping Analysis for Cargo Dock 11 Exceedent Materials as part of the Docks Maintenance Dredging project.

Mr. Chavez addressed the Board requesting the acceptance of the proposal from 360factors to prepare a Sediment Mapping Analysis for Cargo Dock 11 Exceedent Materials as part of the Docks Maintenance Dredging project. On October 19, 2016, BND Commissioners accepted a proposal from 360factors to perform the Sediment Sampling & Analysis Plan for the BND's Docks Maintenance Dredging project in order to comply with the requirements of the U.S. Army Corps of Engineers (USACE) to obtain the Real Estate Outgrant for that work. The Report showed that substance tolerances were exceeded at several docks, but after review by and conversations with USACE Staff all the docks were cleared except for Cargo Dock #11, which showed an area with more significant levels. BND Staff has asked 360factors for a proposal for additional mapping of the problem area, which they have submitted. 360factors' proposal is to perform the required sampling for an estimated fee of \$51,098.00. USACE has concurred with the plan. Once mapped, Port Staff will reincorporate the area with allowable limits into the Docks Maintenance Dredging Outgrant, after USACE review and approval. Commissioner Cowen moved to accept the proposal from 360factors to Collect and Analyze Sediment Samples at the proposed Docks Maintenance Dredging sites for a Lump Sum fee of \$51,098.00, Commissioner Reed seconded, and the motion passed unanimously.

- 10. Adjourn into Executive Session, as authorized by Subchapter D of Chapter 551 of the Government Code to discuss with attorneys pending or contemplated litigation and matters in which the duty of the attorneys under the Rules of Professional Conduct clearly conflict with Chapter 551; to conduct deliberations regarding real property (§551.072); to deliberate the deployment of security personnel or devices (§551.076); to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee (§551.074); and to conduct deliberations regarding economic development negotiations (§551.087).**

Commissioner Masso moved to adjourn into executive session, Commissioner Lopez seconded, and the motion passed unanimously. The Chairman then announced that the time was 6:05 p.m., and that the Board would adjourn into executive session. Chairman Wood left the meeting prior to adjournment into executive session.

Vice Chairman Reed announced that the time was 7:10 p.m., and that the Board had reconvened in open session. Chairman Wood was not present for the balance of the meeting.

11. Possible action on matters or items discussed in Executive Session.

Vice Chairman Reed recalled Agenda Items 5(2) through 5(4) for consideration.

2. Brownsville Acquisition, Inc. (New Lease)

Commissioner Cowen moved to approve the new lease with Brownsville Acquisition, Inc., Commissioner Masso seconded, and the motion passed by a vote of 4-0.

3. Callidus Capital Corporation. (Assignment of Lease)

Commissioner Lopez moved to table this Item, Commissioner Cowen seconded, and the motion passed by a vote of 4-0.

4. HRP Brownsville (Approval of Sublease)

Commissioner Cowen moved to consent to the Sublease Agreement between Brownsville Acquisition and HRP Brownsville, LLC, Commissioner Masso seconded, and the motion passed by a vote of 4-0.

12. Public Comment Period.

No person wished to address the Board.

13. Adjournment.

Commissioner Lopez moved to adjourn the meeting, Commissioner Masso seconded, and the meeting was adjourned by unanimous consent at 7:13 p.m.

ATTEST

Secretary

John Wood, Chairman of the Board

John Reed, Vice Chairman of the Board