

**MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND
CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF
CAMERON COUNTY, TEXAS HELD JUNE 21, 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, June 21, 2017 at 5:30 p.m.** The following individuals were present and absent:

PRESENT: John Reed, Vice Chairman
Ralph Cowen
Carlos R. Masso

ABSENT: John Wood, Chairman
Sergio Tito Lopez

ALSO PRESENT: Donna Eymard, Deputy Port Director
Daniel Rentfro Jr., District Counsel
William J. Irwin, Associate District Counsel

STAFF MEMBERS: Bea Rosenbaum
Steve Tyndal
Ariel Chavez
Steve Fitzgibbons
Jaime Martinez
Chief Carlos Garcia
Michael Davis
Tony Rodriguez
Patty Gonzales
Memo Rico
Lt. Mario Esquivel
Debby Duke
Margie Recio

OTHERS PRESENT: Rev. Andreas Lewis
KBSD
Ricardo Camacho
Wade Gates
Teresa Henderson
Alan Simon
Deborah Portillo
Bob Berry
Chris Green
Dan Garza
J.C. Echevarria

1. Meeting Called To Order

The Vice Chairman called the meeting to order at 5:32 p.m. Reverend Lewis offered a prayer. The Vice Chairman then led those present in the Pledge of Allegiance to the United States and Texas flags.

2. Public Audience

No person registered to address the Board.

3. Receive Director's Report

a. Receive Port Monthly Operations Summary Report

Mr. Fitzgibbons made the report to the Board. Discussion followed.

CONSENT AGENDA

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

- a. Approval of the Minutes of the Regular Board Meeting of June 7, 2017.
- b. Approval to authorize payments over \$25,000.00:
 1. Vulcan Construction Materials, the amount of \$38,909.43, for crushed limestone for Patio 22;
 2. HDR, the amount of \$29,564.34, for planning, engineering, and design phases of the Dredged Material Placement Area 5A Dike Relocation;
 3. ZIWA Corporation, the amount of \$402,451.70, for BND Administration Complex Rehab & Building Add; and
 4. HDR, the amount of \$32,533.21, for Brazos Island Harbor Deepening.

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

5. Presentation by Texan Cement on operations and future plans.

Mr. Tyndal introduced representatives of Texan Cement who spoke about Texan Cement's operations and plans at the Port. For the past 18 months, staff has been in conversation with American Cement Advisors, d/b/a Texan Cement. Staff has visited ACA sites in Panama and participated in multiple conversations and meetings to recruit ACA to the Port of Brownsville. ACA has subleased the building formerly occupied by Luma Trading, which has been modified to serve as a cement storage and distribution terminal. Texan Cement received its first ship June 14th and requested to address the Board about its operations and plans. Discussion followed.

6. Presentation on status update on Project America.

Mrs. Eymard introduced Alan Simon and Deborah Portillo who made a presentation regarding Project America. Big River Steel is a steel mill project located in Osceola, Arkansas. Big River Steel is proposing to build a new LEED certified steel mill at the Port or to expand their facility in Arkansas. The project will create 500 new jobs with a minimum annual salary of \$75,000.00. The Port has been working closely with Omnitrax to bring the project to the Port. Numerous meetings and presentations have been held and much progress has been made. Discussion followed.

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

Mrs. Rosenbaum addressed the Board regarding the following items:

1. Monita, Inc. (Authority to negotiate)

Monita, Inc.'s fishing harbor lease is due to expire on July 31, 2017 and is requesting a new lease for the purposes of shrimp boat operations. Commissioner Cowen moved to authorize the Staff to negotiate a new lease with Monita, Inc., Commissioner Masso seconded, and the motion passed unanimously.

2. Latif Celik Konstruksiyon Insaat Muhendislik Ticaret Limited Sirketi. (Authority to negotiate)

Latif Celik Konstruksiyon is requesting to lease approximately five to ten acres for the purposes of cement production and distribution. Mr. Tyndal briefly addressed the Board regarding the proposed tenant. Commissioner Masso moved to authorize the Staff to negotiate a new lease with Latif Celik Konstruksiyon, Commissioner Cowen seconded, and the motion passed unanimously.

3. International Shipbreaking Limited, LLC. (Authority to negotiate)

International Shipbreaking Limited, LLC under BND Contract 3969 is requesting the Board's consent to subordinate the Port's security interest in favor of PNC Bank. Commissioner Masso moved to table this item, Commissioner Cowen seconded, and the motion passed unanimously.

4. Cumberworth Investments, Inc. / Flare & Vapor Systems, Inc. (Sublease)

Cumberworth Investments, Inc. is requesting the Board's consent to sublease to Flare & Vapor Systems, Inc. The premises will be used for light truck parking and welding. Commissioner Masso moved consent to the sublease to Flare & Vapor Systems, Inc., Commissioner Cowen seconded, and the motion passed unanimously.

5. Don E. Moore / Richard L. Ellis (Authority to Negotiate)

Don E. Moore has a fish camp that he would like to transfer to his nephew, Richard L. Ellis. Commissioner Cowen moved to authorize the Staff to negotiate the transfer, assignment, or sublease of the fish camp lease to Richard L. Ellis, Commissioner Masso seconded, and the motion passed unanimously.

6. Gulmar, Inc. / Luis J. Oseguera, d/b/a GDO Trucking (Authority to Negotiate)

Gulmar, Inc. is in the process of selling its improvements to Luis J. Oseguera d/b/a GDO Trucking and is requesting to be released of its lease so that a lease may be negotiated with Luis J. Oseguera d/b/a GDO Trucking. The purpose of the new lease would be for a trucking and truck maintenance shop. Commissioner Masso moved to authorize the Staff to negotiate a release of lease with Gulmar, Inc. and a new lease with Luis J. Oseguera d/b/a GDO Trucking, Commissioner Cowen seconded, and the motion passed unanimously.

7. Dix Industries, Inc. (Authority to negotiate)

Dix Industries, Inc. is currently leasing BND Shed 15, West for the purpose of storage of waterborne cargo and the lease is due to expire on July 31, 2017. Dix Industries is requesting to extend the term of the lease. Commissioner Masso moved to authorize the Staff to negotiate an amendment to the lease, Commissioner Cowen seconded, and the motion passed unanimously.

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8. Consideration and Action on Amending Leasing Policy C306 (Exhibits) – Exhibit D – Insurance Requirements to reflect updated requirements.

Mrs. Duke addressed the Board requesting an amendment on Leasing Policy C306 (Exhibits) – Exhibit D – Insurance Requirements to reflect updated requirements. When the District revised the Leasing Policies in 2012, one of the revisions made was to develop a set of insurance requirements that recognized that there is a wide variety in the nature of the District's tenants. Prior to this, the District had used a "one size fits all" schedule of insurance requirements that did not adequately address the variety found in the tenant base. There were concerns that some of the limits contained in the schedules were not easily acquired by the tenants, and the Board requested that the staff review the matter and in the meantime to negotiate insurance limits with tenants on a case-by-case basis. This process, in working with the tenants, has given the staff guidance in setting the limits on the schedules, and pointed out the fact that there was a segment of the tenant base that had been overlooked. In addition, the District engaged a new insurance consultant, who had on staff an individual, Mr. Cliff Yeckes, with experience writing commercial pollution coverages. He has been a great help in preparing the schedules that are being presented to the Board for consideration and action. One of the provisions that the staff will be stressing with the tenants is that not only do they need to have the certificate of insurance provided to them, they need to have the declarations page of the policy submitted as well. This will be a better indication of any exclusions that might be endorsed onto the policy, as well as what the deductibles are. The District has the right to request a copy of the full policy, and this is something that the staff will be looking at for the Level 5 lessees. Cindi Heffernan has offered her expertise in assisting with the review of these policies and can pull in Cliff Yeckes on an as-needed basis. The new required limits have been presented to the Policy Committee. The staff will be notifying the tenants of the new requirements and working with them to get them into compliance. Discussion followed. Commissioner Masso moved to adopt the amended Policy C306 (Exhibits) – Exhibit D – Insurance Requirements, as presented by the staff, to be effective May 17, 2017, Commissioner Cowen seconded, and the motion passed unanimously.

9. Consideration and Action enter into an agreement with Burson-Marsteller for Communication Services.

Mr. Tyndal addressed the Board requesting authorization to enter into an agreement with Burson-Marsteller for Communication Services. On August 22, 2016, Port staff circulated an RFQ for communications services. Eight firms submitted qualifications and three were subsequently interviewed. Those firms made presentations to the board and staff at a public workshop on April 21, 2017. On May 4, 2017, the Board granted staff authority to enter into negotiations with Burson-Marsteller for communications services. Port staff concluded negotiations and B-M was present and addressed the Board concerning its proposed agreement and scope of services. Discussion followed. Vice Chairman Reed asked that this item be discussed in executive session. Commissioner Masso moved to table this item, Commissioner Cowen seconded, and the motion passed unanimously.

10. Consideration and Action to issue a purchase order to Creative Bus Sales in the amount of \$62,992.68 for the purchase of a 14-passenger tour bus under the HGACBuy Co-operative agreement and to authorize payment of the invoice when received.

Mrs. Duke addressed the Board requesting authorization for the Staff to issue a purchase order to Creative Bus Sales in the amount of \$62,992.68 for the purchase of a 14-passenger tour bus under the HGACBuy Co-Operative agreement and to authorize payment of the invoice when received. The District included the purchase of a 14-passenger tour bus in the Capital Budget for 2017. The Starlite 14P was identified as having the features desired in the vehicle for the District's use. The Texas dealer for this bus is Creative Bus Sales in Irving, Texas. They are members of HGAC (Houston-Galveston Area Council, a purchase cooperative that the District also belongs to. They provided an HGAC quote for a bus with all of the requested options in the amount of \$62,992.68. This bus is listed as "PA ready", and the dealer has committed to include the PA system at no cost. This bus should be ready for delivery in 60 to 90 days. Commissioner Masso moved to approve the purchase order to Creative Bus Sales in the amount of \$63,992.68 for the purchase of a 14-passenger tour bus under the HGAC Co-operative agreement and to authorize the payment of the invoice when it is received, Commissioner Cowen seconded, and the motion passed unanimously.

11. Consideration and Action to authorize Staff to negotiate Land Surveying Services with top four (4) respondent firms to the Request for Statements of Qualifications on the BIH Easements Releases and other land surveying work.

Mr. Chavez addressed the Board requesting the authorization for Staff to negotiate Land Surveying Services with top five (5) respondent firms to the Request for Statements of Qualifications on the BIH Easements Releases and other land surveying work. Pursuant to authorization by BND Commissioners on May 17, 2017, BND Engineering Services staff finalized the Request for Statements of Qualifications (SOQs) from Land Surveying firms to perform boundary surveys of the easements in the Brazos Island Harbor (BIH) Ship Channel that were released by the U.S. Congress in the Water Resources Development Act (WRDA) of 2016. On May 29 and June 6, 2017, BND Engineering Services Staff published an invitation to submit Statements of Qualifications (SOQs) from interested and qualified land surveying consultants. On June 13, 2017, eleven (11) responses were submitted, and the Evaluation Committee started review immediately. The Committee made a recommendation to select five (5) firms to perform the boundary surveys of the released easements, and to potentially perform the survey of the SH 48 Utility Corridor. Mr. Rentfro suggested that because the agenda item was for four firms, the Board should consider granting authority to negotiate with the fifth firm at the next meeting. Commissioner Masso moved to authorize staff to negotiate with the four recommended firms, Commissioner Cowen seconded, and the motion passed unanimously.

12. Consideration and Action on Change Order No. 1 to the Administration Complex Rehabilitation and Building Additions project providing for additional asphalt abatement, additions to sanitary sewer system, and extending contract time due to permit delays.

Mr. Chavez addressed the Board requesting approval on Change Order No. 1 to the Administration Complex Rehabilitation and Building Additions project providing for additional asphalt abatement, additions to sanitary sewer system, and extending contract time due to permit delays. On December 21, 2016, BND Commissioners awarded the contract on the Administration Complex

Rehabilitation and Building Additions project to lowest bidder Ziwa Corporation (Ziwa), in the amount of \$7,106,000.00 inclusive of all alternates. After the Notice to Proceed was issued, some delays were experienced upon the contractor seeking to obtain County Building permits, which the contractor estimates at a total of 49 calendar days. Once work started, it was discovered that some duct abatement work was not necessary, but mastic had to be removed from wall panels, and there was some unforeseen asbestos in the floor at Building "B" that also had to be removed, at a net cost of \$12,022.97 and 5 calendar days. In addition, some CMU windows and door opening tested positive and had to be removed by abatement procedures at a cost of \$24,314.69 and 5 calendar days. Lastly, upon relocating the sanitary sewer line, it was decided to install two (2) Manhole Liners & place flowable fill on the abandoned sewer line under Building "B", labor & equipment only, at a cost of \$10,813.53 and 5 calendar days. The total contract amount increase would be \$47,151.19, for a new contract amount of \$7,153,151.19, and the total extension of the contract time would be sixty-four (64) days, for a new contract completion date of July , 2018. Commissioner Masso moved to approve Change Order No. 1 to the contract with Ziwa Corporation on the Administration Complex Rehabilitation and Building Additions project, increasing the contract price by \$47,151.19, for a new contract price of \$7,153,151.19, and an extension of the contract time of sixty-four (64) calendar days, for a new contract completion date of July , 2018, Commissioner Cowen seconded, and the motion passed unanimously.

13. 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 Cowen seconded, and the motion passed unanimously. The Vice Chairman then announced that the time was 6:38 p.m., and that the Board would adjourn into executive session.

The Vice Chairman then announced that the time was 7:56 p.m., and that the Board had reconvened in open session.

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

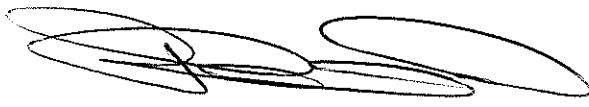
Commissioner Masso moved to approve the resolution supporting Project America as discussed in Executive Session, Commissioner Cowen seconded, and the motion passed unanimously.

15. Adjournment.

Commissioner Masso moved to adjourn the meeting, Commissioner Cowen seconded, and the meeting was adjourned by unanimous consent at 7:58 p.m.

ATTEST


Secretary


John Reed, Vice Chairman of the Board

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