

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

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

**ABSENT:** Sergio Tito Lopez

**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  
Steve Tyndal  
Oscar Garcia  
Patty Gonzales  
Rosie Hinojosa  
Memo Rico  
Jorge Montero  
Ariel Chavez  
Steve Fitzgibbons  
Jaime Martinez  
Chief Carlos Garcia  
Michael Davis  
Tony Rodriguez

**OTHERS PRESENT:** Rev. Andreas Lewis  
Joseph Linck

**1. Meeting Called To Order**

The Chairman called the meeting to order at 5:33 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**

No person registered to address the Board.

**3. Receive Director's Report**  
**a. Receive Port Monthly Operations Summary Report**

The Board received the reports. Discussion followed.

Commissioner Reed asked Mrs. Rosenbaum a question about the consent to lease associated with the lease to Centurion Terminals. Mrs. Rosenbaum and Mr. Campirano briefly addressed the Board.

Commissioner Reed asked Mr. Chavez a question regarding TxDOT's project requirements. Mr. Chavez briefly addressed the Board. Discussion followed.

Chairman Wood asked Mr. Chavez for an update on the Oil Dock 6 project. Mr. Chavez addressed the Board.

Chairman Wood asked Mr. Tyndal for an update on the Port directory. Mr. Tyndal addressed the Board. Discussion followed.

Commissioner Reed asked Mr. Tyndal for a report on his marketing trips to New York and Monterrey. Mr. Tyndal addressed the Board.

**CONSENT AGENDA**

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

- a. Approval of the Minutes of the Regular Board Meeting of June 21, 2017.
- b. Approval to authorize payments over \$25,000.00:
  1. HDR, the amount of \$30,877.49, for DMPA Dike Relocation Project; and
  2. Triton Marine Construction, the amount of \$3,186,009.02, for Construction Administration and Observation services for Oil Dock 3 & 6 Maintenance Dredging.
- c. Approval of the following leases:
  1. Captain Memo Corp. (New lease)
  2. Valley Crossing Pipeline, LLC (Amendment)
  3. Valley Crossing Pipeline, LLC (Amendment to Easement)
  4. Valley Crossing Pipeline, LLC (Amendment to Easement)
  5. Valley Crossing Pipeline, LLC (Amendment to Easement)

Chairman Wood asked that Consent Agenda Items 4c2-5 be removed from the Consent Agenda for discussion in Executive Session. Commissioner Cowen moved to table Consent Agenda Items 4c2-5, Commissioner Masso seconded, and the motion passed unanimously.

Commissioner Reed moved to approve all other 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. RTW Properties, L.P./Texas KLM, LLC (**Assignment of Lease**)

RTW Properties, L.P. requested to assign their lease to Texas KLM, LLC for the purposes of a liquid terminal. Mrs. Rosenbaum and Mr. Irwin addressed the Board regarding Texas KLM, LLC and RTW Properties, L.P.'s now closed bankruptcy case. Commissioner Reed moved to consent to assigning the lease from RTW Properties, L.P. to Texas KLM, LLC, Commissioner Cowen seconded, and the motion passed unanimously.

2. Texas KLM, LLC. (**Authority to negotiate**)

Texas KLM, LLC under BND Contract 3218 is requesting to add to their lease term three additional five-year renewal options. The purpose of their lease is a liquid terminal and the transfer and blending of lubricants. Commissioner Reed moved to authorize the Staff to negotiate an amendment to the lease with Texas KLM, LLC, Commissioner Masso seconded, and the motion passed unanimously.

3. G & O Shrimp Co., Inc. (**Authority to negotiate**)

The lease to G & O Shrimp Co., Inc under BND Contract 3642 is due to expire on November 14, 2017, and the lessee is requesting a new lease. The purpose of their lease is for shrimping operations. Commissioner Masso moved to authorize the Staff to negotiate a new lease with G & O Shrimp Co., Inc., Commissioner Cowen seconded, and the motion passed unanimously.

**6. Consideration and Action to approve reimbursement to ESCO Marine, Inc. for rent received for periods after the commencement date of the Port's lease to Brownsville Acquisition, Inc. and the Bankruptcy Court's order rejecting ESCO Marine, Inc.'s leases with the Port.**

Mr. Fitzgibbons and Mrs. Hinojosa addressed the Board requesting approval to reimburse ESCO Marine, Inc for rent received for periods after the commencement date of the Port's lease to Brownsville Acquisition, Inc. and the Bankruptcy Court's Order rejecting ESCO Marine, Inc.'s leases with the Port. Chairman Wood noted he would be abstaining and Vice Chairman Reed presided over discussion of this Item. The commencement date of the lease between the Port and Brownsville Acquisition, Inc. was May 1, 2017. On the same day, the Bankruptcy Court for the Southern District of Texas entered an order rejecting ESCO Marine, Inc's leases with the Port and allowing the security deposits held by the Port to be applied to the pre-bankruptcy amounts owed by ESCO Marine, Inc. under its leases. Until May 1, 2017, ESCO Marine, Inc. was still obligated to pay rent on all of its leases with the Port. Prior to the Bankruptcy Court's Order, rejecting ESCO Marine, Inc.'s leases with the Port, ESCO Marine, Inc. paid rent to the Port for periods extending beyond May 1, 2017, in the total amount of \$51,090.36. Discussion followed and Mr. Irwin and Mr. Rentfro addressed the Board regarding the bankruptcy case and the Port's pending claims in the bankruptcy. Commissioner Masso moved to approve the reimbursement of the amount of \$51,090.36 to ESCO Marine, Inc. for payment of rent for the periods after the commencement dates of the Port's lease to Brownsville Acquisition, Inc and the Bankruptcy Court's order rejecting ESCO Marine, Inc.'s leases with the Port, Commissioner Cowen seconded, and the motion passed by a vote of 3-0. Chairman Wood abstained.

**7. Consideration and Action to authorize the Brownsville Navigation District to enter into a Memorandum of Agreement with US Corps of Engineers Galveston District to prepare a Disposal Report for the release of property identified as tract 2 in Section 1318 of the Water Resources Development Act of 2016.**

Mr. Campirano addressed the Board requesting authorization to enter into a Memorandum of Agreement with US Corps of Engineers Galveston District to prepare a Disposal Report for the release of property identified as Tract 2 in Section 1318 of the Water Resources Development Act of 2016. The Brownsville Navigation District has been working with the U.S. Corps of Engineers Galveston District to implement Section 1318 of the Water Resources Development Act of 2016 which authorizes and directs the Secretary of the Army to effectuate the release of interests of the United States in certain tracts of land located in the Port of Brownsville. This Memorandum of Agreement is specific to Tract 2 and sets forth the responsibilities of USACE and the Port in completing the Tasks associated with the requirement of the disposal report. Commissioner Cowen moved to approve the Memorandum of Agreement between the U.S. Army Corps of Engineers and the Brownsville Navigation District, Commissioner Reed seconded, and the motion passed unanimously.

**8. Consideration and Action to authorize the Staff to request qualifications for external audit services for Fiscal Years 2017-2019.**

Mr. Fitzgibbons addressed the Board requesting authorization for the Staff to request qualifications for external audit services for Fiscal Years 2017-2019. The District enters into contracts for external audit services for three years with no extension provisions. The current audit of Fiscal Year Ending 12/31/2016 was the third audit year of the current contract with Long Chilton, LLP. Staff is requesting authorization for the professional services procurement process for external audit services for Fiscal Years Ending 12/31/2017, 12/31/2018, and 12/31/2019. Qualified firms are being sent RFQ's along with posting the RFQ on the District's website. Commissioner Reed asked Mr. Fitzgibbons questions regarding the RFQ and what firms have responded in the past. Discussion followed. Commissioner Reed moved to authorize the request for qualifications for required external audit services for the next three audit years and working with the Audit Committee to present a recommendation to the Board of Commissioners for Audit Services for Fiscal Years 2017, 2018 and 2019, Commissioner Cowen seconded, and the motion passed unanimously.

**9. Consideration and Action to authorize the purchase and installation of surveillance cameras and applicable accessories for the BND Administration Complex.**

Chief Garcia addressed the Board requesting authorization to purchase and install surveillance cameras and applicable accessories for the BND Administration Complex. The Brownsville Navigation Administration Complex is currently undergoing a rehabilitation process and two additional buildings are being erected. Surveillance cameras are being requested for outdoor and indoor monitoring to enhance security during business and non-business hours. Indoor cameras would be installed at every entrance/exit and inside the BND Board meeting room. The outdoor cameras would be installed to provide a 360-degree coverage of all four buildings. A total of 14 indoor and 8 outdoor cameras would be required for all four buildings (A-D). Two indoor cameras that were removed before the start of this project are available for reuse, thus only requiring the Port to purchase 12 indoor and 8 outdoor cameras. In addition, ASC will rerun the fiber from the Command Center to Building B and from Building B to Building D and install cameras and

applicable accessories as required to have functional system. Commissioner Cowen moved to authorize the Staff to purchase surveillance cameras, applicable accessories, and installation services from American Surveillance Company, Inc. and for a purchase order be issued for the proposed amount, Commissioner Reed seconded, and the motion passed unanimously.

**10. Consideration and Action to accept proposal from consultant HDR, Inc. for Task Order #22, consisting of Construction Observation Services for the Valley Crossing Pipeline Project across BND Property.**

Mr. Chavez addressed the Board requesting authorization for the Port Director and C.E.O. to accept the proposal from consultant HDR, Inc. for Task Order #22, consisting of Construction Observation Services for the Valley Crossing Pipeline Project across BND Property. On May 3, 2017, BND Commissioners approved an easement agreement with Valley Crossing Pipeline for the installation of a 42" pipeline across BND property and into the Gulf of Mexico. The agreement included a provision for inspection of the construction of the pipeline by a BND consultant, to be paid for by Valley Crossing Pipeline. BND Staff requested a proposal from BND consultant HDR, Inc., and after several iterations, consensus on the scope of work for the third-party inspections was achieved among VCP, HDR and BND. HDR proposed to perform the inspection as agreed upon for a not-to-exceed fee of \$425,000.00. The easement agreement with Valley Crossing Pipeline included a provision for inspection of the construction of the pipeline by a BND Consultant, to be paid for by Valley Crossing Pipeline. Commissioner Cowen moved to authorize the Port Director and C.E.O. to accept the proposal for Task Order #22, consisting of Construction Observation Services for the Valley Crossing Pipeline Project across BND property, for a not-to-exceed fee of \$425,000.00, and execute a Task Order Agreement with HDR for those services, Commissioner Masso seconded, and the motion passed unanimously.

**11. Consideration and Action to accept proposal from Mejia & Rose, Incorporated on Land Surveying Services of Tracts No. 1 and No. 2 of the Brazos Island Harbor Easements Releases in Water Resources and Development Act of 2016.**

Mr. Chavez addressed the Board requesting the acceptance of the proposal from Mejia & Rose, Incorporated on Land Surveying Services of Tract No. 1 and No. 2 of the Brazos Island Harbor Easements Releases in Water Resources and Development Act of 2016. As authorized by BND Commissioners on May 17, 2017, BND Engineering Services staff prepared a Request for Statement 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 June 21, 2017, BND commissioners authorized Port Staff to negotiate with four (4) of the responding firms. BND Staff has requested and received a proposal from Mejia & Rose, Incorporated (M&R), to perform the boundary surveys on Tracts No. 1 and No. 2 of the BIH Easements Releases in WRDA 2016. M&R proposes to perform these boundary surveys for a lump sum fee of \$26,900.00. Commissioner Masso moved to accept the proposal from Mejia & Rose, Incorporated to perform

the boundary surveys on Tracts No.1 and 2 of the WRDA 2016 BIH Easements Releases for a lump sum fee of \$26,900.00, Commissioner Cowen seconded, and the motion passed unanimously.

**12. Consideration and Action to authorize Staff to negotiate Land Surveying Services with an additional fifth respondent firm to the Request for Statements of Qualification on the BIH Easements Releases and other land surveying work.**

Mr. Chavez addressed the Board requesting authorization for the Staff to negotiate with an additional fifth respondent firm for the Land Surveying Services Request for Statements of Qualification on the BIH Easements Release and other land surveying work as recommended by the Evaluation Committee. 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. Of the eleven (11) responses received in June 13, 2017, the Evaluation Committee recommended five (5) firms be engaged. On June 21, 2017, BND Commissioners authorized negotiations with four (4) firms, on the advice of legal counsel, due to the wording in the Agenda item. This is to authorize BND Staff to negotiate with the fifth firm, as recommended by the Evaluation Committee. Commissioner Reed moved to authorize Staff to negotiate with the fifth Land Surveying firm, 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 Reed moved to adjourn into Executive Session, Commissioner Cowen seconded, and the motion passed unanimously. The Chairman then announced that the time was 6:27 p.m., and that the Board would adjourn into Executive Session.

The Chairman then announced that the time was 7:02 p.m. and that the Board had reconvened in open session.

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

Chairman Wood recalled Consent Agenda Items 4c2-5.

Commissioner Cowen moved to approve Consent Agenda Items 4c2-5, subject to receipt of the signed agreements, Commissioner Masso seconded, and the motion passed unanimously.

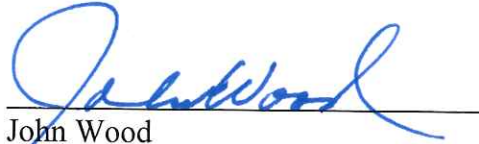
**15. Adjournment.**

Commissioner Masso moved to adjourn the meeting, Commissioner Reed seconded, and the meeting was adjourned by unanimous consent at 7:03 p.m.

ATTEST



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Secretary



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John Wood  
Chairman of the Board