

**MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND
CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF
CAMERON COUNTY, TEXAS HELD MAY 16, 2018 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, May 16, 2018 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
Esteban Guerra

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
Steve Tyndal
Oscar Garcia
Ariel Chavez
Steve Fitzgibbons
Jaime Martinez
Chief Carlos Garcia
Lieutenant Mario Esquivel
Michael Davis
Tony Rodriguez
Lorena Hernandez
Manuel Martinez
Debby Duke
Margie Recio

OTHERS PRESENT: Rev. Andreas Lewis
Senator Eddie Lucio, Jr.
Judge Rene DeCoss
Family and friends of Esteban Guerra
Family and friends of John Wood
Joseph Linck
Edward de la Garza
Don Breeden
Kyle Clark

Norma Torres
Scott Donnahoe
KBSD

1. Meeting Called To Order

Chairman Wood called the meeting to order at 5:40 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

Senator Lucio addressed the Board and congratulated the Board on the Port's success. Senator Lucio also congratulated Carlos Masso on his years of service as commissioner and Chairman Wood and Esteban Guerra on their election victories.

Commissioner Masso and Chairman Wood then addressed the Board regarding their service as commissioners.

3. Receive Director's Report

a. Receive Port Monthly Operations Summary Report

Ms. Hernandez made the report to the Board. Brief discussion followed.

CONSENT AGENDA

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

- a. Approval of the Minutes of the Special Board Meeting of April 24, 2018 and the Regular Board Meeting of May 2, 2018.
- b. Approval to authorize payments over \$25,000.00:
 1. HDR, Inc., the amount of \$88,715.98, for Construction Observations Services for Valley Crossing Pipeline Project, Brazos Island Harbor Deepening Project, and DMPA 5B Dike Relocation Project.

5. Consideration and Action on Steamship Agents License Renewal Application for:

1. Gulf Harbor Shipping, LLC

Chairman Wood clarified that the amount listed in Item 4b1 will be reimbursed by Valley Crossing.

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

6. Canvass the returns of the May 5, 2018, General Election. *Hacer el escrutinio de los resultados de la eleccion general del dia 5 de Mayo del 2018.*

Mrs. Duke addressed the Board requesting approval of the canvass of the returns of the May 5, 2018 General Election. She reported that in Place 2, John Wood received 3,160 votes and that Cesar Lopez received 2,899 votes. She reported that in Place 4, Javier Vera received 2,338 votes, Esteban (Steve) Guerra received 2,710 votes and Patrick Anderson received 992 votes. The winners of the election were John Wood in Place 2 and Esteban (Steve) Guerra in Place 4. Commissioner Masso moved to approve the canvass report as submitted by the County Elections Administrator, Remi Garza, as the official results of the election, Commissioner Cowen seconded, and the motion passed unanimously.

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7. Receive the bonds of the winners of the May 5, 2018 General Election.

Mrs. Duke addressed the Board regarding the acceptance of the bonds of the winners of the May 5, 2018 General Election. Board members for the Brownsville Navigation District are required to submit a bond in the amount of \$10,000 prior to their taking office. Mr. Rentfro noted that the bonds were in order. No action was required.

8. Issue Certificates of Election to the winners of the May 5, 2018 General Election.

Mrs. Duke addressed the Board requesting authorization to issue Certificates of Election to the winners of the May 5, 2018 General Election. Chairman Wood presented the Certificate of Election to Esteban Guerra. Commissioner Reed presented the Certificate of Election to John Wood.

9. Administration of the Oath of Office to the winners of the May 5, 2018 General Election.

Mrs. Duke addressed the Board requesting the administration of the Oath of Office to the winners of the May 5, 2018 General Election. Frank Wood administered the Oath of Office to John Wood. Judge Rene DeCoss administered the Oath of Office to Esteban Guerra. Commissioner Guerra addressed the public and expressed thanks to his supporters and commented on his goals as commissioner. Commissioner Guerra then took his seat with the rest of the Board of Commissioners. Commissioner Carlos Masso resigned his seat.

10. Election of officers of the Board of Navigation and Canal Commissioners of the Brownsville Navigation District of Cameron County, Texas.

Mrs. Duke addressed the Board. Board Policy B501 (Local) provides for the Board to elect from among its members the officers of Chairman, Vice Chairman, and Secretary. The two Commissioners who are not elected to one of these three positions will hold the position of Assistant Secretary. Election to office shall be by a majority vote of the members of the Board who are present and voting. Commissioner Wood nominated John Reed to serve as Chairman of the Board, Commissioner Cowen seconded, and the motion passed unanimously. Chairman Reed nominated Sergio Tito Lopez to serve as Vice Chairman of the Board, Commissioner Guerra seconded, and the motion passed unanimously. Chairman Reed nominated Ralph Cowen to serve as Secretary of the Board, Commissioner Lopez seconded, and the motion passed unanimously.

The newly elected officers of the Board assumed their positions, and control of the meeting was passed to Chairman Reed.

11. Presentation and update by Kyle Clark with HDR, Inc. on the Brazos Island Harbor project.

Mr. Campirano introduced Kyle Clark with HDR, Inc. who is the Project Manager on the Brazos Island Harbor (BIH) Channel Improvement project. He provided an update on the progress of the permitting efforts with the U.S. Army Corps of Engineers to secure the construction permit for the channel deepening project. Discussion followed.

12. Presentation by Don Breeden on the final design of the mural for the new Administration Building.

Mrs. Eymard introduced Don Breeden, a local Brownsville artist, who was commissioned by the Brownsville Navigation District to design a mural to be located in the new Administration

Building. He has had several meetings with the Building Committee on the concept of the mural and made a presentation to the Board regarding the mural. Discussion followed.

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

Mrs. Rosenbaum addressed the Board regarding the following items:

1. West Plains, LLC (Authority to negotiate)

West Plains, LLC, under BND Contract 4088, has requested a lease for the 1.29-acre parcel just West of their site. Commissioner Wood moved to authorize the Staff to prepare an amendment to BND Contract 4088 to increase the leasehold premises from 18.34 to 19.63 acres (+1.29 acres), Commissioner Cowen seconded, and the motion passed unanimously.

2. John Whelan, d/b/a Whelan Industries (Authority to negotiate)

John Whelan d/b/a Whelan Industries has requested to lease the site formerly leased by Chapa Shrimp Trawlers at the Fishing Harbor for the purpose of tying up bait boats for bait shrimping. Commissioner Lopez moved to authorize the Staff to negotiate with John Whelan for a new lease at the Fishing Harbor, Commissioner Cowen seconded, and the motion passed unanimously.

Commissioner Cowen then left the room.

3. Elite Packaging Services, LLC/Port Warehouse Properties, LP (Assignment of Lease)

Elite Packaging Services, LLC under BND Contract 3599 is selling their improvements to Port Warehouse Properties, LP and have requested the Board's Consent to the Assignment subject to closing. Commissioner Lopez moved to consent to assignment of lease from Elite Packaging Services, LLC to Port Warehouse Properties, LP subject to closing, Commissioner Guerra seconded, and the motion passed by a vote of 4-0. Commissioner Cowen abstained from this item.

4. Elite Packaging Services, LLC/Port Warehouse Properties, LP (Assignment of Sublease)

Elite Packaging Services, LLC under BND Contract 3599 requested the Board's consent to assign their sublease with CSC Sugar, LLC to Port Warehouse Properties, LP, subject to closing. Commissioner Lopez moved to consent to assignment of the sublease with CSC Sugar, LLC from Elite Packaging Services, LLC to Port Warehouse Properties, LP, Commissioner Guerra seconded, and the motion passed by a vote of 4-0. Commissioner Cowen abstained from this item.

5. Port Warehouse Properties, LP (Subordination)

Port Warehouse Properties, LP under BND Contract 3599 requested that the Board approve of a subordination agreement in favor of International Bank of Commerce for a loan in the amount of \$2,000,000.00 to purchase the leasehold improvements from Elite Packaging Services, LLC. Mr. Rentfro noted that the agreement was nearly finalized but that there needed to be a few revisions to IBC's form. Commissioner Lopez moved to approve the subordination of the Port's security interest in favor of International Bank of Commerce subject to approval by legal counsel and the Port Director on or before May 31, 2018, Commissioner Guerra seconded, and the motion passed by a vote of 4-0. Commissioner Cowen abstained from this item.

Commissioner Cowen returned to the room.

14. Consideration and Action on amending Purchase Order 64640 for Property and Liability Insurance coverage.

Mrs. Duke addressed the Board requesting approval on the amendment of Purchase Order 64640 for Property and Liability Insurance coverage. The Port advertised for insurance proposals in 2016. The successful proposal was through McGriff, Siebels & Williams for the District's Property and Liability coverages. The effective date was May 15, 2016. The three-year premium for property coverage was \$936,478.25 and for liability coverage was \$159,862.51. The District issued Purchase Order Number 64640 in the amount of \$1,107,744.75 for the three-year premiums, plus taxes and fees. The Port has added significant property values in the interim, with \$181,086,074 worth of assets under coverage. In addition, the Port's operating revenues, which drives the liability premium, rose \$2,717,550 in the last year. This has increased the premiums based on the values by \$13,734. Commissioner Cowen moved to approve increasing Purchase Order 64640 by \$15,000 to cover the increase in premiums due to the increases in values and exposure. The new total for the purchase order will be \$1,122,744.75, Commissioner Lopez seconded, and the motion passed unanimously.

15. Consideration and Action authorizing staff to submit an application for funding to the U.S. Economic Development Administration for the Keppel AmFELS Ship Building Project.

Mr. Campirano addressed the Board requesting authorization for staff to submit an application for funding to the U.S. Economic Development Administration for the Keppel AmFELS Ship Building Project. Keppel AmFELS has announced plans to begin building ships primarily to serve the U.S. Jones Act market. They have secured a contract with Pasha Hawaii to build two 775-foot container ships. This project is anticipated to create 700 new jobs. Keppel AmFELS is undertaking improvements to their facility, including expansion to their production facilities, improvements to their waterfront facilities, including dredging, a new dry dock and the construction of an assembly and erection pad. The proposed ship yard improvements are estimated to be \$200 million. The request for funding from the Economic Development Administration (EDA) is for the construction of the assembly and erection pad. The pad is estimated to cost \$6 million. The EDA grant request is for \$1.2 million. The District is working with the Lower Rio Grande Valley Development Council to secure funding assistance. The balance of the funding will come from a combination of funds from the District and Keppel AmFELS. Commissioner Wood moved to authorize Staff to submit an application for funding to the U.S. Economic Development Administration for the Keppel AmFELS ship building project, Commissioner Cowen seconded, and the motion passed unanimously.

16. Consideration and Action authorizing staff to advertise for bids for the construction of the Assembly and Erection Pad for the Keppel AmFELS Ship Building Project.

Mr. Campirano addressed the Board requesting authorization for the Staff to advertise for bids for the construction of the Assembly and Erection Pad for the Keppel AmFELS Ship Building Project. Keppel AmFELS is going to begin building ships to serve the U.S. Jones Act market. They will be undertaking improvements to their facilities, including the construction of the Assembly and Erection Pad. In an effort to facilitate the execution of the project, all or part of the project components which create leasehold improvements may be bid through the Brownsville Navigation District. This would be done in an effort to realize cost savings to the project. Chairman Reed clarified that the assembly and erection pad would be District assets and Mr. Rentfro noted that

there would need to be an amendment to Keppel AmFELS' lease. Commissioner Wood moved to authorize the Staff to advertise for bids for the construction of the Assembly and Erection Pad for the Keppel AmFELS Ship Building project, Commissioner Guerra seconded, and the motion passed unanimously.

17. Consideration and Action to amend annual contract for Disposal of Oily water from the Fishing Harbor Sewer Treatment Plant and from Ballast Pit No. 2 by providing up to 925 cubic yards of dirt and allowing dirt to mix with Oily Waste/Sludge at Ballast Pit No. 2 to Facilitate Oily Water/Sludge Removal.

Mr. Fitzgibbons addressed the Board requesting approval to amend annual contract for Disposal of Oily water from the Fishing Harbor Sewer Treatment Plant and from Ballast Pit No. 2 by adding that the District will provide up to 925 cubic yards of dirt and that this dirt will be allowed to mix with oily waste/sludge at Ballast Pit No. 2 to facilitate the oily water/sludge removal. On March 27, 2018 the District received one bid at \$.39 per gallon to remove oily water from the Ballast Pit from Environmental Evolutions. The bid did not set a minimum or maximum quantity or dollar figure. Environmental Evolutions has removed a considerable amount of oily waste and what remains in the pit is a thicker oily sludge. Environmental Evolutions estimates that under current conditions only about two more vacuum truck loads can be taken from the Ballast Pit. Environmental Evolutions recommends using dirt to push oily waste liquids to the area to be pumped and proposes mixing the dirt with the oily waste and removing this mix with a long reach backhoe they have on site, placing the mix in trucks and properly disposing of the material at their contract price of \$.39 per gallon. Environmental Evolutions expects to remove all materials down to the liner in about forty days if the contract amendment is approved. District staff received an estimate of 866,000 gallons from Environmental Evolutions which is more than double previous estimates. At \$.39 per gallon, the cost for 866,000 gallons would be \$337,740. Oscar Garcia has met with Environmental Evolutions and has shown them dirt that the District would have available and has been told the dirt is acceptable for this purpose. Mr. Garcia has stated that the District can provide the dirt. Based on the removal of 866,000 gallons, about 975 cubic yards of dirt would be required. Commissioner Lopez moved to authorize the proposed amendment to the District's contract with Environmental Evolutions and authorize up to 925 cubic yards of dirt to be utilized in the removal of oily water/sludge from the Ballast Pit No. 2, Commissioner Wood seconded, and the motion passed unanimously.

18. 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).

There was no need to adjourn into Executive Session.

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


There was none.

20. Adjournment.

Commissioner Wood moved to adjourn the meeting, Commissioner Cowen seconded, and the motion was adjourned by unanimous consent at 7:10 p.m.

ATTEST

Secretary



John Reed
Chairman of the Board