

**MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND
CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF
CAMERON COUNTY, TEXAS HELD OCTOBER 17, 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, October 17, 2018 at 5:30 p.m.** The following individuals were present and absent:

PRESENT: John Reed, Chairman
Ralph Cowen
John Wood
Esteban Guerra

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
Memo Rico
Maggie Doxsee
Steve Tyndal
Ariel Chavez
Lorena Hernandez
Jose Herrera
Oscar Garcia
Jaime Martinez
Chief Carlos Garcia
Michael Davis
Tony Rodriguez
Debby Duke
Margie Recio

OTHERS PRESENT: Rev. Andreas Lewis
Jorge de la Colina
Joe Linck
Scott Donnaho
David Eymard

1. Meeting Called To Order

The Chairman called the meeting to order at 5:42 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.

The Board acknowledged and welcomed Mrs. Eymard's return to the Port.

2. Public Audience

No person registered to address the Board.

3. Receive Director's Report

a. Receive Port Monthly Operations Summary Report

Mrs. Hernandez 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 October 3, 2018.
- b. Approval to authorize payments over \$25,000.00:
 1. Southmost Regional Water Authority, the amount of \$145,058.00, for assessment fees;
 2. U.S. Corp of Engineers, the amount of \$30,000.00, for assessment fee for the Interagency/Support Agreement of the assumption of O&M Brazos Island Harbor;
 3. McGriff, Seibels & Williams, Inc., the amount of \$40,000.00, for insurance consultant contract; and
 4. Cameron County Regional Mobility Authority, the amount of \$72,256.55, for Design/Engineering plans for South Port Connector Road Project.

Mrs. Duke noted that a correction in the October 3, 2018 minutes was needed to show that Mr. Rodriguez was not in attendance.

Commissioner Wood moved to approve all consent agenda items including the correction to the minutes as noted, Commissioner Cowen seconded, and the motion passed unanimously.

5. Presentation of District Funds Investment Report for the Period July 1, 2018 through September 30, 2018.

Mrs. Hernandez addressed the Board regarding the District Funds Investment Report for the Period July 1, 2018 through September 30, 2018.

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

Mrs. Rosenbaum addressed the Board regarding the following items:

1. Falco, Inc. / Arguindegui Oil Co. II, Ltd (Authority to negotiate)

Falco, Inc., under BND Contract 3672, is negotiating the sale of their leasehold improvements to Arguindegui Oil Co. II, Ltd and has requesting to be released of their lease subject to the Board approving of a new lease to Arguindegui Oil Co. II, Ltd. The purpose of the new lease will be for storage and transportation of fuel, lubricants, and other chemical products. Commissioner Cowen moved to authorize the Staff to negotiate a new lease with Arguindegui Oil Co. II, Ltd. and authorize to negotiate a Release of Lease to Falco, Inc., Commissioner Guerra seconded, and the motion passed unanimously.

Commissioner Cowen left the Board room prior to discussion of the following item.

2. JTM II, LTD (Authority to negotiate)

JTM II, LTD, under BND Contract 3517, has requested that an additional five-year term be added to their lease which would give them four five-year renewal option terms. Commissioner Guerra moved to authorize the Staff to negotiate an amendment to JTM II, LTD lease to add one additional five-year term to the lease, Commissioner Wood seconded, and the motion passed 3-0. Commissioner Cowen did not participate in discussion or action on this item.

Commissioner Cowen then returned to the Board room.

7. Consideration and Action to approve amendments to the District's Fiscal 2018 Operating and Capital Budgets by increasing operating revenues by \$1,178,668 to \$22,405,241 and increasing operating expenditures by \$396,388 to \$14,124,287 and increasing the 2018 Capital Budget by \$5,812,017.

Mrs. Hernandez addressed the Board requesting approval of amendments to the District's Fiscal 2018 Operating and Capital Budget by increasing operating revenues by \$1,178,668 to \$22,405,241 and increasing operating expenditures by \$396,388 to \$14,124,287 and increasing the 2018 Capital Budget by \$5,812,017. Staff recommended the necessary budget amendments to its Fiscal Year 2018 Operating Budget based on actual revenues and expenditures to date. The proposed amendments increase operating revenues by \$1,178,668, with about \$550,000 of this increase resulting from the expected increases in dockage and wharfage revenues. Proposed expenditures are to increase by a net \$396,388 resulting in part from an increase of \$505,000 for additional patio and internal road repairs and reductions in other consultant fees by reallocating about \$178,800 in real estate appraisal and other marketing consultant fees to the next Fiscal Year 2019. The Fiscal Year 2018 Capital Budget amendments are necessary to allocate funds for new capital projects including the Rehabilitation of the Bulk Cargo Dock, the South Port Connector Road, and the Public Assembly and Erection Pad. Commissioner Cowen moved to authorize the proposed FY 2018 Operating and Capital Budget Amendments by increasing operating revenues by \$1,178,668 and operating expenditures by \$396,388 and increasing Capital expenditures by \$5,812,017, Commissioner Wood seconded, and the motion passed unanimously.

8. Consideration and Action authorizing staff to advertise for proposals for pension audit services and to open the proposals once received.

Mrs. Duke addressed the Board requesting authorization for staff to advertise for proposals for pension audit services and to open the proposals once received. The Texas Legislature has established an oversight agency to watch over pension systems and has established reporting requirements for those systems. The District staff has been working with the Pension Review Board (PRB) to comply with the reporting requirements. One of these requirements is that the District's pension plan for its employees must be audited by an external auditor. This audit cannot be performed under the current engagement letter with the District's financial auditors. Staff is in the process of developing the Request for Proposals for pension auditors and would like to have authorization to begin advertising as soon as the packet is ready to distribute. The first audit of the pension will need to be a 2-year audit of fiscal 2017 and 2018. Thereafter, the audit will be for a single fiscal year. The pension plan is on a calendar fiscal year. Under the current regulations, pension plan audits must be submitted to the PRB by July 30th for plans with a December 31st fiscal year end. The actuaries report that their work, which is one part of the basis of the audit,

will be ready for the auditor by March 1st. The staff expects that this first audit will take some time to complete as it will be starting from square one. The staff would like to have an auditor selected, after review by the audit committee, and ready to start work by the end of January so that the audit can be completed and submitted to the PRB as quickly as possible. Commissioner Cowen moved to authorize Staff to advertise for proposals for pension and audit services and to open the proposals once received, Commissioner Wood seconded, and the motion passed unanimously.

9. Consideration and Action on bids for the purchase of one pickup and one medium-size sport utility vehicle received on October 10, 2018, including possible trade-in of one pickup toward the purchase of one of the vehicles and to authorize payment of the invoices when received.

Mrs. Duke addressed the Board requesting the acceptance on bids for the purchase of one pickup and one medium-size sport utility vehicle received on October 10, 2018, including possible trade-in of one pickup toward the purchase of one of the vehicles and to authorize payment of the invoices when received. The District advertised for bids for the purchase of a crew-cab, 4-wheel drive pickup for the Police Department and a mid-sized SUV for the Administration Department. This request offered one 2010 pickup as a trade-in. Bid packets were sent to seven local dealerships. Bids were received on October 10, 2018. Three were received, one from Tipton Auto Group, one from Caldwell Country Chevrolet, and one from Grapevine Dodge Chrysler Jeep. Grapevine Dodge Chrysler Jeep did not include a bid security, and the staff is recommending that the bid be rejected on that basis. Tipton Auto Group and Caldwell Country Chevrolet did include bid security. In comparing the bids between Tipton and Caldwell, both bid only on Option 1, the 2019 model-year vehicles. Neither of them submitted a bid on Option 2, the 2018 model-year vehicles. Caldwell slightly underbid Tipton on both vehicles, but Tipton offered a higher amount for the trade-in vehicles, which made Tipton the overall low bidder for both vehicles. Commissioner Wood moved to reject the bid from Grapevine Dodge Chrysler Jeep due to the lack of a bid security and to award the bid for one pickup and one medium size sport utility vehicle, including the trade-in, to Tipton Auto Group, as set out in their bid, and to authorize payment of the invoices once received, Commissioner Cowen seconded, and the motion passed unanimously.

10. Consideration and Action on Memorandum of Agreement between the Brownsville Navigation District and the United States Army Corps of Engineers (USACE) establishing a mutual framework governing the respective responsibilities of the parties for the non-federal improvements of portions of the Brazos Island Harbor Channel.

Mr. Chavez addressed the Board requesting approval on Memorandum of Agreement between the Brownsville Navigation District and the United States Army Corps of Engineers (USACE) establishing a mutual framework governing the respective responsibilities of the parties for the non-federal improvements of portions of the Brazos Island Harbor Channel. The Galveston District (SWG) of the United States Army Corps of Engineers (USACE) is requesting that the Brownsville Navigation District enter into a Memorandum of Agreement (MOA) with the United States Department of the Army (DA) to establish a mutual framework that will govern the responsibilities of each of the parties for the DA to provide goods and services including technical assistance, oversight reviews of design requirements, studies; economic analysis, and

environmental considerations in order to meet the guidelines for Federal assumption of operation, and maintenance pursuant to Section 204(f) of the Water Resources Development Act (WRDA) of 1986, as amended, for the non-federal improvements of portions of the Brazos Island Harbor Channel. Included with the MOA is the Support Agreement (SA) that defines the Scope of Work, Special Provisions, DA and BND Project Officers, deliverable Reports, funding and related parameters, and authority. The MOA and accompanying SA will allow the District to continue moving forward towards finalizing the permits and related documents with the USACE for the Brazos Island Harbor Ship Channel deepening project. Commissioner Guerra moved to approve and adopt the Memorandum of Agreement with the United States Department of the Army establishing a mutual framework governing the respective responsibilities of the parties for the non-federal improvements of portions of the Brazos Island Harbor Channel, to ratify Chairman John Reed's signature on the MOA, and to authorize payment of the \$30,000.00 fee for the performance of the Scope of Work, Commissioner Cowen seconded, and the motion passed unanimously.

11. Consideration and Action to accept a \$1,800,000.00 Financial Assistance Award from the United States Department towards construction of the Public Vessel Assembly and Erection Development Administration towards construction of the Public Vessel Assembly and Erection Pad project in the Port of Brownsville.

Mr. Chavez and Mr. Campirano addressed the Board requesting acceptance of a \$1,800,000.00 Financial Assistance Award for the United States Department towards construction of the Public Vessel Assembly and Erection Pad project in the Port of Brownsville. The Economic Development Administration (EDA) of the United States Department of Commerce has approved the Brownsville Navigation District's application for a \$1,800,000 EDA grant to complete Port Facilities Improvements, to wit, the Public Vessel Assembly and Erection Pad project, which will serve the tenants at the Port of Brownsville. In order to receive the awarded funding, the BND must agree to the terms and conditions of the award as set out in the Department of Commerce Financial Assistance Standard Terms and Conditions document submitted to the BND with the Notice of Approval of the application for financial assistance. The BND agreement with the Terms and Conditions is to be expressed and indicated by the signature of the Port Director and C.E.O. on the U.S. Department of Commerce's Financial Assistance Award document. Commissioner Cowen moved to accept the \$1,800,000.00 Financial Assistance Award from the United States Department of Commerce's Economic Development Administration towards construction of the Public Vessel Assembly and Erection Pad project in the Port of Brownsville, consent to the Department of Commerce Financial Assistance Terms and Conditions, and authorize the Port Director and C.E.O. to sign the Financial Assistance Award document, Commissioner Guerra seconded, and the motion passed unanimously.

12. Consideration and Action on bids received for the Phase II of the BND Port Road Improvements project, subject to Texas Department of Transportation concurrence.

Mr. Chavez addressed the Board requesting the acceptance or rejection on bids received for the Phase II of the BND Port Road Improvements project, subject to Texas Department of Transportation concurrence. Three (3) bids were received on September 28, 2018 and opened. G&T Paving, LLC. (G&T) was the apparent low bidder with a Base Bid of \$1,896,154.51. Review of the bids confirmed that all bids were responsive and that the low bid was not materially unbalanced. BND Engineering prepared and emailed a letter to TxDOT recommending award of this contract to the low bidder. Mr. Chavez commented that the District would do the construction

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inspection on this project. Commissioner Cowen moved to award the contract for the BND Port Road Improvements – Phase II project to lowest responsive bidder G&T Paving, LLC in the amount of \$1,896,154.51 and authorize Port Staff to issue the Notice of Award after review, confirmation and concurrence by the Texas Department of Transportation, Commissioner Wood 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 Cowen moved to adjourn into executive session, Commissioner Guerra seconded, and the motion passed unanimously. The Chairman then announced that the time was 6:30 p.m. and that the Board would adjourn into executive session.

The Chairman then announced that the time was 7:30 p.m. and that the Board had reconvened in open session.

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

There was none.


15. Adjournment.

Commissioner Guerra moved to adjourn the meeting, Commissioner Wood seconded, and the meeting was adjourned by unanimous consent at 7:31 p.m.

ATTEST



Secretary



John Reed
Chairman of the Board