

**MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND
CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF
CAMERON COUNTY, TEXAS HELD APRIL 3, 2019 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, April 3, 2019 at 5:30 p.m.** The following individuals were present and absent:

PRESENT: Sergio Tito Lopez, Vice Chairman
Ralph Cowen
Esteban Guerra

ABSENT: John Reed
John Wood

ALSO PRESENT: Daniel Rentfro Jr., District Counsel
William J. Irwin, Associate District Counsel

STAFF MEMBERS: Bea Rosenbaum
Steve Tyndal
Lieutenant Mario Esquivel
Jaime Martinez
Chief Carlos Garcia
Manuel Martinez
Jorge Montero
Tony Rodriguez
Lorena Hernandez
Margie Recio
Sergeant Juan Valles

OTHERS PRESENT: Rev. Andreas Lewis
Jorge de la Colina
Joe Linck
Scott Donnaho
Family of Sergeant Juan Valles

1. Meeting Called To Order

The Vice Chairman called the meeting to order at 5:35 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.

Chief Garcia addressed the Board and introduced Juan Valles, who was recently promoted to Sergeant of the Port of Brownsville Police Department. Sergeant Valles addressed the Board.

2. Public Audience

No person registered to address the Board.

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

CONSENT AGENDA

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

- a. Approval of the Minutes of the Regular Board Meeting of March 20, 2019.
- b. Approval to authorize payments over \$25,000.00:
 1. Raba Kistner, the amount of \$35,400.00, for professional services rendered for the Public Vessel Assembly and Erection Pad Project;
 2. G&T Paving, the amount of \$327,913.29, for BND Port Road Improvements Phase II;
 3. EDG, Inc., the amount of \$29,000.08, for professional services rendered for BND Bulk Cargo Dock Improvements project;
 4. L&G Concrete Construction, the amount of \$534,150.00., for Public Vessel Assembly & Erection Pad;
 5. American Surveillance, the amount of \$53,246.20, for Maintenance Agreement and Purchase of Camera Licenses and support;
 6. Triton Marine Construction, the amount of \$333,509.59, for Oil Dock 6 and Maintenance Dredging; and
 7. HDR Inc., the amount of \$466,464.49, for BIH Project, Dike 5B Relocation Project, BIH Project Task Order #2
- c. Approval of the following leases:
 1. Sea Breeze Marine, Inc. (New lease)
 2. Texas KLM, LLC, d/b/a KLM Terminal (New lease)
 3. Interlube Corporation, Inc. (Release of Lease)

Vice Chairman Lopez noted that portions of Item 4b7 are reimbursable to the Port.

Commissioner Cowen moved to approve Items 4a and 4b1-7, Commissioner Guerra seconded, and the motion passed unanimously.

Commissioner Guerra then moved to approve Items 4c1-3, Commissioner Cowen 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. Rio Grande Council, Boys Scouts of America Laguna Station (**Authority to negotiate**)

The lease to the Boys Scouts under BND Contract 3743 expired on December 31, 2018, and they have requested a new lease. They lease approximately 3.103 acres which are located in the Isla Blanca Park along the south end of South Padre Island, for operation of a high adventure camp and/or other activities and events. They requested a 10-year term with a 30-day notice to

BROWNSVILLE NAVIGATION DISTRICT MINUTES

April 3, 2019

Page 2 of 6

terminate should the District need the property for another use. Commissioner Cowen asked if a lower rental rate could be negotiated given the proposed use. Mrs. Rosenbaum noted that would be an item for negotiation. Commissioner Guerra moved to authorize the Staff to negotiate a new lease with the Rio Grande Council, Boys Scouts of America Laguna Station, Commissioner Cowen seconded, and the motion passed unanimously.

2. Texas KLM, LLC, d/b/a KLM Terminal **(Authority to negotiate)**

Texas KLM, LLC, d/b/a KLM Terminal has requested a license agreement to cross Old Highway 48 with a pipeline from their proposed lease site to the liquid cargo docks. Commissioner Cowen moved to authorize the Staff to negotiate a License Agreement with Texas KLM, LLC, d/b/a KLM Terminal as presented, Commissioner Guerra seconded, and the motion passed unanimously.

3. Bluewing One, LLC **(Authority to negotiate)**

Bluewing One, LLC has requested a license agreement to cross Old Highway 48 with a pipeline that will run from their proposed terminal to the liquid cargo docks. Commissioner Guerra moved to authorize the Staff to negotiate a License Agreement with Bluewing One, LLC, as presented, Commissioner Cowen seconded, and the motion passed unanimously.

4. Combustibles De Oriente, S.A. De C.V. **(Authority to negotiate)**

Combustibles De Oriente, S.A. De C.V. has requested a license agreement to cross Old Highway 48 with a pipeline from their proposed site to the liquid cargo docks. Commissioner Cowen moved to authorize the Staff to negotiate a License Agreement with Combustibles De Oriente, S.A. De C.V., as presented, should their lease on the site currently leased by R.M. Walsdorf, Inc. be approved, Commissioner Guerra seconded, and the motion passed unanimously.

5. Bluewing One, LLC **(Authority to negotiate)**

Bluewing One, LLC has requested a license agreement to cross Old Highway 48 with a pipeline to connect to the District's liquid cargo docks. Commissioner Cowen moved to authorize the Staff to negotiate a License Agreement with Bluewing One, LLC, as presented, Commissioner Guerra seconded, and the motion passed unanimously.

Commissioner Cowen asked that Items 6-8 be considered together. Mrs. Rosenbaum proceeded to present Items 6-8 together.

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

The District is working with multiple Liquid Terminal Operators to facilitate pipeline connections to the liquid cargo docks. Staff has been working with Interlube Corporation, Inc. to coordinate their pipeline routes. The District will need to amend the lease with Interlube Corporation, Inc. to remove a tract of land that is needed for License Agreements for Texas KLM, LLC, Bluewing One, LLC, and Valero Brownsville Terminal, LLC. The lease will also need to be amended to remove a tract of land along the south boundary of Interlube's lease site to relocate an existing waterline.

7. TransMontaigne Operating Company, L.P. **(Authority to negotiate)**

The District has requested that TransMontaigne Operating Company, L.P. agree to remove a certain tract from their leased premises to accommodate Texas KLM's and Bluewing One's request to connect their pipelines to the liquid cargo docks.

BROWNSVILLE NAVIGATION DISTRICT MINUTES

April 3, 2019

Page 3 of 6

8. Valero Brownsville Terminal, LLC (**Authority to negotiate**)

The District has requested that Valero Brownsville Terminal LLC agree to remove certain tracts from their leased premises to accommodate District's need to relocate a waterline and to accommodate Texas KLM's and Bluewing One's request to connect their pipelines to the liquid cargo docks.

Commissioner Guerra moved to (6) authorize the Staff to negotiate an amendment to Interlube Corporation's lease, as presented, (7) authorize the Staff to negotiate an amendment to Transmontaigne Operating Company's lease, as presented, and (8) authorize Staff to negotiate an amendment to Valero Brownsville Terminal's lease, as presented, Commissioner Cowen seconded, and the motion passed unanimously.

9. A.E. Cantu and Lucila I. Martin (**Authority to negotiate**)

A.E. Cantu has requested that his grazing lease be transferred to his granddaughter, Lucila I. Martin. As such, he has asked to be released of his lease and that Staff prepare a new lease to Ms. Martin. Commissioner Cowen moved to authorize the Staff to negotiate a new lease to Lucila I. Martin and a release of lease to A.E. Cantu, Commissioner Guerra seconded, and the motion passed unanimously.

10. NuStar Logistics, L.P. (**Authority to negotiate**)

NuStar Logistics, L.P. has requested a lease on a parcel of land for the purpose of providing product to the Citgo Petroleum Corporation site across the channel and to TransMontaigne Operating Co., L.P. The District will also need to provide access from Callaway Drive to the proposed site. Commissioner Guerra moved to authorize the Staff to negotiate a new lease with NuStar Logistics, L.P., Commissioner Cowen seconded, and the motion passed unanimously.

Vice Chairman then recalled Item 3. The Board received the reports and there was no further discussion.

6. Consideration and Action to authorize Port Director and C.E.O. and Port Legal Counsel to execute Amendment #1 to the U.S. Army Corps of Engineers' Right of Entry to perform topographic, bathymetric and geotechnical surveys for the BIH Deepening project.

Mr. Martinez addressed the Board requesting authorization for the Port Director and C.E.O. and Port Legal Counsel to execute Amendment #1 to the U.S. Army Corps of Engineers' Right of Entry to perform topographic, bathymetric and geotechnical surveys for the BIH Deepening project. On September 18, 2018, the United States Army Corps of Engineers (USACE) issued Right-of-Entry No. DACW64-9-18-0085 granting the Brownsville Navigation District (BND) the right to access various areas in and in the proximity of the Brazos Island Harbor (BIH) Ship Channel. The license period was 180 days, which concluded on March 17, 2019. Although the data collection is complete, the permit has not been issued yet. In the interest of time, and in the event any additional data collection becomes necessary, BND staff has requested an extension of the Right-of-Entry period to December 31, 2019. USACE has concurred with the request and is asking that Amendment No.1 be executed by BND's Port Director and C.E.O. and Port Legal Counsel.

Based on Mr. Martinez's presentation, Commissioner Cowen suggested that Item 7 be considered first.

7. Consideration and Action to accept proposal from consultant HDR, Inc. for Task Order #3 on the Brazos Island Harbor Deepening project, consisting of Analysis of Widening the Bend Between BIH Stations 0+000 and 7+000 in the area West of the Brownsville Ship Channel Entrance Jetties.

Mr. Martinez addressed the Board requesting the acceptance of proposal from consultant HDR, Inc. for Task Order #3 on the Brazos Island Harbor Deepening project, consisting of Analysis of Widening the Bend Between BIH Stations 0+000 and 7+000 in the area west of the Brownsville Ship Channel Entrance Jetties. BND Staff has been working with the U.S. Army Corps of Engineers (USACE) on permitting towards construction of the Brazos Island Harbor (BIH) Deepening project, and with Liquefied Natural Gas (LNG) companies planning to construct terminals at BND. The LNG prospects have stated the need to ease the bend in the Ship Channel. BND consultant HDR, Inc. (HDR) has submitted Task Order #3 to evaluate the proposed Bend Easing between Ship Channel Stations 0+000 and 7+000. The evaluation will include close coordination with BND Staff and the Brazos Santiago Pilots to design the Bend Easing for the LNG vessels. HDR proposes to perform the evaluation including (1) Project Initiation and Controls; (2) USACE Section 408 Coordination, Real Estate, and Section 10 and 404 Permits; (3) Seagrass, Environmental, and Cultural Resource Reviews; (4) 60% Engineering and Design Phase; and (5) 100% Final Design; for a fee not exceed \$565,733.00. NextDecade LNG and Annova LNG have expressed their concurrence with the submitted Task Order #3 proposal. Commissioner Guerra moved to authorize the Port Director & C.E.O. to accept the proposal for Task Order #3, on the Brazos Island Harbor Deepening project, consisting of Bend Easing Evaluation and Design services, including USACE Section 408 Coordination, Real Estate, and Section 10 and 404 Permits, for a not-to-exceed fee of \$565,733.00 and to execute the Task Order Agreement with HDR for those services, Commissioner Cowen seconded, and the motion passed unanimously.

Vice Chairman Lopez then asked for a vote on Item 6.

Commissioner Guerra moved to authorize the Port Director and C.E.O. and Port Legal Counsel to execute Amendment No. 1 to the U.S. Army Corps of Engineers' Right-of-Entry No. DACW64-9-18-0085 to perform topographic, bathymetric and geotechnical surveys for the BIH Deepening Project, extending the Right-of-Entry expiration date to December 31, 2019, Commissioner Cowen seconded, and the motion passed unanimously.

8. 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 Board adjourned into executive session at 6:05 p.m.

The Vice Chairman then announced that the time was 6:35 p.m., and that the Board had reconvened in open session.

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

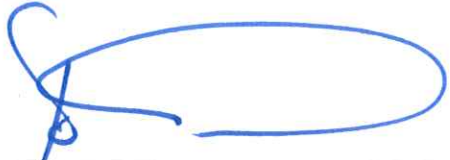
There was none.

10. Adjournment.

Commissioner Guerra moved to adjourn the meeting, Commissioner Cowen seconded, and the meeting was adjourned by unanimous consent at 6:36 p.m.

ATTEST

Secretary



Sergio Tito Lopez
Vice Chairman of the Board