

**MINUTES OF A WORKSHOP AND REGULAR MEETING OF THE BOARD OF
NAVIGATION AND CANAL COMMISSIONERS OF THE BROWNSVILLE
NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS
HELD AUGUST 7, 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, August 7, 2019 at 5:30 p.m.** The following individuals were present and absent:

PRESENT: John Reed, Chairman
Sergio Tito Lopez
Ralph Cowen
John Wood
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
Jose Herrera
Manuel Martinez
Ariel Chavez
Steve Tyndal
Oscar Garcia
Lorena Hernandez
Jaime Martinez
Chief Carlos Garcia
Carlos Martinez
Tony Rodriguez
Debby Duke
Margie Recio
Memo Rico
Jorge Montero

OTHERS PRESENT: Rev. Andreas Lewis
Jorge de la Colina
William Fisher
Hunter Stanco
Peter Schmar
Bob Berry
John Clint

WORKSHOP

1. The Workshop was called to order at 5:32 p.m. A presentation was made by Hunter Stanco, of Morgan Stanley, and William Fisher, of Wilkins, Finston, and Friedman Law Group, regarding proposed amendments to the Retirement Plan for Employees of the Brownsville Navigation District.

REGULAR MEETING

1. Meeting Called To Order

The Chairman called the meeting to order at 6:10 p.m. Mr. Chavez 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. Reports

a. Administer the Oath of Office to Officer Jesse Figueroa

Chief Garcia administered the oath of office to Officer Figueroa. Officer Figueroa then addressed the Board and thanked the Port for the opportunity.

b. Receive Director's Report

Commissioner Lopez asked Mr. Garcia for an update on the removal of oil from the fishing harbor. Mr. Garcia briefly addressed the Board.

Chairman Reed asked Chief Garcia about adding speed limit signs in certain areas of the Port. Chief Garcia briefly addressed the Board.

c. Engineering Projects Report

Mr. Chavez made a presentation to the Board on the status of various projects throughout the Port.

CONSENT AGENDA

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

- a. Approval of the Minutes of the Regular Board Meeting of July 24, 2019.
- b. Approval to authorize payments over \$25,000.00:
 1. HDR, Inc., the amount of \$168,130.79, for Oil Docks 3&6 Maintenance Dredging, BIH Project – Task Order 2 and BIH Project – Task Order 3;
 2. L&G Concrete Construction, Inc, the amount of \$212,322.60, for Public Vessel Assembly & Erection Pad Project; and
 3. Triton Marine Construction, the amount of \$729,699.38, for Oil Dock 6 and Maintenance Dredging Project.

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

ACTION ITEMS

5. Consideration of and Action to acknowledge receipt of submission of Ad Valorem Property Tax Calculations for the 2019 levy.

Ms. Hernandez addressed the Board requesting receipt of submission of Ad Valorem Property Tax Calculations for the 2019 levy. The presentation of the 2019 property tax calculations to the Board of Commissioners is a required step in the tax assessment process. The calculations of the Effective and Rollback Tax Rates were published on August 7th and have been posted on the District's web site. These are also required preliminary steps in the setting of a tax rate. Ms. Hernandez is recommending that the Board consider adopting a rate that exceeds the lower of the Effective Tax Rate and the Rollback Tax Rate for 2019, which will require the District to proceed with two public hearings and two additional published notices. Commissioner Lopez moved to acknowledge receipt of the Ad Valorem Tax calculations for the 2019 Ad-Valorem Property Tax Levy, Commissioner Cowen seconded, and the motion passed unanimously.

6. Consideration of and Action on a 2019 Proposed Ad Valorem Tax Rate for the Brownsville Navigation District of \$.035920 per \$100 valuation. This rate is comprised of a debt portion of \$.01132 per \$100 valuation and a maintenance and operations portion of \$.024788 per \$100 valuation.

Ms. Hernandez addressed the Board recommending to the Board the 2019 ad valorem tax rate for the Brownsville Navigation District of \$.035920 per \$100 valuation, which is the same rate as the 2018 Adopted Tax Rate. Under this item, because the Proposed Tax Rate exceeds the Effective Tax Rate of \$.034549 per \$100 valuation, the Board may vote to accept the Proposed Tax Rate, but the Board will not be able to adopt the 2019 tax rate until the required notices are run in the paper and the required 2 public hearings are held. The rate will not be subject to a rollback action as it is less than the rollback rate of \$.048427 per \$100 valuation. Once the Board takes action on the proposed rate, the rate becomes the official Proposed Tax Rate for the District, and the rate is used in the required notices. This does not set the final adopted rate. Commissioner Lopez moved that the property tax be increased by the adoption of a tax rate of \$.035920 per \$100 of valuation, which is effectively a 3.97 percent increase in the tax rate. Commissioner Guerra seconded, and the motion passed unanimously. A roll call vote was taken with each commissioner voting "Aye".

7. Consideration of and Action to adopt Second Amendment to the Retirement Plan for Employees of the Brownsville Navigation District.

Mrs. Eymard addressed the Board requesting the adoption of the Second Amendment to the Retirement Plan for Employees of the Brownsville Navigation District. Pension Trustees have been working for many months with Bill Fisher, attorney with Wilkins, Finston, Friedman Law Group, Hunter Stanco, investment advisor with Morgan Stanley and Mitchell Bilbe with Rudd and Wisdom to propose some changes to the employee pension plan. The changes would help stabilize the plan and help the District move forward in decreasing the unfunded liability that exists today. As discussed in the workshop earlier, changes would include going to a fixed interest rate credit to the employees, expanding the vesting period from 5 to 7 years and setting entry into the pension plan and beginning the vesting period after the completion of the first anniversary of employment. These changes would also help reduce the cost of maintaining the plan, in particular the actuarial services. Staff would also recommend making monthly contributions to the Morgan Stanley investment account in the amount of \$50,000 in excess of the required contributions to start decreasing the unfunded liability, which is approximately \$4,164,000 as of January 2019. The

interest rate change, if approved, will take effect January 2020 and the remainder of the changes will take effect upon approval of the Board. Commissioner Guerra moved to approve the Second Amendment to the Retirement Plan for the Employees of the Brownsville Navigation District and to make additional monthly contributions to the Morgan Stanley investment account of \$50,000.00, Commissioner Cowen seconded, and the motion passed unanimously.

RESOLUTION

8. Consideration of and Action to approve a Resolution to adopt the Second Amendment to the Retirement Plan, adopt confirmation of pre-tax treatment of mandatory employee contributions to the plan and change Trustees.

Mrs. Eymard addressed the Board requesting approval of a Resolution to adopt the Second Amendment to the Retirement Plan, adopt confirmation of pre-tax treatment of mandatory employee contributions to the plan, and change Trustees. This Resolution formally adopts the Second Amendment to the Retirement Plan for Employees of the Brownsville Navigation District, adopts confirmation of the pre-tax treatment of mandatory employee contributions to the Plan and changes all Trustees. All these changes were discussed in detail in a workshop held prior to the Board Meeting. Meetings will be held with all employees to go over changes and answer any questions they may have. Commissioner Wood moved to approve and adopt the Resolution, Commissioner Lopez seconded, and the motion passed unanimously.

PRESENTATION

9. Presentation on Employee Awareness Program.

Mr. Campirano addressed the Board regarding development of the Employee Awareness Program. Discussion followed.

10. Consideration of and Action to authorize Port Director and CEO to execute a Right of Entry and License Agreement with the State of Texas General Land Office for the Bahia Grande Permanent Channel project.

Mrs. Eymard addressed the Board requesting authorization for the Port Director and CEO to execute a Right of Entry and License Agreement with the State of Texas General Land Office for the Bahia Grande Permanent Channel project. Staff has been working with the General Land Office for the last several years to complete the Permanent Channel improvements on the Bahia Grande project. The GLO received funding through the RESTORE Act to fund the channel deepening and widening and are now ready to move forward with the project. Staff has had several meetings with the GLO, County, TxDOT and the project engineering group to finalize the plans and the project should go out for bid before the end of this year. In order to proceed with the project, the GLO is requesting the Port to execute the Right of Entry and License Agreement to allow them access to the property for a term of 6 years, which will include construction and monitoring of the project in accordance with the terms of the RESTORE funds. Commissioner Cowen moved to approve the Right of Entry and License Agreement with the State of Texas General Land Office, Commissioner Wood seconded, and the motion passed unanimously

11. Consideration of and Action to authorize Port Staff to solicit Request for Qualification for Port of Brownsville Real Property Appraisal.

Mr. Tyndal addressed the Board requesting authorization for Port Staff to solicit Request for Qualification for Port of Brownsville Property Appraisal. The Brownsville Navigation District is

seeking Request For Qualifications for the professional services of a real estate appraiser to be engaged to provide an Appraisal Report that will include a professional opinion as to the fair market value of all of the District's real property. Commissioner Wood moved to authorize the Staff to solicit Request for Qualifications of Real Property Appraisal, Commissioner Cowen seconded, and the motion passed unanimously

12. Consideration of and Action on Grantee/Operators agreement between the Brownsville Navigation District-Foreign Trade Zone No. 62 and Gulf Facilities.

Mr. Rodriguez addressed the Board requesting approval on Grantee/Operators agreement between the Brownsville Navigation District-Foreign Trade Zone No. 62 and Gulf Facilities. Gulf Facilities is requesting FTZ activation for 6,000 square feet of their warehouse space and 2 acres of their adjacent open patio. The purpose of the foreign trade zone status will be for general-purpose warehousing (machinery, aluminum, and other steel products). Commissioner Lopez moved to approve Gulf Facilities (Port of Brownsville Magnet Site) as an Operator of FTZ No. 62, Commissioner Wood seconded, and the motion passed unanimously.

13. Consideration of and Action to authorize Port Director and CEO to enter into a Master Professional Services Agreement with consultant Hanson Professional Services, Inc. and approve Task Order No. 1000 for Hanson Professional Services to prepare the Engineering Design Report for the Fishing Harbor Wastewater Treatment Plant Replacement project.

Mr. Chavez addressed the Board requesting authorization for the Port Director and CEO to enter into a Master Professional Services Agreement with consultant Hanson Professional Services, Inc. and approve Task Order No. 1000 for Hanson Professional Services. On May 15, 2019 BND Commissioners selected consultant Hanson Professional Services, Inc. (Hanson) to provide professional services on the Fishing Harbor Wastewater Treatment Plant Replacement project. BND Staff has received the Master Professional Services Agreement (MPSA) and after review and consultation with BND legal counsel Rentfro, Irwin & Irwin, PLLC, have finalized the MPSA. Hanson has also submitted Task Order No. 1000, being a proposal to prepare the Engineering Design Report for a total fee of \$115,800.00, which will include (1) Documenting Existing Wastewater Treatment Facilities, (2) Developing Future Wastewater Flows and Loadings, (3) Identifying Wastewater Treatment Alternatives, and (4) Identifying the Selected Alternative. Upon completion of the Engineering Design Report, Hanson will submit Task Order 2000 which will consist of the actual engineering design and preparation of bidding and construction drawings and specifications for the new wastewater treatment plant. Commissioner Lopez moved to authorize the Port Director to enter into a Master Professional Service Agreement with Hanson Professional Services, Inc. and to approve Task Order No. 1000 to prepare the Engineering Design Report for the New Fishing Harbor Wastewater Treatment Plant project for a lump sum fee of \$115,800.00, Commissioner Cowen seconded, and the motion passed by a vote of 4-0. Chairman Reed abstained.

14. Consideration of and Action to accept supplemental attachment of Task Order #1 and #2 from consultant HDR, Inc. on the Brazos Island Harbor Deepening project, consisting of increasing the amount of labor effort required for Task Order #1 and decreasing the amount of labor effort required for Task Order #2.

Mr. Chavez addressed the Board requesting the acceptance of the supplemental attachment of Task Order #1 and #2 from consultant HDR, Inc. This Supplemental Attachment on Task Orders #1 &

#2 will reallocate funding by shifting \$236,000.00 from Task Order #2 to Task Order #1, for a net effect of no impact. The Task Order #1 amount would be increased from \$1,234,400.00 to \$1,470,400.00, and the Task Order #2 amount would be decreased from \$1,936,916.00 to \$1,700,916.00. Commissioner Lopez moved to accept the Supplemental Attachment on Task Order #1 and #2 from consultant HDR, Inc. on the Brazos Island Harbor Deepening project, consisting of increasing the amount of labor effort required for Task Order #1 and decreasing the amount of labor effort required for Task Order #2, Commissioner Cowen seconded, and the motion passed unanimously.

15. 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, including but not limited to Trinity Scrap Processors, Inc. and Intercoastal Salvage, Inc. v. Brownsville Navigation District of Cameron County, Texas (§551.071); 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 Guerra moved to adjourn into executive session, Commissioner Wood seconded, and the motion passed unanimously. The Chairman then announced that the time was 7:35 p.m. and that the Board would adjourn into executive session.

The Chairman then announced that the time was 8:04 p.m., and that the Board had reconvened in open session.

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


Commissioner Wood moved to approve the settlement and release agreement with Trinity Scrap Processors, Inc. and Intercoastal Salvage, Inc. provided that all funds, required documentation, and proof of insurance was provided by August 9, 2019 at 12:00 p.m., Commissioner Lopez seconded, and the motion passed unanimously.

17. Adjournment.

The meeting was adjourned by unanimous consent at 8:07 p.m.

ATTEST

Secretary


John Reed
Chairman of the Board