

**MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND
CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF
CAMERON COUNTY, TEXAS HELD MAY 20, 2020 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 20, 2020 at 5:30 p.m.** The following individuals were present and absent:

PRESENT: John Reed, Chairman
Sergio Tito Lopez
Ralph Cowen
John Wood
Sergio Tito Lopez
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
Ariel Chavez
Steve Tyndal
Jaime Martinez
Chief Carlos Garcia
Margie Recio
Janie Velasquez
Jorge Montero

OTHERS PRESENT: Rev. Andreas Lewis
Mark Clive
Hector Lopez
Norma Torres
Cindi Heffernan (via telephone)
Nancy Gaytan
Jorge de la Colina

1. Meeting Called To Order

The Chairman called the meeting to order at 5:30 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

Mr. Campirano made the report to the Board. Discussion followed.

b. Port of Brownsville Scholarship Program

Mr. Campirano called on Mr. Tyndal, who reported to the Board on the program. Discussion followed.

CONSENT AGENDA

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

- a. Approval of the Minutes of the Special Board Meeting of April 30, 2020 and Regular Board Meeting of May 6, 2020.
- b. Approval to authorize payments over \$25,000.00:
 - 1. HDR Engineering Inc, the amount of \$13,483.00, for BIH Project Task Order #3 and Dike 5B Relocation Project;
 - 2. R.M. Walsdorf, Inc., the amount of \$53,466.30, for Oil Dock #5 Bulkhead Repairs; and
 - 3. Vulcan Materials Company, the amount of \$52,689.53, for Crushed Limestone for Patio 22.

4. Consideration and Action adopting a Proclamation designating May 22, 2020 as National Maritime Day, honoring all U.S. Merchant Mariners.

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

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

Mrs. Eymard addressed the Board regarding the following items:

1. AEP Texas Central Company (Amendment)

AEP Texas Central Company under BND Contract 2515 is working on a project off of Cantu/Chemical road, and North of Hwy. 48 to re-route the Union Carbide Transmission line and the Loma Alta Transmission line into the new Sharyland Stillman substation, and has requested ing to amend their lease to reflect the changes. An amended and restated lease and an amended and restated easement have been prepared to update each document into the BND's current forms. Commissioner Lopez moved to approve and sign the Amended and Restated Easement and Right of Way Agreement and the Amended and Restated Substation Lease, Commissioner Wood seconded, and the motion passed unanimously.

2. The Port Plaza Properties LLC (New Lease)

The Port Occupational & Medical Clinic, LLC is a current lessee with the Port under BND Contract #4415. The lessee requested to amend its lease to add an additional 1.40 acres to construct an office plaza, which was approved on January 22, 2020. Dr. Antonio Diaz, the principal, has now decided to lease the additional 1.40-acre tract under a new entity, The Port Plaza Properties, LLC. The purpose of this lease is for construction of a medical plaza that will consist of medical offices, physical therapy, commercial businesses, and restaurants. The lease will be guaranteed by Dr. Diaz. Commissioner Lopez moved to approve the new lease to The Port Plaza Properties, LLC, Commissioner Cowen seconded, and the motion passed unanimously.

3. **Cumberworth Investments Inc. (Release of Lease)**

This Release of Lease to Cumberworth Investments, Inc. is subject to Board approving of a new lease to Palo Alto Brownsville, LLC under the next agenda item. The lease covers the property currently being leased by Cumberworth Investments, Inc. located at 3150 N. Indiana Avenue. Commissioner Lopez moved to approve the Release of Lease to Cumberworth Investments, Inc. subject to Board approval of a new lease to Palo Alto Brownsville, LLC, Commissioner Cowen seconded, and the motion passed unanimously.

4. **Palo Alto Brownsville, LLC (New Lease)**

At the meeting of April 22, 2020, the Staff requested authority to negotiate and was approved for a new lease with Palo Alto Brownsville, LLC. It was for the property currently being leased by Cumberworth Investments, Inc located at 3150 N. Indiana Avenue. That company plans to purchase the building from Mr. Cumberworth, refurbish the same and then sign a long-term lease with Camin Cargo. Camin Cargo will use site for a testing lab for the oil terminals at the Port. The lease will be guaranteed by Mark Helmke, John G. Meador, Jr. & Timothy DeSpain. Mr. Rentfro notified that the transfer of the building was not complete, and asked that the Board approve the new lease subject to the transaction closing no later than June 3, 2020; the document, in the meantime, will be held in escrow. Commissioner Cowen moved to approve the new lease to Palo Alto Brownsville, LLC., subject to the conditions stated by Mr. Rentfro, Commissioner Guerra seconded, and the motion passed unanimously.

5. **Palo Alto Brownsville, LLC / Camin Cargo (Sublease)**

Palo Alto Brownsville, LLC has requested the authorization to sublease to Camin Cargo, who will be using the site for a testing lab for the oil terminals at the Port. Commissioner Lopez moved to consent to the sublease between Palo Alto Brownsville, LLC. and Camin Cargo., subject to the closing of the transaction between Cumberworth and Palo Alto, Commissioner Wood seconded, and the motion passed unanimously.

6. Consideration and Action on application for a Steamship Agent's License from M&M Mooring Co.

Mrs. Recio addressed the Board requesting approval of the application for a Steamship Agent's License from M&M Mooring Co. & Marine Services (M&M). M&M has submitted an application for a Steamship Agent's License at the Port of Brownsville. M&M has a customer that will be bringing its business into the Port of Brownsville and would like to be represented by M&M. The customer will be bringing in a barge twice a month for the next six months. The Staff has reviewed the application submitted by M&M and is ready to recommend it to the Board of Commissioners for approval. Company representatives have met with Chief Garcia for a security briefing and executed the Memorandum of Agreement regarding security requirements at the Port of Brownsville for vessel agents. The applicant is aware of the District's requirements that it must have a representative in Port for each vessel visit. Commissioner Cowen moved to authorize the issuance of a Steamship Agent's License to M&M Mooring Co. & Marine Services for a term of three years to be effective May 21, 2020 – May 20, 2023, Commissioner Lopez seconded, and the motion passed unanimously.

7. Discussion and possible Action on the District's Insurance Renewals.

Mr. Campirano and Mrs. Recio addressed the Board requesting review on the District's Insurance Renewals. Staff was granted authority to advertise for bids on the District's Insurance program at the February 19th Board meeting. Cindi Heffernan of McGriff, Siebel & Williams, Inc., the

District's insurance consultant, has contacted the insurance companies in the market directly for the past few months for the best possible pricing and coverage for the District. Unfortunately, the insurance market has increased rates due to the last couple of years of losses (hurricanes, wildfires, tornados, etc.) and now, due to the COVID-19 pandemic, insurance rates, on a global basis are increasing daily. Ms. Heffernan has heard from several underwriters that the rates are increasing up to 15% & 20%. The premium increases are due to higher rates, but also, due to the increase in the District's Total Insured Values and to the increase in the District's revenues. Therefore, McGriff currently does not have final numbers for the Property and Liability Insurance, but did have a best and worst case scenario to present to the Board. Ms. Heffernan also addressed the Board. Based on the premium quotes received to date and the quotes that are pending, Ms. Heffernan expects a 22.5% increase in renewal premiums in the range of \$665,000 to \$720,000 for the Property and Liability Insurance. She did state that as of the meeting she had secured 97.5% of the coverage at the best-case scenario numbers. Commissioner Guerra moved to authorize the Port Director & CEO to bind coverage and to ratify at the next meeting to be held on June 3rd, for property and liability coverage, and to bind the coverages for Fiduciary Liability, Crime Policy, and Cyber Liability for the total premium of \$18,610 plus the required taxes and fees and approve invoices once received Commissioner Lopez seconded, and the motion passed unanimously.

9. Consideration and Action approving First Amendment to Master Franchise Agreement between the Brownsville Navigation District and the Brownsville & Rio Grande International Railway, LLC.

Mr. Campirano addressed the Board requesting approval of the First Amendment to Master Franchise Agreement between the Brownsville Navigation District and the Brownsville & Rio Grande International Railway, LLC. The Port of Brownsville entered into a Master Franchise Agreement dated May 8, 2014 with the Brownsville & Rio Grande International Railway, LLC and its parent company OmniTRAX, Inc. The Agreement calls for the development of Port Property and the Operation of the BRG Railroad. The Amendment to the agreement would address the Port's desire to regain authority for the Development Area and clarify payment of the Franchise Consideration. Commissioner Cowen asked that the item be tabled until after executive session. Commissioner Lopez moved to table the item, Commissioner Guerra seconded, and the motion passed unanimously.

10. Consideration and Action to accept proposal from Millennium Engineers Group, Inc. for Construction Materials Testing Services on the 2020 BND Port Road Improvements project.

Mr. Chavez addressed the Board requesting acceptance of the proposal from Millennium Engineers Group, Inc. for Construction Materials Testing Services on the 2020 BND Port Road Improvements project. On May 6, 2020 BND Commissioners awarded the contract on the project to G&T Paving, LLC. (G&T) in the amount of \$1,938,957.25. On May 8, 2020 BND Staff issued the Notice to Award, and pertinent contract documents between G&T and BND for this project were executed on May 12. BND Staff is working with G&T to schedule the Pre-Construction Conference and will issue the Notice to Proceed at that time. BND Staff has requested and received a proposal from Millennium Engineers Group, Inc. (MEG) for Construction Materials Testing Services for this project. MEG proposes to provide soil and base density testing, concrete sampling and testing and related services for the not-to-exceed amount of \$41,547.55. Commissioner Wood moved to accept the proposal from Millennium Engineers Group, Inc. for Construction Materials Testing Services on the 2020 BND Road Improvements project for the amount of \$41,547.55,

which will not be exceeded without BND Commissioners' authorization, Commissioner Cowen seconded, and the motion passed unanimously.

11. Consideration and Action to authorize the Port Director to approve Work Authorization #3 with consultant S&B Infrastructure, Ltd. for construction phase engineering services for the South Port Connector Road project.

Mr. Chavez addressed the Board requesting authorization for the Port Director to approve Work Authorization #3 with consultant S&B Infrastructure, Ltd. for construction phase engineering services for the South Port Connector Road project. The Port Director and BND Engineering Staff have been working with the Texas Department of Transportation (TxDOT), with the Cameron County Regional Mobility Authority (CCRMA) and with CCRMA's consultant S&B Infrastructure, Ltd. (S&BI) on the South Port Connector Road project. On December 18, 2019 BND Commissioners awarded the project to lowest bidder Foremost Paving, Inc. and on April 20, 2020 TxDOT notified Staff that it concurred with the decision. BND Staff has issued the Notice of Award to Foremost and awaits submission of the required contract documents. Further, BND Engineering Staff requested a proposal from S&BI for construction phase engineering services for this project. After an initial proposal of over \$700,000 that included full time inspection and materials testing, Staff worked with S&BI and received a revised proposal for \$175,893.18 on a cost reimbursable basis. The reduction was based on BND Staff's plans to perform resident inspection with BND Engineering personnel and to work directly with a professional laboratory for materials testing. BND currently has a Master Agreement for Professional Services with S&B under which these engineering services will be provided. Commissioner Cowen moved to authorize the Port Director to accept the fee proposal submitted by S&B Infrastructure, Ltd. and approve Work Authorization #3 for a cost reimbursable not-to-exceed amount of \$175,893.18, as proposed by the consultant, Commissioner Wood seconded, and the motion passed unanimously.

12. Adjourn into Executive Session, as authorized by Subchapter D of Chapter 551 of the Government Code to discuss with attorneys pending or contemplated litigation, including The City of Port Isabel, Texas, J.J. Zamora, and Martin Cantu vs. Brownsville Navigation District of Cameron County, Texas, 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).

The Chairman then announced that the time was 6:28 p.m., and that the Board would adjourn into executive session.

The Chairman then announced that the time was 7:06 p.m., and that the Board had reconvened in open session.

Mr. Campirano called Agenda Item 9 back for the Board's consideration.

9. Consideration and Action approving First Amendment to Master Franchise Agreement between the Brownsville Navigation District and the Brownsville & Rio Grande International Railway, LLC.

Commissioner Cowen moved to approve the First Amendment to Master Franchise Agreement

between the Brownsville Navigation District and the Brownsville & Rio Grande International Railway, LLC (OmniTRAX, Inc.), Commissioner Wood seconded, and the motion passed unanimously.

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

There was none.

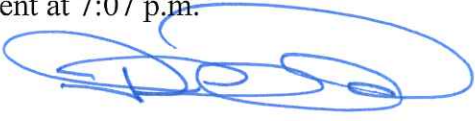
14. Adjournment.

The meeting was adjourned by unanimous consent at 7:07 p.m.

ATTEST


Secretary

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John Reed
Chairman of the Board