

**MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND
CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF
CAMERON COUNTY, TEXAS HELD APRIL 16, 2025 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 of the board on **Wednesday, April 16, 2025 at 5:30 p.m.**

The following individuals were present and absent:

PRESENT: Esteban Guerra, Chairman
Sergio Tito Lopez
John Reed
Ernesto Gutierrez

ABSENT: John Wood

ALSO PRESENT: William Dietrich, Port Director and CEO
William Irwin, District Counsel

STAFF MEMBERS: Arturo Gomez

Jorge Montero
Margie Recio
Janie Velasquez
Zeus Yanez
Memo Rico
Michael Davis
Estela Rangel
Juan Resendez
Tony Rodriguez
Miguel Barajas
Manuel Martinez
Yessenia Gonzalez
Sgt. Edgar Garcia

OTHERS PRESENT: Rev. Andreas Lewis
Kevin Garcia
Rafael Vela
Dan Garza
Teresa Salazar
Virginia Hermosa
Leadership Brownsville
Graciela Salazar
Andrea Meneses
Steve Perez

Joe Olivares
Ray Perez

REGULAR MEETING

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 public audience addressed the Board.

3. Port Monthly Operations Summary Report

Mr. Yanez made the report to the Board. Brief discussion followed.

INFORMATION

4. Presentation of District's Investment Report for the quarter ended March 31, 2025.

Mr. Yanez addressed the Board that as per Section 2256.023 of the Government Code Chapter 2256, Public Funds Investment Act, the governing board shall receive not less than quarterly a written investment report prepared and signed by the Investment Officer of the investment transactions for all funds for the preceding reporting period. The report covers the quarter ended March 31, 2025. The investment portfolio compiled with Chapter 2256 and the District's Investment Policy & Investment Strategies. As of March 31, 2025, the District maintained \$17,317,280 in demand deposits at Lone Star National Bank and \$67,097,212 with Local Government Investment Pools for a total of \$84,414,492. The report also includes an allocation of invested principal funds. Brief discussion followed.

CONSENT AGENDA

5. Consideration and ACTION on the Following Consent Agenda Items:

- a. Approval of the Minutes of the Regular Board Meeting of April 02, 2025.

Commissioner Reed moved to approve the Consent Agenda Items, Commissioner Lopez seconded, and the motion passed unanimously.

PRESENTATION

6. Presentation on Cameron County workforce and labor market by CEO Rafael Vela of Workforce Solutions Cameron.

Rafael Vela, CEO of Workforce Solutions Cameron, made the presentation to the Board regarding the Cameron County workforce and labor market and Workforce Solutions' goals. Discussion

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followed.

Mr. Dietrich then asked that Item 7(2) be tabled. Commissioner Reed moved to table Item 7(2), Commissioner Lopez seconded, and the motion passed unanimously.

ACTION ITEMS

7. Consideration and ACTION on Leases, Assignments, Negotiations, Easements, Subleases, and Contracts in general.

Mr. Dietrich addressed the Board regarding the following Items:

1. B&L Freight Services, LLC (Consent to Assignment and Amendment to Lease)

B&L Freight Services, LLC, the current lessee, is in the process of selling its assets to Bureau Veritas Commodities Trade, Inc., with a scheduled closing date of April 22, 2025. B&L Freight Services, LLC is seeking the Board's consent to assign its lease of 2.00 acres located at 2601 R.L. Ostos Road to Bureau Veritas Commodities Trade, Inc., as they will assume ownership of the lease. As a condition of approving the Consent to Assignment, an amendment to lease would be required to reflect the change in operations on the leased premises and to increase the amount of the security deposit required under the lease. Legal Counsel has reviewed the documents and concurs that they are ready for consideration by the BND Commission. The new purpose clause is an analytical petroleum testing, tank truck sealing, and office space for field inspectors. Commissioner Reed moved to approve the Consent to Assignment and Amendment to Lease from B&L Freight Services, LLC to Bureau Veritas Commodities Trade, Inc. subject to closing of the transaction between B&L Freight Services, LLC and Bureau Veritas Commodities Trade, Inc., Commissioner Lopez seconded, and the motion passed unanimously.

2. Ternium USA, Inc. (First Amendment to Lease)

This item was tabled.

3. Jose Antonio Ortega D/B/A Pollo's Diesel Service (New Lease)

This new lease with Jose Antonio Ortega D/B/A Pollo's Diesel Service will replace BND contract #3993 for the 0.459 acres located in the Fishing Harbor at 3810 Gator Court. The term would be for one year with four renewal options of one year each. The purpose clause is for shrimp operations, specifically the unloading and boat tie up of shrimp and seafood vessels. Discussion followed regarding the multiple short-term renewal options proposed in the lease. The Board expressed its desire that there either be a five-year primary term or that the renewal options be mutual and not at the sole discretion of the lessee. Commissioner Reed moved to table this item, Commissioner Gutierrez seconded, and the motion passed unanimously.

BIDS/AGREEMENTS/PURCHASES

8. Consideration and ACTION to Approve Lessor Agreements to Cadence Bank

regarding leases for Motus T1 LLC and Motus T2 LLC.

In October 2021, the board approved lessor agreements with Cadence Bank and Victory Hill Midstream, LLC (owner of Motus T1 & T2) to provide financing for their operations. Motus T1 and Motus T2 propose to enter into an amended and restated credit agreement with Cadence Bank to refinance its credit facility relating to operations for their lease agreements (Contract #3964 and #4026). In January 2025, the board approved the execution of estoppel certificates in connection to Motus' efforts to refinance their existing credit agreements confirming that the leases were in full force and effect, that the lessees were current on rent payments and were not otherwise in default under the leases. Motus T1 and Motus T2 are agreeing to grant a leasehold deed of trust to Cadence Bank and is seeking the board's approval for restated lessor agreements between BND and Cadence Bank. The original Lessor Agreements were extensively negotiated by BND Legal Counsel and are substantially in the same form as the original Lessor Agreements. The amended Lessor Agreements include several key provisions: (1) BND acknowledges that Motus T1 and Motus T2 are not in default under their leases or the FTZ agreements, (2) BND consents to the filing of the restated leasehold deed of trust for each lease, (2) BND subordinates any contractual or statutory liens under the lease in favor of Cadence Bank, (3) BND promises that neither the leases nor the FTZ agreements will be amended or terminated (except in cases of default) without consent of Cadence Bank, (4) in the event of default under the leases or the FTZ agreements, BND must give notice to Cadence Bank and give Cadence Bank the opportunity to cure the default in the time required in the notice, plus 20 additional days (or in the case of non-monetary default, Cadence Bank will have additional reasonable time to cure provided it is diligently pursuing the cure), and (5) in the event Cadence Bank forecloses on its lien and/or sells its interest to another party, that party would need to first fill out a leasing application and be approved as a successor tenant for each lease by the BND in its reasonable discretion, considering financial capacity, experience in industry, insurability, etc. BND staff has confirmed that Motus T1 and Motus T2 are in compliance with their leases, including a review of the insurance requirements for leased sites. BND Legal Counsel reviewed and approved the agreements and are ready for consideration by the board. Discussion followed with legal counsel regarding the terms of the FTZ agreements as they relate to the terms of the lessor agreement. After discussion, Commissioner Lopez moved to approve the Lessor Agreements for Motus T1 LLC and Motus T2 LLC as presented, Commissioner Reed seconded, and the motion passed unanimously.

9. Consideration and ACTION on application received for renewal of Steamship License Agent to Norton Lilly International U.S., Inc.

Mr. Rodriguez addressed the Board that Norton Lilly International U.S, Inc. currently holds a Steamship License to operate in the Port of Brownsville which is due to expire June 08, 2025. The renewal application along with the appropriate attachments have been received. Their renewal will be for a three-year term beginning on June 08, 2025. Commissioner Lopez moved to authorize the renewal of the Steamship License for Norton Lilly International U.S, Inc. to be effective June 8th, 2025, Commissioner Gutierrez seconded, and the motion passed unanimously.

BIDS / AGREEMENTS / PURCHASES

10. Consideration and ACTION on Bid received on April 01, 2025 for the BND New Fishing Harbor Wastewater Treatment Plan project.

Mr. Martinez addressed the Board that on January 8, 2025, BND Commissioners authorized Port

Staff to solicit bids for the BND New Fishing Harbor Wastewater Treatment Plant project. On April 1, 2025, BND staff received and read aloud only one bid from GO Underground L.L.C. in the amount of \$25,472,711.00. It has been determined that other alternatives need to be considered to move this project forward since this falls out of our anticipated budget. Commissioner Reed moved to reject the bid received from GO Underground L.L.C. in the amount of \$25,472,711.00, Commissioner Lopez seconded, and the motion passed unanimously.

11. Consideration and ACTION on Project Scope Change by HDR Engineering, Inc. on engineering services for the BND Cargo Dock No. 3 Project, and to authorize the Port Director & CEO to execute the Scope Change proposal.

Mr. Martinez addressed the Board that on April 6, 2022, BND Commissioners accepted a proposal from HDR Engineering, Inc. (HDR) to perform the final design tasks, i.e., 004-Permitting and Regulatory, 005-Demolition Package, 006-Pile Procurement Package and 007-Dock Package, adding Task 008-Project Management and Controls (design phases). Tasks 001-Project Management and Controls – Data Collection, 002-Geotechnical and Site Investigation and 003-Master Plan of the Cargo Dock #3 area development had been previously performed by HDR for BND tenant American Cement Advisors (ACA). On October 04, 2023, BND Board of Commissioners approved Task 009-Cultural Resources Survey and Task 010-Project Management for Regulatory; required due to regulatory changes to Nationwide Non-Notifying Permits and Pre-Construction Notifications (PCN). On August 21, 2024, BND Commission approved Task 011-Project Management Controls and Task 012- Construction Administration for the Pile procurement phase. As BND Staff has received USACE Permit approval and have initiated the bidding process of BND Cargo Dock No. 3 - Phase I: Demolition and Phase III: Construction, HDR Engineering, Inc. has submitted a proposal for Task 013-Project Management & Controls, Task Order 014-Bid Phase Services, Task 15-Construction Administration and Task 016- Construction Observation in the not to exceed amount of \$1,903,000.00. Dan Garza of HDR also addressed the Board. Commissioner Reed moved to accept the Project Scope Change as proposed by HDR Engineering, Inc. for the engineering services on the additional Task 013 to 016 of the BND Cargo Dock No. 3 Project for an additional fee amount of \$1 ,903,000.00 which, with the previously authorized fee of \$1 ,093,841.00, result in a total fee of \$2,996,841.00, Commissioner Gutierrez seconded, and the motion passed unanimously.

EXECUTIVE SESSEION

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, and matters in which the duty of the attorneys under the Rules of Professional Conduct clearly conflict with Chapter 551; to deliberate the purchase, exchange, lease, or value of real property; 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).

A) Discussion with attorneys regarding Master Franchise Agreement with Brownsville & Rio Grande International Railway, LLC.

There was no Executive Session.

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

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There was none.

14. Adjournment.

Commissioner Lopez moved to adjourn the meeting, Commissioner Reed seconded, and the meeting was adjourned by unanimous consent at 6:24 p.m.



Esteban Guerra
Chairman of the Board

ATTEST



John Reed, Secretary