

MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS HELD MAY 21, 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, May 21, 2025 at 5:30 p.m.**

The following individuals were present and absent:

PRESENT: Esteban Guerra, Chairman
John Reed
Ernesto Gutierrez
John Wood

ABSENT: Sergio Tito Lopez

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

STAFF MEMBERS: Arturo Gomez
Jose Herrera
Jorge Montero
Margie Recio
Janie Velasquez
Zeus Yanez
Yessenia Gonzalez
Miguel Barajas
Michael Davis
Estela Rangel
Tony Rodriguez
Manuel Martinez
Julio Romo
Justin Torres

OTHERS PRESENT: Rev. Andreas Lewis
Bob Berry
Eloy Lopez
Jorge de la Colina
Brycen Hinsley
Giselle Yanez
Andrea Meneses
Capt. Chris Urbanovsvky
Capt. Gene Tuttle Jr.
Ramon Montalvo

REGULAR MEETING

1. Meeting Called To Order

The Chairman called the meeting to order at 5:31 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

Brycen Hinsley, representing Bluewing Midstream, addressed the Board regarding Item 6(7) requesting that it be tabled.

3. Port Monthly Operations Summary Report

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

Mr. Dietrich requested that Item 5 be tabled and that Items 6(4)-(6) be considered together and Commissioner Reed so moved, Commissioner Gutierrez seconded, and the motion passed unanimously.

CONSENT AGENDA

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

- a. Approval of the Minutes of the Regular Board Meeting of May 07, 2025.
- b. Approval to authorize Payments over \$25,000.00.
 1. IOC Company, LLC, the amount of \$685,953.88, for Business Park Concrete Pavement project.

Chairman Guerra asked for further information regarding discussions with IOC Company regarding delays and credits associated with the project. Mr. Dietrich noted that this is not a final payment and the contractor is aware that further discussion needs to take place regarding damages.

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

ACTION ITEMS

5. Consideration and possible ACTION to adopt the District's 5-year Capital

Improvement Plan.

This item was tabled.

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

Mr. Dietrich addressed the Board regarding the following Items:

1. Marine Railway, Inc. (New Lease – Sign)

This new lease with Marine Railway, Inc. (Zimco Marine Inc.) will replace BND Contract #3756 for the purpose of a sign to advertise their business contact information. The sign is approximately 18' x 10' and is located on Everglades Road at the Fishing Harbor. The term of the lease is for one year with four renewal options of one year each. Commissioner Reed moved to approve the new lease for Marine Railway, Inc., Commissioner Wood seconded, and the motion passed unanimously.

2. U.S. Forwarding & Logistics Agency LLC (Termination & Restated Lease)

U.S. Forwarding & Logistics Agency LLC entered into lease agreement #4767 for a 6.90-acre property located at 2655 N. Indiana for a term of five years with one renewal option of five years, that commenced on April 1, 2025. However, on April 28, 2025, the lessor informed the District that, due to the Texas Department of Safety restrictions related to the overweight corridor, they would be unable to fully utilize the leased site. As a result, the lessee requested that the lease be amended to remove and replace the 6.90-acre premises, including the district-owned building, with the alternative of a 1.76-acre site located at 1501 Bill Reed Road. This amended and restated lease also addresses the allocation of funds previously paid by the Lessee to the District. As of the Commencement Date, Lessee has paid to the District a total of \$11,967.59, which covers the first month's rent for the 6.90-acre tract, the first month's rent for the District-owned building located on that tract, and the required security deposit. The District shall retain these funds and apply them toward the first month's rent and the security deposit for the 1.76-acre tract covered under this amended and restated lease. The remaining balance of \$8,996.12 shall be credited to Lessee's leasing account. The purpose is for a dispatch yard, including a facility for the receipt of overweight trailers and tanker trucks that are loaded at the Port of Brownsville with materials such as polyethylene and base lubricants. Truck parking and staging must be done in a safe and responsible manner and will be permitted as necessary to efficiently confirm vehicles details, collect necessary documentation, and to complete customs requirements for trucks destined for Mexico. For avoidance of doubt, no transloading operations or storage of hazardous materials except to the extent explicitly authorized above shall be permitted on the premises. Lessee acknowledges and agrees that it shall adhere to any rules, regulations and policies, including those applicable to truck parking and staging, that may be established by the district following the commencement date of the lease. This is not a for pay public parking site and will only be for customers of U.S. Forwarding & Logistics Agency, LLC. Commissioner Reed moved to approve the Amended & Restated Lease for U.S. Forwarding & Logistics Agency LLC, Commissioner Wood seconded, and the motion passed unanimously.

3. Pete Hurley d/b/a Pete's Fleet (**Termination/Release of Lien**)

Pete Hurley d/b/a Pete's Fleet entered into lease agreement #3257 for a 1.0 acre site located at 500 Express Dock Road. The lease has continued on a month-to-month basis since June 2001. The District and lessee now wish to enter into a Release and Termination agreement of BND contract #3257, effective as of April 1, 2025. Commissioner Reed moved to approve the Release/Termination of Lease for Pete Hurley d/b/a Pete's Fleet, Commissioner Gutierrez seconded, and the motion passed unanimously.

Items 6(4)-(6) were considered together.

4. CHCL Enterprise, LLC (**Consent to Sublease – Texas First Rentals, LLC**)

CHCL Enterprise, LLC, a current lessee, is seeking the Board's consent to Sublease an approximate 15,000 SF building to Texas First Rentals, LLC for the purpose of a general office and warehouse use.

5. CHCL Enterprise, LLC (**Consent to Sublease – Airgas USA, LLC**)

CHCL Enterprise, LLC, a current lessee, is seeking the Board's consent to Sublease an approximate 6,000 SF building to Airgas USA, LLC for the purpose of a storage warehouse and office space for their employees.

6. CHCL Enterprise, LLC (**Lease Amendment and Consent to Sublease – Texas Department of Public Safety**)

CHCL Enterprise, LLC, a current lessee, is seeking the Board's consent to Sublease an approximate 10,000 SF building to the Texas Department of Public Safety. In addition, CHCL Enterprise, LLC seeks the Board's approval to amend the stated purpose of the lease to include office space and boat hanger facilities in support of the proposed sublease to the Texas Department of Public Safety.

Commissioner Reed moved to approve Items 6(4)-(6) Commissioner Gutierrez seconded and the motion passed unanimously.

7. Texas KLM, LLC d/b/a KLM Terminal (**Consent to Change of Ownership; Amendments to Lease and License Agreements; Lessor Agreement; and other related documents**)

Texas KLM, LLC d/b/a KLM Terminal is seeking approval of the Consent to Change of Ownership and Assignment of Lease Agreement and License Agreement; Second Amendment to Lease Agreement; Memorandum of Lease Agreement; Parent Guaranty; First Amendment to License Agreement; Leasehold Deed of Trust; Landlord's Estoppel Certificate and Lessor's Agreement. Texas KLM d/b/a has entered into an agreement to sell 100 percent of its membership interests to Galcoa USA Inc. Texas KLM seeks the board's approval of a Consent to Change of Ownership an Assignment of Lease and License Agreement. Galcoa USA Inc. has met on several occasions with District staff and has demonstrated to the District that it possesses the necessary expertise and experience to operate lessee's terminal for bulk liquid storage terminal which handles lube oil, wax, solvents, and other related products. Galcoa intends to keep existing management in place. Galcoa has also discussed with District plans to improve the existing facility and enhance

operations at the site. In December 2019, the Board approved the First Amendment to Lease for Texas KLM (BND Contract #4386-A) establishing the primary term of fifteen years to expiring on April 2, 2034 with an option to renew for an additional two years. This proposed Second Amendment to Lease would extend the primary term from fifteen years to thirty-one years, through April 2, 2050, and would replace the existing two-year renewal option with two five-year renewal options, provided that the tenant is not in default. Additionally, the lease rental rates and security deposit will be adjusted to reflect the current rates. Therefore, if approved, the term of the lease including all renewal options would extend out from April 2, 2036 to April 2, 2060 considering available renewal options. Galcoa USA, Inc. has informed District that its lender requires this extension of the lease to approve the financing. The Board also approved a License Agreement (BND Contract #4386-B) on December 4, 2019 granting the non-exclusive right to install a pipeline from the leased premises to Oil Dock # 3 and #6 for a term of ten years. The proposed First Amendment to License Agreement would align its terms with the amended lease term. To support this transaction, Galca Energy, SA PI DE CV, Galcoa USA, Inc.'s parent company, has signed a parent guaranty to induce the District to Consent to the Change of Ownership transfer and related agreements. This guaranty ensures prompt fulfillment of all obligations under the lease, License Agreement, and their respective amendments. The lease amendment also provides for an enhanced security deposit of 9 months' rent. In connection with Galcoa USA, Inc.'s financing, their lender has requested that the District approve a lessor's agreement which subordinates District's lien to Galcoa's lender and provides the District's consent to the filing of a leasehold deed of trust in favor of Galcoa's lender. The form of the lessor agreement is nearly identical to the lessor's agreement approved in other recent transactions and includes similar protections to District as landlord. Additionally, in support of financing, the lender requires confirmation that the lease remains in full force and effect and Texas KLM is not in default. To satisfy this requirement, Galcoa's lender has requested that the District execute a Memorandum of Lease and Estoppel Certificate providing the necessary assurances. BND Legal Counsel in collaboration with Galcoa's legal counsel has reviewed the documents and concurs that they are ready for consideration and action by the BND Commission, subject to closing of the sale which is scheduled for May 28, 2025. Mr. Irwin noted that there was a need to discuss certain legal and leasing matters in executive session. Commissioner Reed moved to table this item, Commissioner Gutierrez seconded, and the motion passed unanimously.

8. Rio Grande LNG, LLC (Fourth Amendment to Lease Agreement and Second Amendment to Memorandum of Lease Agreement)

Rio Grande LNG, LLC is seeking the Board's approval for a Fourth Amendment to Lease Agreement and Second Amendment to Memorandum of Lease Agreement. The purpose of the proposed amendments is to release a total of 6.329 acres from the leased premises. Rio Grande LNG and the District are in discussions about AEP's planned construction of the Pompano substation on this acreage, which would serve Rio Grande LNG and other port tenants. AEP has indicated to District staff that it wishes to have a direct lease with the District for this acreage. Staff will be seeking authority to negotiate a lease with AEP for this acreage for purposes of the Pompano substation. Commissioner Wood moved to approve the Fourth Amendment to Lease Agreement and Second Amendment to Memorandum of Lease Agreement, Commissioner Gutierrez seconded, and the motion passed unanimously.

9. AEP Texas Inc. (Authority to Negotiate)

AEP Texas Inc. is seeking Authority to Negotiate a new lease on 6.329-acres of land space along State Highway 48. The purpose of the lease will be for a new AEP Pompano Substation to be located within the Rio Grande LNG site. Commissioner Wood moved to approve the Authority to Negotiate for AEP Texas Inc., Commissioner Gutierrez seconded, and the motion passed unanimously.

BIDS/AGREEMENTS/PURCHASES

7. Consideration and ACTION to authorize Extension of Service Agreement with Jet Webb Communications (d/b/a Barcom Technologies Solutions) as a Managed Service Provider ("MSP").

Mr. Montero addressed the Board that on May 24, 2023, the Board of Commissioners approved a service agreement with Jet Web Communications (d/b/a Barcom Technologies Solutions) to serve as Managed IT service provider to assist the Port with IT related services. Barcom Technologies Solutions has successfully assisted Port staff with day-to-day IT operations, as well as other IT-related projects. The current service agreement is set to expire on May 31 , 2025. The approved service agreement contains options to renew the contract on an annual basis upon the same terms and conditions. Barcom Technologies Solutions has agreed to extend the agreement upon the same terms and with no increase in unit prices. This extension would be the 2nd of 3 annual extension options. Eloy Lopez of Barcom addressed the Board. Commissioner Gutierrez moved to authorize the extension of the service agreement with Jet Web Communications for the total annual cost of \$80,316. The agreement extension will cover the period beginning June 1, 2025, through May 31, 2026, Commissioner Reed seconded, and the motion passed unanimously.

8. Discussion and possible ACTION on the District's Insurance Policies for Port Property and Excess Port Property, Liability, and Excess Liability, Crime Liability, Fiduciary Liability, and Cyber Liability, Automobile Liability, and Workers Compensation, including authority to bind coverages and to authorize the payment of the invoices once received.

Mrs. Recio addressed the Board that Staff posted the RFP on Bidnet and the District's website. Susan Golla, of McGriff, a Marsh & McLennan Agency, LLC., the District's insurance consultant, contacted insurance companies directly in the market. The submittals were opened on May 9, reviewed, and a recommendation by the District's insurance consultant is ready to be presented to the Board for consideration of approval. **Property and Excess Property Coverage** -McGriff has recommended continuing Property and Excess Property coverage with Lloyds of London Underwriters. This coverage also includes Handling Equipment, Business Interruption & Extra Expense, Terrorism, and Hull & Machinery. The total renewing premium for the coverage of the total exposure of \$308 million is \$1,020,166 plus the required Texas Surplus Lines taxes and stamping fees. This represents a -8.51% decrease from the expiring coverages, which had a total premium of \$1,115,000. **Liability and Excess Liability Coverages** -The Liability of \$20 million is carried in a primary layer of \$10 million and an excess layer of \$10 million. McGriff

recommends continuing the Liability coverage with Lloyds of London Underwriters. This coverage also includes Rail Liability within port confines, Protection & Indemnity, Sudden & Accidental Pollution, Maritime Employers' Liability, Employee Benefits Liability, Charterer's Liability, Marina Operators Liability, Law Enforcement Liability, Errors & Omissions Liability, and Public Officials Liability, Excess Auto Liability, and Excess Employers Liability. The total premium for the Liability renewal is \$182,096 plus the Texas Surplus Lines taxes and stamping fees. **Crime Policy** - The District currently carries this coverage with Travelers, McGriff recommends for the Port to renew its coverage with Travelers through Montalvo Insurance Agency. The premium for this coverage is \$2,359. **Fiduciary Liability** - The District carries Fiduciary Liability coverage on the employees who are Pension Trustees and the Pension Administrator. This coverage is driven by the assets in the Pension Plan. The carrier is AIG, and McGriff recommends renewing this coverage. The premium is \$7,000. **Cyber Liability** - The District currently carries this coverage with Cowbell Insurance with a \$2,000,000 limit. McGriff recommends renewing this coverage with Cowbell Insurance through Montalvo Insurance Agency. The premium for this coverage is \$9,598. **Auto Liability and Physical Damage including Uninsured/Underinsured Motorist** - The District is currently a member of the Texas Municipal Risk Pool (TML) for this coverage. The renewal premium for the Auto is \$47,380. **Workers Compensation** - The District has historically carried this policy with TML, however, Texas Mutual has provided a competitive option for In-Network Workers' Compensation coverage. McGriff recommends moving Workers' Compensation and Employers Liability coverage to Texas Mutual through Montalvo Insurance Agency for an annual auditable premium of \$129,128. Commissioner Reed moved to authorize the binding of coverages proposed by McGriff, a Marsh & McLennan Agency, LLC. for the total premium of \$1,397,727 plus the required taxes and stamping fees, and to authorize the payment of the invoices once received, Commissioner Gutierrez seconded, and the motion passed unanimously.

9. Consideration and ACTION to award contract for the Purchase and Installation of a Fuel Management System to be utilized for Fuel storage at the Port.

Mr. Herrera addressed the Board that on November 6, 2024, the Board of Commissioners authorized Staff to solicit proposals for the purchase and installation of a Fuel Management System that includes two new 4000-gallon fuel tanks, one for Gasoline and one for Diesel. These tanks will be utilized for storage of fuel on site for all Port rolling stock. Staff advertised on the Port Website, Bidnet, and local newspaper for the purchase and installation of a fuel management system. A total of four sealed proposals were received from vendors: Acterra Group, Argus, JF Petroleum, and South Texas Pumps. The evaluation committee evaluated and rated the four proposals received based on criteria outlined in the solicitation documents. The evaluation criteria included pricing/cost, delivery and installation methodology, experience and qualifications, and completeness of the proposals. Interviews were conducted with all vendors to ensure vendors' understanding of the project specifications and the completeness of the proposals. South Texas Pumps Group received the highest evaluation score for the purchase and installation of a fuel management system. South Texas Pumps proposed to furnish and install two 4,000-gallon tanks, new pumps, new controls, electrical hookups, new monitoring system, as well as cap all existing lines and remove the existing tanks and pumps for a total cost of \$252,360.00. Commissioner Gutierrez moved to award the contract for the purchase and installation of a fuel management system that includes two new 4,000-gallon fuel tanks and peripheral components to vendor South Texas Pumps Group, which received the highest evaluation score at a total cost of \$252,360.00,

Commissioner Wood seconded, and the motion passed unanimously.

10. Consideration and ACTION to authorize payment of \$58,794.85 to the Brownsville Public Utilities Board (“BPUB”) for the installation of Security Lighting and related infrastructure to the Port of Brownsville Business Park project.

Mr. Martinez addressed the Board that BND Staff have been working with BPUB to furnish and install security lighting which will be servicing the roads and parcels within the Port of Brownsville Business Park project. BND staff is requesting that BND Commissioners approve issuance of payment in the requested amount. Commissioner Reed moved to authorize payment to the BPUB in the amount of \$58,794.85 for the installation of the security lighting service at the Port of Brownsville Business Park project, Commissioner Gutierrez seconded, and the motion passed unanimously.

11. Consideration and ACTION to authorize Port Staff to Solicit Proposals to Furnish and install new fenders to Oil Dock 5 and Cargo Dock 10, and perform repairs on Oil Dock 6.

Mr. Martinez addressed the Board that, at the Board meeting held on May 7, 2025, Port Staff were authorized to solicit and open bids for the project to furnish and install new fenders to Oil Dock No. 5. Staff identified work needed to adjacent Oil Dock 6 and Cargo Dock 10. Expanding the project to include this additional scope of work can lead to potential cost and time savings. Port Staff is requesting to include this additional scope of work in the solicitation documents. Mr. Martinez noted that factors other than price, such as timing considerations, would be considered so as to provide the best value to the District. Commissioner Reed moved to authorize staff to prepare a Request for Proposals for the project to Furnish and Install New Fenders to Oil Dock 5 and Cargo Dock 10 and perform Repairs on Oil Dock 6, Commissioner Gutierrez seconded, and the motion passed unanimously.

12. Consideration and ACTION to authorize Port Director & CEO to enter into a Memorandum of Understanding (MOU) between the Brownsville Navigation District and Seatrium AmFELS Inc. to reimburse the Port of Brownsville all costs related to the permitting process with the United States Army Corps of Engineers for their facility.

Mr. Martinez addressed the Board that BND Staff have been working with Seatrium AmFELS, Inc. and is requesting the BND Board of Commissioners to authorize the Port Director & CEO to enter into a MOU between BND and Seatrium AmFELS, Inc. to process USACE permit required to dredge different site locations for future development and projects of this tenant. This MOU stipulates that Seatrium AmFELS Inc. is to reimburse the Port of Brownsville all costs related to the permitting process. Commissioner Reed moved to authorize Port Director and CEO to enter in a Memorandum of Understanding between BND and Seatrium AmFELS, Inc., Commissioner Wood seconded, and the motion passed unanimously.

EXECUTIVE SESSEION

- 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 deliberate the purchase, exchange, lease, or value of 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 Gutierrez moved to adjourn into executive session for purposes of discussing leasing and legal matters with District counsel regarding Item 6(7), Commissioner Reed seconded, and the motion passed unanimously. The Board adjourned into executive session at 6:23 p.m.

Commissioner Gutierrez moved to reconvene in open session, Commissioner Wood seconded, and the motion passed unanimously. The Board reconvened in open session at 6:48 p.m.

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

The Chairman recalled Item 6(7).

Commissioner Reed moved to approve the Consent to Change of Ownership and Assignment of Lease Agreement and License Agreement; Second Amendment to Lease Agreement; Memorandum of Lease Agreement; First Amendment to License Agreement; Landlord's Estoppel Certificate and Lessor's Agreement, Commissioner Gutierrez seconded, and the motion passed unanimously.

15. Adjournment.

Commissioner Wood moved to adjourn the meeting, Commissioner Gutierrez seconded, and the meeting was adjourned by unanimous consent at 6:50 p.m.



Esteban Guerra
Chairman of the Board

ATTEST



John Reed, Secretary