

**MINUTES OF A REGULAR MEETING OF THE BOARD OF NAVIGATION AND
CANAL COMMISSIONERS OF THE BROWNSVILLE NAVIGATION DISTRICT OF
CAMERON COUNTY, TEXAS HELD August 7, 2024 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, 2024 at 5:30 p.m.**

The following individuals were present and absent:

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

ABSENT: None

ALSO PRESENT: William Dietrich, Interim Port Director and CEO
Daniel Rentfro, Jr., District Counsel
William Irwin, District Counsel

STAFF MEMBERS: Arturo Gomez
Michael Davis
Julio Romo

Jose Herrera
Manuel Martinez
Jorge Montero
Margie Recio
Janie Velasquez
Zeus Yanez
Yessenia Gonzalez
Tony Rodriguez
Karina Franco

OTHERS PRESENT: Rev. Andreas Lewis
Shariff Gonnella
Stacey Posey
Sandra Uribe
Alejandro Ramirez

REGULAR MEETING

1. Meeting Called To Order

The Chairman called the meeting to order at 5:32 p.m. Reverand Lewis offered a prayer. The

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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.

Mr. Dietrich asked that Item 8(2) be tabled. Commissioner Lopez so moved, Commissioner Reed seconded, and the motion passed unanimously.

Mr. Dietrich then asked that Item 8(5) be tabled. Commissioner Lopez so moved, Commissioner Wood seconded, and the motion passed unanimously.

3. Directors Reports

The Board received the reports.

Commissioner Reed asked Mr. Martinez for an update on the status of the water and sewer plan project. Mr. Martinez addressed the Board and provided an update. Discussion followed.

Mr. Dietrich then introduced Yessenia Gonzalez, the Port's new Human Resources Director. Ms. Gonzalez addressed the Board and thanked the Port for the opportunity.

CONSENT AGENDA

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

- a. Approval of the Minutes of the Regular Board Meeting of July 17, 2024;
- b. Approval to authorize payments over \$25,000.00:
 1. Millennium Engineers Group Inc., the amount of \$159,887.80, for geotechnical analysis and report for Dredged Material Placement Area No. 8 Modifications project; and
 2. R.M. Walsdorf, Inc., the amount of \$251,142.75, for Docks 15 & 16 Concrete Pavement project.

DISCUSSION

5. Discussion of proposed Fiscal Year 2024 Operating Budget Amendments.

Mr. Yanez addressed the Board regarding preliminary proposed budget amendments to the District's Fiscal Year 2024 Operating Budget for consideration and discussion. The proposed budget amendments are based on the current year's actual revenues and expenditures to date, and projected operational needs for the remainder of the fiscal year. District is proposing increasing budgeted operating revenues to \$41,574,448, a net increase of \$1,410,996 from original budget projections. The overall increase is primarily attributed to increases in lease rentals, wharfage in, dockage, security surcharges and storage revenues offset by decreases in wharfage out and crane revenues. Additionally, District is proposing decreasing total operating expenses to \$24,414,328, a net decrease of \$872,185 from original budget projections. The overall decrease is attributed to decreases in wages and benefit expenses, insurance costs, election costs, and services purchased, offset by increases in potable water purchased. The wage and benefit expense includes funding allocation for one new personnel request, a maintenance warehouse clerk for the Facilities and Maintenance Division. Discussion followed regarding the proposed amendments, generally, and specifically regarding crane and railroad revenues. Mr. Davis addressed the Board also regarding

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crane operations.

ACTION ITEMS

6. Consideration and ACTION to acknowledge receipt of Certified Appraisal Roll and Property Tax calculations for the District's 2024 tax year levy.

Mr. Yanez addressed the Board that On July 25, 2024, the Cameron Appraisal District certified the appraisal roll for properties in the District's jurisdiction. Submittal of the certified appraisal roll and the property tax rate calculations to the BND Commissioners are required steps in the tax assessment process of the Texas Tax Code Chapter 26. The 86th Legislature passed Senate Bill 2 with most amendments effective 1/1/2020, including adopting new terminology and calculations for the no-new-revenue (*formerly effective*) and voter-approval (*formerly rollback*) tax rates. SB 2 amendments also limit the allowed increases in the no-new revenue M.O. rate to 3.5%, *formerly 8%*, and now requires taxing units to hold an automatic election for voters to accept or reject an adopted tax rate that exceeds the voter-approval tax rate. **Tax Rate Adoption Process:** The District's **\$0.0257198 no-new-revenue** and **\$0.026714 voter-approval tax rates** will be published and posted on the District's website along with other required information and notices. Under a subsequent item on this August 7th meeting, BND Commissioners will vote to publish a **Proposed Tax Rate** for the 2024 Tax Year Levy. The final vote to adopt the 2024 proposed tax rate will take place at a subsequent Board meeting. **Truth-in-Taxation (from the State Comptroller's web site):** "Truth-in-taxation" is a concept that requires local taxing units to make taxpayers aware of tax rate proposals and to afford taxpayers the opportunity to limit tax increases. Increases that exceed the voter-approval tax rate are subject to a mandatory voter election. **Property Tax Definitions:** There are two rates that are used to compare the District's 2024 tax rates to the 2023 tax rates. The tax rate calculation worksheet enables District to calculate the following rates: (1) **no-new-revenue tax rate** and (2) **voter-approval tax rate**. These rates are looked at in deciding what District's **Proposed Tax Rate** will be each year. The **Proposed Tax Rate** is comprised of two parts, the **Debt Rate** and the **No-new revenue Maintenance and Operations Rate (which may be increased by 3.5%)**. A short discussion of each of these rates is included below: The **no-new-revenue tax rate** is the rate that would generate approximately the same tax dollars as last year based on the 2024 valuations of the same property that was taxed in 2023. The no-new-revenue tax rate for 2024 is **\$0.025718/\$100** valuation. The **voter-approval tax rate** is the maximum rate that the District can adopt without an automatic mandatory election so that voters may accept or reject a Proposed Tax Rate that is higher than the voter-approval rate. For a taxing unit other than a special taxing unit the voter-approval tax rate = (no-new-revenue Maintenance and Operations rate increased by 3.5%, plus the required debt rate to raise the debt service obligations and unused increment rate). The voter-approval tax rate for 2024 is **\$0.026714/\$100** valuation, consisting of a **\$0.025811/\$100 Maintenance and Operations no-new-revenue rate increased by 3.5%**. The District's calculated voter-approval tax rate for the 2024 Tax Year does not include a debt service rate component. It is no longer necessary for the District to levy a General Obligation portion (the Debt Rate) as the District no longer has tax supported debt outstanding. Tax supported debt was paid off in during 2023. Commissioner Reed moved to acknowledge receipt of the Certified Appraisal Roll and Property Tax calculations for

the District's 2024 Property Tax Levy, Commissioner Lopez seconded, and the motion passed unanimously.

7. Consideration and ACTION to discuss and vote on a 2024 Proposed Tax Rate for the Brownsville Navigation District.

Mr. Yanez addressed the Board that under this item, the BND Commissioners will vote on a 2024 Proposed Tax Rate at **\$0.025589** per \$100 valuation. This proposed tax rate is less than the lower of the **\$0.025718 no-new-revenue tax rate** and **\$0.026714 voter-approval tax rate**, and therefore no public hearing is required since the District is not proposing to increase property taxes in the 2024 tax year. Since the **\$0.025589 Proposed Tax Rate** does not exceed the **\$0.026714 voter-approval tax rate**, the District is not required to hold an election to seek voter approval of the rate. In this agenda item, the Board has the option of accepting the **\$0.025589 proposed tax rate** or proposing an alternative rate. A roll call vote was required. The vote will be recorded in the "Notice of Meeting to Vote on Tax Rate" which will be published in the Brownsville Herald and the District's website. After publishing this required notice, the BND Commissioners may vote at a subsequent Board meeting to adopt a rate up to the proposed tax rate voted on and approved at this meeting. The District will need to submit its 2024 adopted rate by September 13th to the County Assessor & Collector for the District's 2024 tax rate to be included in the combined October tax statements. Discussion followed regarding capital expenses at the Port and the existing tax rates. Discussion also followed with legal counsel regarding the effect of voting for a proposed rate at this meeting, and the required vote at the following meeting to approve the rate, which may be less than the rate proposed at this meeting. Commissioner Wood proposed a rate just short of the voter-approval tax rate. Chairman moved to take a roll call vote to publish the **2024 Proposed Property Tax Rate of \$0.026713** per \$100 of valuation, which consists of a Maintenance and Operations rate of \$0.026713 per \$100 of valuation, Commissioner Wood seconded, and the motion passed by a vote of 4-1. Chairman Guerra, Commissioner Wood, Commissioner Reed, and Commissioner Gutierrez each voted "Aye" and Commissioner Lopez voted "Nay".

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

Mr. Dietrich addressed the Board regarding the following Items:

1. Bluewing Midstream LLC (Authority to Negotiate an Option to Lease)

Bluewing Midstream LLC seeks an Option to Lease for an additional site of 40 acres located north of Highway 48. The recommended term is for one year. The purpose is for due diligence, specifically to construct a small-scale LNG & LPG production facility. Discussion followed. Commissioner Lopez asked that the Port receive timelines for performance of due diligence activities by Bluewing Midstream, LLC. Commissioner Reed moved to approve the authority to negotiate an option to lease, Commissioner Wood seconded, and the motion passed unanimously.

2. Centro Intermodal de Maniobras, SA de CV (Authority to Negotiate an Option to Lease)

This item was tabled.

3. Fel Glo, Inc. Dba International Machine Shop (**Authority to Negotiate to sign a Lease**)

Fel Glo, Inc. Dba International Machine Shop, a current lessee under BND Contract #3374, requests a new lease for a sign to advertise their business contact information. The sign is approximately 4' x 12' and is located at the West entrance to the Fishing Harbor. The term is for one year with four renewal options of one year each. Commissioner Lopez moved to approve the authority to negotiate a sign lease, Commissioner Reed seconded, and the motion passed unanimously.

4. Snodgrass Inc. (**Authority to Negotiate**)

Snodgrass Inc., a current lessee seeks a new lease for 2.066 acres in the Fishing Harbor at 2025 Angler's Place Road. The recommended term would be for one year with four renewal options of one year each. The purpose is for the selling of fuel and boat supplies; shrimp operations; boat repair and boat maintenance. Commissioner Lopez moved to approve the authority to negotiate a new lease, Commissioner Wood seconded, and the motion passed unanimously.

5. CVC Construction dba Welding Works Int'l (**Consent to Sublease and Lease Amendment**)

CVC Construction dba Welding Works is a current lessee under BND Contract #4686 who is located at 3210 Dry Dock Ct. Lessee is seeking the Board's Consent to Sublease to J & L Contracting Services, LLC. Lessee also wishes to amend the lease agreement's current purpose of welding fabrication to include, for the duration of the sublease agreement, that the premises may be used for the purpose of supplying fuel from a 21,200-gallon frac tank to the Great Lakes fuel barge; supply of parts and other supplies typically used in dredging operation; temporary storage of engine parts, dredging supplies and provisions on pallets for loading onto Great Lakes equipment for transport to dredges; crew changes and occasional docking of fuel barges. This item was tabled.

BIDS, AGREEMENTS, AND PURCHASES

9. Consideration and ACTION on contract extension for insurance consultant services with McGriff Insurance Services, LLC.

Ms. Recio addressed the Board that the District has maintained a contract for insurance consulting services with McGriff Insurance Services for the past three years. The initial contract, identified as Contract Number 4542, is set to expire on September 15, 2024. The agreement contains a provision that it may be extended for one additional three-year term. McGriff Insurance Services has expressed their desire to exercise their option to extend the agreement. The extension would retain the same terms and conditions as the original contract, with no increase in price. After discussion, Commissioner Reed moved to table this item and to authorize staff to issue a request for proposals for these services, Commissioner Wood seconded, and the motion passed unanimously.

10. Consideration and ACTION on Award of Contract for the Harbor Master Office Generator Installation project to JP's Ace Electric L.L.C. and to authorize staff to issue the Notice of Award and other pertinent documents to the vendor.

Mr. Martinez addressed the Board that on May 01, 2024, BND Commissioners authorized Staff to

advertise to solicit bids on the Harbor Master Office Generator Installation project. This project will consist of the installation of the recently delivered gas operated backup generator which will allow Harbor Master's office to remain operational during power outages. On July 18, 2024, BND Staff received and opened three (3) bid proposals for this project, tabulation attached. JP's Ace Electric L.L.C. was the lowest responsive and responsible bidder with a Base Bid of \$78,500.00 to complete this work. Commissioner Lopez moved to award the contract for the Harbor Master Office Generator Installation project to JP's Ace Electric, L.L.C., in the amount of \$78,500.00 and authorize BND Staff to issue the Notice of Award to the successful contractor, Commissioner Reed seconded, and the motion passed unanimously.

11. Consideration and ACTION to rescind award of the Cargo Dock 16 Ditch Crossing Repairs project to Southern Trenchless Solutions.

Mr. Martinez and Mr. Dietrich addressed the Board that on July 03, 2024, BND Commissioners authorized staff to award the Cargo Dock 16 Ditch Crossing Repairs project to Southern Trenchless Solutions in the amount of \$1,413,275.00. The District has determined not to move forward with this project at this time. Discussion with legal counsel followed regarding rescinding of the award which was a BuyBoard contract. Commissioner Reed moved to rescind the award of the Cargo Dock 16 Ditch Crossing Repairs project to Southern Trenchless Solutions in the amount of \$1,413,275.00, Commissioner Lopez 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, 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, specifically the Interim Port Director and CEO (§551.074); and to conduct deliberations regarding economic development negotiations (§551.087).

The Chairman then announced that the time was 6:36 p.m., and that the Board would adjourn into executive session. Commissioner Reed moved to adjourn into executive session, Commissioner Lopez seconded, and the motion passed unanimously.

At 7:55 p.m. the Chairman announced that the Board had reconvened in open session.

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

1. Consideration and possible action on the appointment of a Port Director and CEO.

Chairman Guerra addressed Mr. Dietrich and commended him on his service as Interim Port Director and CEO. Commissioner Reed then moved to appoint Mr. Dietrich as Port Director and CEO and authorized legal counsel to negotiate a contract with Mr. Dietrich, Commissioner Wood seconded, and the motion passed unanimously.

Chairman Guerra then recalled Item 8(5).

CVC Construction dba Welding Works Int'l (Consent to Sublease and Lease Amendment)

Commissioner Reed moved to approve the consent to sublease and lease amendment, with revisions to reflect that only the sublessee will be permitted to perform the activities contemplated under the sublease on the lease site and only for the duration of the sublease, Commissioner Wood seconded, and the motion passed unanimously.

14. Adjournment.

Commissioner Lopez moved to adjourn the meeting, Commissioner Wood seconded, and the meeting was adjourned by unanimous consent at 7:58 p.m.

ATTEST



John Reed, Secretary



Esteban Guerra
Chairman of the Board